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- 1. Mr Coulson *[Signature]* 31/7
- 2. PS/Mr Scott (B)

- cc PS/Secretary of State (L&B)
- PS/Dr Boyson (L&B)
- PS/Mr Scott (L)
- PS/Mr Patten (L&B)
- PS/PUS (L&B)
- PS/Mr Bloomfield *[Signature]* 31/7
- Mr A W Stephens
- Mr Carvill
- Mr Buxton
- Mr Ford, DOE
- Mr Hodges, DFP
- Mr Mayne, DED
- Mr Hammond, HO
- Mr G Hewitt
- Mr Lyon
- Mr McKillop
- Mr Radcliffe
- Mr Bickham



CONTROLLING THE PRIVATE SECURITY INDUSTRY IN NORTHERN IRELAND

In his minute of 14 March, Mr Whysall recorded Mr Scott's interest in seeing any proposals for measures to control rogue security firms. The Secretary of State (Mr Ward's minute of 6 March) had also expressed interest in the subject.

2. I now attach a paper which sets out a possible means of legislating to prevent paramilitary exploitation of the private security industry in Northern Ireland. It takes as its point of departure a paper produced by an RUC Working Party and incorporates points which have arisen in discussions with colleagues in the NI Departments, the Home Office and representatives of professional security associations, such as the British Security Industry Association (chaired by John Wheeler MP).

3. We are awaiting detailed comments from the RUC and the Home Office but I should like to take up Mr Whysall's offer to have a preliminary discussion with Mr Scott at his next NIO business session, on 1 August, to check that we are broadly on the right lines.

[Signature]
 D J R HILL
 Law and Order Division

30 July 1985

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CONTROLLING THE PRIVATE SECURITY INDUSTRY IN NORTHERN IRELAND

This paper sets out a possible means of legislating to prevent paramilitary exploitation of the private security industry in Northern Ireland.

Background

2. The major problem is that a number of private security firms are little more than 'fronts' for 'protection' rackets. In most such cases, the individuals concerned are associated with (mainly Loyalist) paramilitary organisations. Those individuals derive a living from this activity, which indirectly helps the paramilitary organisation concerned, and a percentage of the income may go directly to the organisation and may ultimately be spent on terrorist activity. There is reason to believe that the UDR, for example, receives directly about £50,000pa from private security companies.
3. This problem is very different from the problem faced in England and Wales some years ago when there was concern that some private security companies were providing an inefficient service and employing untrustworthy staff. A Green Paper was produced in early 1979 on how standards might be improved and maintained. Ministers decided, after extensive consultation, against regulation and a self-regulatory system has been created, with Government encouragement. This protects the public in that they know any company in, for example, the British Security Industry Association will observe certain basic standards, but allows them to choose a cheaper but perhaps less reliable company if they want to. Government Departments and agencies are encouraged to give security contracts to companies from one of the professional security associations. This system appears to be working well and there have been few complaints in recent years.
4. However, a self-regulatory (and probably even an official regulatory) system would be unlikely to work or to be acceptable in Northern Ireland. It might not catch the paramilitary-related companies in that they might well be able to fulfil any prescribed conditions. And even if they did not, such companies - unless it was made an offence to offer private security services without meeting

the necessary criteria - would be able to continue to operate outside the scheme. But if such an offence was created it would probably drive small ordinary decent private security companies out of business and deprive the general public of the opportunity to choose a cheaper, albeit less reliable, company to do the job. In short, the Government could probably keep its slate clean by requiring Departments and agencies to use only companies within any regulatory scheme, but it would confer little benefit on the general public, and would certainly not cure the problem of protection racketeers masquerading as security firms.

5. At the moment the Government operates an unofficial "black list" system, and requires Departments and agencies (and construction companies which are awarded Government contracts) to use only those security companies on a special list which has been agreed with the RUC and does not include any with paramilitary associations. This has no statutory force and has already been questioned by one company which is not on the list. A court case might cause us considerable difficulties though the legal advice received recently from the Attorney-General about grants to community groups gives some grounds for confidence.

6. One proposal which seems to meet the various criteria is that a licensing system should be set up to licence companies and individuals to offer private security services. To avoid the difficulties set out in paragraph 4 above, the licence should not be dependent on whether the company/individual was competent, properly insured, sufficiently fit, etc, but would be denied only if, otherwise, it "would have the effect of improving the standing and furthering the aims of a paramilitary organisation, whether directly or indirectly". (cf the Secretary of State's written answer of 27 June on grants to community groups). It would then be an offence to offer private security services without a licence.

7. If this general approach is agreed, three issues arise which require further consideration:

- (a) should the grounds for withholding a licence be widened in an attempt to protect the public from "ordinary" criminal activities by security firms;
- (b) should the licensing authority be the Secretary of State or the RUC;
- (c) should there be any judicial review or other appeal procedure; and

(d) what type of legislation would be required?

8. These issues are interrelated and the crucial question is perhaps 7(a) above. If the power to withhold a licence is limited to the company's/individual's involvement with a paramilitary organisation (not necessarily a proscribed organisation) it would be best to make the Secretary of State the licensing authority; it would be necessary to protect his decisions from judicial review; and such powers could only be given by Westminster Bill (and most conveniently as part of the amendment of the EPA).

9. Extending this to allow the Secretary of State to deny licences to companies or individuals believed to have (non-terrorist) criminal motivation could attract substantial criticism. It ought, however, to be possible to empower the Secretary of State to deny licences on the basis of former criminal convictions (subject to the provisions of the Rehabilitation of Offenders Legislation).