



JL/mjc/NSI 002/12

April 2012

To: All NSI Approved Companies

Dear Colleague

NSI in 2012/13

It has been my great pleasure to have spent so much of this last year travelling the length and breadth of the UK, getting out and about in order to meet as many of our NSI approved companies as time will allow. I have visited all sorts of venues across the country, delivering certificates of approval, opening new facilities and presenting framed NSI Medals to companies both large and small. It has been a great pleasure and I have been overwhelmed with the complimentary comments you have all made about our auditors and the contribution that they have in turn made to your business in terms of providing independent, impartial and informed third party certification services. I have learnt a great deal about your operations and your people and I never cease to be amazed at the dedication, determination and sheer hard graft of the men and women who work in our fabulous industry.

I would add that this has been very valuable to me personally as I am currently undertaking a diploma in security management – what a perfect learning environment!

I have also sought to widen the influence which the NSI can bring to bear by joining a number of selected bodies such as the Worshipful Company of Security Professionals, the Security Institute and the BSI committee SSM1 which looks at societal security at the highest level. I do feel that we have lost some traction over the years with the insurance industry who still provide the main driver to specifiers of demands for products and services. This is now being addressed.

The sector is even now undergoing significant change, giving us all differing challenges, whether they are technological, structural or legislative. But the year has been dominated by the crisis within the Eurozone and the knock on effects which this has had within the country of slower growth, rising inflation and the consequent reductions in government spend at the national and local levels. I have no doubt this has caused pain for many of us and the green shoots of growth may well be still some distance away. The period also saw an unprecedented outbreak of violence and rioting in some of our major cities in August last year. The value of CCTV cameras was amply demonstrated and many culprits have been brought to justice as a result of their recordings. I am convinced that this has changed the attitude of the public toward such surveillance systems which were previously seen as intrusive but now have been shown to provide real value in bringing rioters in front of the judge's bench.

Notwithstanding the gloomy economic picture, there are growing opportunities for the private sector to bid for contracts and undertake policing and security functions previously conducted only by the state. An acceptance of the enhanced role of the private security sector is a reflection of just how much the industry has achieved in the past 7 or 8 years in terms of growing confidence, raising standards, training and professionalising the whole sphere. We should not be slow in realising the



benefits of this change in policy which has only been brought about by the sheer hard work and determination of your managers and their teams. Quality managers have played a large part in this effort. What a paradigm shift has been achieved. The industry should be proud and now continue its march forward to even greater heights.

In response, NSI itself is undergoing a major change process in order that we will be better able to respond to your needs and ambitions – we have named our process “Fit for the Future” and that is exactly what we want to be so that we can continue delivering exemplary certification services for many years to come. The programme is recognition that we need to improve our service, to be more agile, to respond more quickly and offer a broader range of audit products which are directly tuned to the contemporary security and fire environments in which we find ourselves in 2012. NSI is anything but complacent. We realise that in some areas we have not always achieved the levels of performance which you have rightly come to expect of us. This will change this year. We will make our systems simpler, smoother and quicker. We will reduce repetition in the data we need from you when you seek to extend your scopes and we will nominate a single point of contact in the back office here in Berkshire – I am certain that this will lead to better communications and a better level of service for all concerned.

Standards and codes of conduct will remain at the very core of our business, but some Standards are now struggling to keep up with the pace of change of technology as the app on the Smartphone now begins to enable all kinds of new capabilities previously undreamt of. We are very conscious of this and we are doing what we can to develop the process and procedures which will cater for these new ways of working. We are also well aware that many of our approved companies are diversifying and developing new partnerships as a way of coping with the recession and broadening their offer to the end user. In response to this we are also broadening our portfolio of audit offerings. For example we now offer certification to Environmental Management System (BS EN ISO 14001:2004) and the Occupational Health and Safety Standard (BS OHSAS 18001:2007). In addition we expect to be offering the BAFE Emergency Lighting and Fire Risk Assessor Schemes within the next month or so. In addition to our existing approved companies, we are expecting Facilities Management companies to take advantage of the “bundles” of scopes which we can now offer. Keeping our core business always in mind, we have an expanding list of areas of interest where we may be able to develop new Schemes and help to give our approved companies the NSI mark of success in allied areas of their business.

Our new IT system, Ideal Office, has presented us with both challenges and opportunities. For a year now it has enabled us to offer you the ability to purchase the relevant British Standards on line at a reduced cost and I hope you have been taking advantage of that capability. The E-commerce package has also, for the first time, allowed us to offer those of you who are systems companies the ability to purchase, complete and print Certificates of Compliance for your customers, in your premises, straight off the screen - and even to transmit a copy directly back to us in Maidenhead. You will have seen our auditors using advanced PDAs to electronically generate their reports in quick time. Whilst successful for many of our audits, this technology still needs some development work – as with many computer applications, one size does not necessarily fit all!

Within the NSI we are constantly scanning the horizon and we will respond to change where and whenever necessary. There is certainly a great deal going on in both the fire and security world. For example, we all await the fine details of the SIA's 'Blueprint' plan for the future regulatory regime



which will bring compulsory business licensing to the guarding industry. The run up to the Olympic Games is now well underway and we all hope that the Games will take place in a secure and peaceful manner – I am sure that all in our industry wish those responsible for security well in delivering the Games without incident.

As I have alluded, the recovery in the UK has been very slow in coming and there are many and varied indicators to consider when we are trying to set a budget for the coming financial year. In recent years we have helped by freezing prices (for example Standard Gold Certificates of Compliance have stayed at the same price levels since 2008) and keeping any other increases to the absolute minimum. We have also improved efficiency and cut costs wherever possible. In addition, in recent years we have imposed wage freezes on our staff and restraint in all spending. Despite all of these measures, we will make a deficit in FY 2011/12. We also expect to make a deficit in 2012/13, but to keep this to a minimum we have had to increase some of our prices. With this in mind, I have taken the approach of looking at each scheme individually in its own right rather than conducting a blanket review across all areas. This has allowed us to minimize increases where possible. For example, the NACOSS Gold and Systems Silver Standard certificate prices will increase only by £1 and the Domestic certificate by just 50p. The price of the already more expensive Fire Certificate will remain frozen.

It has also been necessary to slightly increase some annual fees. The increase varies a little from scheme to scheme as we work through the process of ensuring that each scheme reflects its own costs. NSI is a not-for-profit organisation; however, to keep our heads above water and to continue to invest in the people and equipment required to provide the quality and depth of the service we offer, this adjustment is essential to retain high quality auditors and to ensure that they are trained to carry out their duties on your behalf to the highest standards expected. I think you will agree that the NACOSS Gold, Systems Silver and Fire Gold and Silver schemes have always been great value for money. Our business model is based around the average systems company paying for half of our services via an annual fee and half by purchasing Certificates of Compliance. Total NACOSS Gold Certificate sales have halved over the last seven years and we can see that the advent of new technology could drive Certificate sales even lower still. Consequently there has been an increase in the Systems sector annual fees this year. Indeed, it is possible that we may well seek to develop a new and more realistic method of charging for our Systems Schemes – we will keep you informed of progress.

Please do contact me with regard to any aspect of NSI operations and the way in which we do our business. I would be delighted to visit you if there is a suitable opportunity to do so – that is the only way I will truly get a feel for what is happening in this brilliant and exciting industry.

Yours sincerely

Jeff Little OBE
CHIEF EXECUTIVE