

Title: SIA Skills and Qualifications Review IA No: HO0363 RPC Reference No: N/A Lead department or agency: Security Industry Authority, The Home Office Other departments or agencies: N/A	Impact Assessment (IA)			
	Date: 11 March 2020			
	Stage: FINAL			
	Source of intervention: Domestic			
	Type of measure: Other			
Contact for enquiries: [Redacted]				
Summary: Intervention and Options			RPC Opinion: Not Applicable	

Cost of Preferred (or more likely) Option (in 2019 prices)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
-£22.1m	-£6.4m	£1.4m	Non qualifying provision

What is the problem under consideration? Why is government intervention necessary?
 The SIA regulates the private security sector, licensing individuals working in regulated security roles. Current SIA qualifications required for a licence expire on 31 August 2020. SIA qualifications undergo a major review and are updated every five years to ensure new risks and changes to industry practice are recognised. If the qualification and approved licensing criteria are not updated, then there will be no new qualifications to recognise and the regulatory licensing regime will be disrupted. Ministerial approval is needed to amend SIA's licensing criteria and so training requirements provision can be revised.

What are the policy objectives and the intended effects?
 To update all SIA licence-linked skills/training specifications to ensure they continue to meet required standards and protect the public. These changes will reflect new risks identified and updated advice on public safety issues, such as terror-threat awareness and first aid responses. The changes to the specifications will enable the security industry and security operatives (SIA licence holders) to better respond to threats to public safety.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
 Non-regulatory options were only considered briefly due to the regulation surrounding licences.
Option 1: Do nothing. A regulatory regime already functions, and qualifications are an integral part of that. The qualifications framework expires on 31 August 2020 so would result in regulatory failure.
Option 2: Redevelopment of the licence-linked mandatory skills/ training qualifications. This is **the Government's preferred option** as it meets the objectives and will improve the standard of the security industry and increase the ability to improve public safety.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** Next SIA review is in 2025

Does implementation go beyond minimum EU requirements?		No			
Is this measure likely to impact on trade and investment?		No			
Are any of these organisations in scope?		Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: N/A		Non-traded: N/A	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Chief Executive:  Date: 23 March 2020

Summary: Analysis & Evidence

Policy Option 2

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2019	PV Base Year 2019	Time Period Years 5	Net Benefit (Present Value (PV)) (£m)		
			Low: -14.5	High: -34.5	Best Estimate: -22.1

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	11.8	0.6	14.5
High	23.6	2.3	34.5
Best Estimate	15.8	1.4	22.1

Description and scale of key monetised costs by 'main affected groups'

There are familiarisation costs in Year 1 only. For the private sector these lie in a range of £11.8 to £23.6 million whereas the public-sector familiarisation costs are negligible, even in the high scenario. Private ongoing costs, present value over 5 years, lie in a range of £2.7 to £10.9 million with a central estimate of £6.3 million (PV).

Other key non-monetised costs by 'main affected groups'

Changes to the specification may lead to increased teaching time for trainers due to increased length of courses and additional information. It may take the trainers more time to understand the content and be confident in delivering the specifications.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.0	0.0	0.0
High	0.0	0.0	0.0
Best Estimate	0.0	0.0	0.0

Description and scale of key monetised benefits by 'main affected groups'

It has not been possible to monetise the benefits of these changes. Breakeven analysis has been conducted. If seven lives were saved or 1,573 incidents where violence resulting in injury to the victim were prevented over the course of the specification change, then the benefits would exceed the costs.

Other key non-monetised benefits by 'main affected groups'

Future licence applicants will benefit from a higher standard of specification and enhanced knowledge. This knowledge will benefit the industry and wider community through safer practice. Training providers may see increased profit due to the ability to charge a higher rate for the courses, this will depend on how the costs of delivering the course increase.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

There is significant uncertainty over the forecast volumes as SIA licence application have seasonal fluctuations, which are not always easy to predict. It is also difficult to assess volume changes which occurred the last time licensing criteria changed compared to the current position, because other factors change as well. To test this, a range is given, and sensitivity analysis is conducted.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: 1.4	Benefits: 0.0	Net: 1.4	N/A

Evidence Base (for summary sheets)

A. Strategic Overview

A.1 Background

The regulatory regime will only function if it is able to have a qualifications requirement that will deliver skills to keep the public safe. Qualifications have a regulatory (OfQual) lifespan. The existing qualifications linked to SIA's mandatory skills/ training requirements for licensing purposes expire on 31 August 2020. If there are no new or revised qualifications to recognise, the regulatory regime is unable to function as SIA will be unable to issue new licences.

The Private Security Industry Act 2001 (hereafter, 'the Act'), created the Security Industry Authority (SIA) as a Non-Departmental Public Body (NDPB) with responsibility for licensing individuals to work within designated sectors of the private security industry. The SIA determines whether or not to grant a licence against published criteria, as approved by Home Office Ministers, to ensure that only 'fit and proper' people are licensed to be employed in designated, contracted out private security positions. An SIA approved training qualification is needed as part of the approved criteria for obtaining a licence. This ensures that licensed private security operatives have the sufficient skills and knowledge to carry out their duties safely and effectively.

The legislative functions of the SIA include 'to set or approve standards of conduct', and also 'to make recommendations and proposals for the maintenance and improvement of standards in the provision of security industry services'. The SIA 'may include such criteria as the Authority considers appropriate for securing that those persons have the training and skills necessary to engage in conduct for which they are licensed'.

The SIA has a skills, training and qualification requirement as part of its published, approved criteria which it considers when granting licences to individuals. The SIA sets these training specifications for each of the designated sectors and associated regulated roles it currently licences (for example general security, door supervisor, close protection, etc.), with the exception of 'key holding'. The current knowledge and/or skills that operatives must demonstrate is listed in the SIA learning and qualifications specification which specifies the core knowledge and/or skills needed by industry operatives. The document is used by awarding bodies as the basis of qualifications that the SIA recognise as qualifying individuals for their front-line licence. Any individual wishing to become an SIA licence holder must have the relevant licence-linked qualification that has been awarded by an approved awarding body. The specification changes proposed now will see essential improvements to the courses covering critical issues such as terrorist-threat awareness and a pre-requisite for all public facing roles to have adequate first aid training. These changes have been driven by best practice advice from relevant agencies and government, and by the needs of the sector and maintaining appropriate minimum standards in the aspects addressed. In addition to these changes to training specifications, the SIA also proposes changes to the titles of the qualifications.

A.2 Groups Affected

The SIA licences apply to any individual who wishes to work in specific sectors of the private security industry; the activities defined as licensable by the Act are:

- Cash and Valuables in Transit (CVIT).
- Close Protection (CP).
- Door Supervision (DS).
- Public Space Surveillance (CCTV).
- Security Guarding (SG).
- Vehicle Immobilisation (VI).
- Keyholding (KH).

This IA covers CVIT, CP, DS, CCTV, SG and VI. Keyholding does not have qualification requirement. The licensing system regulated by SIA ensures that staff in the security industry have the knowledge and/or skills that are core to their particular role, and also ensures that an individual's criminal record is properly considered when making a licensing decision (i.e. via approved access to a DBS Standard criminal records check), in order to ensure the safety of the public by only licensing fit and proper persons.

The SIA's five-year Skills and Qualifications Review outputs will impact upon a number of other groups. There are seven Awarding Organisations, who develop qualifications and operate the examination system against SIA determined specifications, a function it also holds under legislation. The Awarding Organisations approve training and assessment centres. Training Providers are responsible for delivering training courses which result in the qualifications required for an SIA licence. All of these groups will have to familiarise themselves with the new specification.

A.3 Consultation

Public Consultation

The SIA has conducted two separate public consultation exercises, covering all of the above proposed course specification changes. The first consultation was conducted between September and October 2018 and received 846 responses. Respondents were given access to draft specifications for each of the licence linked qualifications and then given the opportunity to rate and comment on aspects of the specifications. Of the respondents in this consultation, 92 per cent were SIA licence holders. Sixty-four per cent of respondents were a private security operative/employee and 66 per cent of respondents had been in the industry for over six years. Respondents were asked '*Are you fully satisfied, partly satisfied or not satisfied with the specification as a whole?*' for each specification. The highest level of 'fully satisfied' was CCTV (67%) and the Close Protection had the lowest satisfaction (47%).

In response to the first consultation the SIA made changes to the specification, in the second consultation participants were given the opportunity to review these updated documents. There were 4,280 respondents to the second consultation, which took place between January and February 2019. Of the respondents in this consultation, 99 per cent were SIA licence holders and 73 per cent stated they were a security operative/employee. Fifty-eight per cent of respondents had been in the industry for over six years. There was a very high level of satisfaction with the qualifications (over 74%), except in the case of Close Protection which had a lower score of 51 per cent (without licence integration) and 56 per cent (with licence integration). Over 82 per cent thought nothing had been left out of the specification. The consultation was successful and the high levels of satisfaction with the specification meant that it could be taken forward. Close Protection was deemed to have a lower satisfaction rate and the SIA noted that they would continue to consult on it, and hence the changes for Close Protection will not come into effect in April 2020. A separate consultation took place in January 2020 for Close Protection with a revised specification, with 700 responses. Of these, 97 per cent held a close protection SIA licence and 81 per cent were Private Security Operatives. Sixty-eight per cent of respondents were fully satisfied with the revised Close Protection specification. The revised Close Protection specification is planned to be rolled out in January 2021.

B. Rationale for intervention.

The current set of SIA licence-linked qualifications which are in place expire at the end of August 2020. In order for the SIA's licensing regime to continue unimpeded, they must be replaced seamlessly by new revised qualifications. Developing and rolling out these new qualifications will ensure that the compulsory training requirements linked to SIA's licensing decisions will continue to meet the SIA's legislative functions and the objectives of managing risk to the public, as they will consider new risks and requirements that have emerged since the SIA's last five-year review (in 2015).

The qualifications are routinely reviewed and updated every five years, in line with the SIA competence renewal policy. Therefore, the qualifications only have an approved lifespan of five years. The specifications, on which the qualifications are based, form part of a regulatory regime delivered by SIA under the Act and the regime is also governed by regulations (that is, secondary legislation). Therefore, ministerial (Home Office) intervention is required to approve amendments to the current approved criteria underpinning the SIA's licensing regime, which are to be amended by the necessary changes to the SIA's skills and qualifications requirements.

C. Policy objective

To develop new, revised qualifications from the SIA licence-linked skills and training specifications, following a review of the current training specifications, as per the SIA competence renewal policy.

The set of objective outcomes to measure policy success could be:

- Improved satisfaction with training specification and content from applicants and trainers.
- Improved standards of security within the regulated private security sector, leading ultimately to less crime and injury by virtue of higher skills, training and experience by SIA licence holders.

D. Description of options considered.

Option 1 – Do nothing.

Do nothing is not a viable option, as the competency requirement is necessary for the regulatory regime to function. This option does not meet the objectives of either the Government or of the SIA.

Option 2 – Redevelop the qualifications.

The redevelopment and roll out of redeveloped and revised licence-linked qualifications is the **Government's preferred option**. It will lead to improved ability of regulated private security staff to better deal with issues of public safety and additionally it will enable the SIA and Home Office to work to drive up standards in the private security industry more widely. This option meets the objectives of the Government and the SIA.

E. Appraisal.

General assumptions and data

A social discount rate of 3.5 per cent is used to obtain present values, see HM Treasury (2018) Green Book. Any estimate quoted as a Present Value (PV) or the Net Present Social Value (NPSV) is discounted using this rate. The appraisal is over a five-year period because the qualifications criteria is reviewed every five years.

Occupational wages are taken from the Annual Survey of Hours and Earnings (ASHE) for 2019¹, Table 14.5a published in 2019 by the Office for National Statistics. Gross median hourly wages

¹ Obtained from ONS ASHE table of earnings (Table 14.5 – Gross pay Mean ASHE earnings). Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

are used in the estimate and these are grossed up using an uplift of 18.0 per cent for non-wage costs as taken from Eurostat share of non-wage costs².

Cost assumptions

COSTS

Set-up costs

Private sector familiarisation costs

Familiarisation costs apply to trainers, training providers and awarding body staff who are assisting with the transition. Training providers need to hire trainers and ensure their business is providing a high quality of training and will need some understanding of what they are offering to ensure quality standards. Trainers will need to familiarise themselves with the specification in order to teach it, and the staff that the awarding organisations have put forward will need to understand the changes that are being made in order to complete the work surrounding them. It has been assumed that 100 per cent of trainers and all the staff that the awarding bodies have put forward to work on the change in specification will read the guidance. Table 1 outlines the assumptions of staff numbers and ASHE wages per SOC category.

Table 1, Familiarisation costs: gross hourly wage (£) and staff volumes, 2019.

Occupation	SOC No.	Median Hourly Wage, 2019, £	Gross Hourly Wage 2019, £	Low	Central	High
Trainers - Training Providers	3563	15.00	17.70	1,500	1,750	2,000
Development Manager - Awarding Organisations	2150	25.53	30.13	7	7	7
Support - Awarding Organisations	41	11.75	13.87	7	7	7
Infrastructure (IT, Comms) - Awarding Organisations	2139	20.38	24.05	7	7	7
Licensed Security Staff	9241	9.88	11.66			
Number of Training Providers				400	450	500
Business, research and administrative professionals per training provider familiarising with the new specification	242	21.89	25.83	2	4	8

Source: ASHE (2019)³, Eurostat (2019)⁴

Note: Standard Occupational Code (SOC). Gross hourly wage is found by multiplying the median hourly wage by the share of the non-wage labour cost to reflect the marginal product of labour.

The full guidance is approximately 40 pages, 20 of which are new content and would need to be read and costed within the familiarisation costs. The exact number of pages of guidance is not yet known therefore it is assumed that the guidance may vary by up to five pages either side of 20, giving a range of 15, 20 and 25 pages. The number of words per page is taken as 200, 250 and 300 (for L, C and H). are used to estimate familiarization costs. This range of words was taken from a central point of 250 words - the average word count for a double-spaced page, 300 words is used for a single-spaced page and 200 for a page with images / diagrams. The reading times were estimated using standard tables from readingsoft.com (see Table 2). Because of lower comprehension a slow reader may need to re-read the guidance (column 5). An allowance has been made for a person who may be dyslexic or where English is not their first language. The reading speeds for a low, central and high estimate are 240, 400 and 1,000 words per minute. For training providers, a low, central and high assumption of 2, 4 and 8 staff per provider are affected. A few members of staff will need to read the full specification and will redistribute information as necessary to others within the company, without them to reading the full guidance.

² Obtained from Eurostat labour cost levels by NACE Rev. 2 activity, Share of non-wage costs. Available at:

<https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

³ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

⁴ <https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

Table 2, Reading speed assumptions used for familiarisation costs, 2019.

Scenario	Number Words	Speed (wpm)	Time (mins)	Comp	Re-read time (mins)	Allowance (mins)	Total time (mins)
High	7,500	240	41.7	0.6	16.67	1.00	59.00
Central	5,000	400	15.0	0.8	3.00	0.50	19.00
Low	3,000	1,000	3.0	0.85	0.00	0.00	3.00

Source: readingsoft.com, see: <http://www.readingsoft.com/index.html>

Notes: wpm = words per minute. Comp = comprehension. Units are minutes unless otherwise specified.

The familiarisation costs are estimated as:

- For trainers: *The number of trainers x gross hourly wage x time taken.*
- For Awarding Organisation staff, for each role: *The number of awarding organisation staff x gross hourly wage x time taken.*
- For training providers: *The number of training providers x assumption of number of staff per training provider who will need to read the specification x gross hourly wage x time taken*

The familiarisation costs occur in year 1 only. For private sector organisations these are estimated to be in a range of £2,000 to £105,000, with a central estimate of £21,000. There is significant uncertainty around the length of the guidance leading to a wide cost range.

Initial set-up costs to awarding organisations

The Awarding Organisations have an initial outlay of staff time in order to roll out the new qualifications by April 2020. Each awarding organisation has contributed a development manager for 30 days, support staff for 15 days and infrastructure support for 10 days. A variance of plus/minus five days (one working week) was applied to each of these contributions, to allow for time slippage, early completion etc. The cost of the lost output to society from the time spent on these skills and qualification changes was calculated using ASHE 2019 figures. An assumption of 7.5 hours per working day was used, and the number of days committed was multiplied by the number of hours. The opportunity costs are estimated as:

- For development managers: *Gross hourly wage of a development manager x number of staff per awarding organisation x days committed per awarding organisation x number of hours in a working day.*
- For infrastructure staff: *Gross hourly wage of an information technology and telecommunications professional x number of staff per awarding organisation x days committed per awarding organisation x number of hours in a working day.*
- For support staff: *Gross hourly wage of an administrative staff x number of staff per awarding organisation x days committed per awarding organisation x number of hours in a working day.*

Initial set-up costs to the public sector

The SIA will incur costs in developing the new specification. It is estimated that 20 days of SIA staff time was used. To account for a week of variation, a low estimate of 15 days and a high estimate of 25 days were used. The cost of this staff time is calculated using ASHE 2019 data for a number of roles. The days are split as Full-Time Equivalent (FTE) proportions, as follows:

- 0.1 FTE Administrative occupations (government and related occupations) (411)
- 0.4 FTE Research and development manager (2150)
- 0.1 FTE IT professional (213)
- 0.1 FTE Corporate Director (11)
- 0.2 Project Manager (2424)

- 0.1 Researcher (Social and humanities scientist) (2114)

The initial costs to the public sector are calculated as follows:

- Low: $((0.1 \times \text{administrative occupation gross hourly wage}) + (0.4 \times \text{research and development manager gross hourly wage}) + (0.1 \times \text{IT professional gross hourly wage}) + (0.1 \times \text{corporate director gross hourly wage}) + (0.2 \times \text{project manager gross hourly wage}) + (0.1 \times \text{researcher gross hourly wage})) \times 15 \text{ days} \times 7.5 \text{ hours per day}$
- Central: $((0.1 \times \text{administrative occupation gross hourly wage}) + (0.4 \times \text{research and development manager gross hourly wage}) + (0.1 \times \text{IT professional gross hourly wage}) + (0.1 \times \text{corporate director gross hourly wage}) + (0.2 \times \text{project manager gross hourly wage}) + (0.1 \times \text{researcher gross hourly wage})) \times 20 \text{ days} \times 7.5 \text{ hours per day}$
- High: $((0.1 \times \text{administrative occupation gross hourly wage}) + (0.4 \times \text{research and development manager gross hourly wage}) + (0.1 \times \text{IT professional gross hourly wage}) + (0.1 \times \text{corporate director gross hourly wage}) + (0.2 \times \text{project manager gross hourly wage}) + (0.1 \times \text{researcher gross hourly wage})) \times 25 \text{ days} \times 7.5 \text{ hours per day}$

For the public sector, these costs are estimated to be negligible, that is less than £10,000.

Increased cost of time and additional cost of training courses for new applicants (year 1 only)

The changes resulting from the skills and qualifications review mean that the time taken to complete all courses, except CVIT and CCTV, will increase. Cash and Valuables in Transit and Public Space Surveillance may see a decrease in the overall time taken to complete the qualification. These changes in time taken to achieve the licence result from an increase / decrease in time taken for each individual course, as well as some courses now requiring a prerequisite of first aid training, which is an additional four to six hours.

In the first year of the specification change only, additional training time and costs incurred by new applicants will be costed. This is because in this first year it is expected that there will be individuals who had planned to undertake their licence training within the year and will now face a larger burden than expected. Beyond this first year it is deemed that the decision to take the SIA qualification is a choice in order to gain employment within the sector, and hence the additional time to complete training and additional cost is not costed for years 2 to 5.

The number of new applicants in year one and renewals for years one to five were calculated by taking the 2019 figures and multiplying by a low, central and high level of growth. Using data provided by the SIA, the Home Office analysed growth over the past six years. The low growth for new applicants is set at 0.5 per cent, based on 0.63 per cent mean growth over the six years. The central scenario is 1 per cent, based on growth rates year on year for 2018/2019 of 1.4 per cent, 2016/2017 of 0.7 per cent and 2014/2015 of 1.2 per cent. The high growth rate is 2 per cent, rounded down from the mean growth over the past three years. For renewals, the low is -3.5 per cent, based on mean growth over six years. The central growth rate is -1.5 per cent based on the mean growth over three years of -1.53 per cent. High growth for renewals is taken as zero per cent, as renewals are declining. This is based on the net growth of 2018/2019 (-19.9%) and 2017/2018 (19.2%) being approximately zero.

Increased cost of time

In year 1, the increased cost of time is estimated. The additional hours required per licence type is taken from the Department for Transport (DfT) TAG Data book 'Values of Time'⁵ as a proxy for an individual's free personal time. A 'non-working, other' trip (cost per hour) was selected as a proxy for the cost of individual's free time at £4.54 per hour.

For new applicants, the increase in the cost of time required to invest in training was calculated as follows, with all courses totalled for overall impact:

⁵ DfT Tag Data Book: <https://www.gov.uk/government/publications/tag-data-book>

- Low scenario per course: $(1.005 \times 2019 \text{ new applicants per course}) \times \text{total additional hours (additional hours per course plus additional first aid hours, if newly required pre-requisite)} \times \text{£4.54}$.
- Central scenario per course: $(1.01 \times 2019 \text{ new applicants per course}) \times \text{total additional hours (additional hours per course plus additional first aid hours, if newly required pre-requisite)} \times \text{£4.54}$.
- High scenario per course: $(1.02 \times 2019 \text{ new applicants per course}) \times \text{total additional hours (additional hours per course plus additional first aid hours, if newly required pre-requisite)} \times \text{£4.54}$.

Additional costs of training courses

The cost of the training courses for DS, SG and CP will increase in line with the specification changes, by £40, £30 and £400 respectively. The SIA anticipate the additional cost of a first aid course as £50 and is applicable for DS and SG only, CP already has a first aid pre-requisite and hence there is no change to CP. The £50 has been used as the low estimate, a central estimate of £100 was used and a high estimate of £200. The low estimate considers in house provision of first aid training, central estimate accounts for the lower band of private provision and the high estimate accounts for the upper band of private provision.

The total additional cost of completing the qualification is calculated as:

- Low scenario per course: $(1.005 \times 2019 \text{ new applicants per course}) \times \text{additional cost of course and first aid pre-requisite (low, if applicable)}$.
- Central scenario per course: $(1.01 \times 2019 \text{ new applicants per course}) \times \text{additional cost of course and first aid pre-requisite (central, if applicable)}$.
- High scenario per course: $(1.02 \times 2019 \text{ new applicants per course}) \times \text{additional cost of course and first aid pre-requisite (high, if applicable)}$.

Increased cost of time and additional costs of training courses are summed to give the *total additional cost to new applicants*.

Total transition costs

All the above transition costs occur in year 1 only. For private sector organisations these are estimated to be in a range of £11.8 to £23.6 million, with a central estimate of £15.8 million. For the public sector, these are estimated to be negligible.

Ongoing costs

Cost to business of top-up training

Renewals

Those who are already licensed and working in the security industry will need to take top-up training upon renewal of their licence. Renewal volumes per year for the past six years were analysed, as described above, to calculate growth figures in terms of a low, central and high scenario. These were multiplied by the actual number of renewals for 2019 to create estimates for year one. For years two to five, the growth rate was multiplied by the respective low, central or high figure in the previous year. The total number of individuals expected to renew per licence type are multiplied by the additional hours required for the training course, and for first aid pre-requisite (where required). This gives the total number of hours required for renewal training.

A number of staff are expected to complete the top-up training within work time, as it is a necessity for their role. The low, central and high assumptions for people who complete their renewal top-up training during work time are 25, 50 and 75 per cent, as there is a lack of information about the actual proportions. It is assumed that in 50 per cent of these occasions the cost associated with the training is absorbed by the employer. Therefore, lost output to the employer is within the low, central and high bounds of 12.5, 25.0 and 37.5 per cent. These low,

central and high assumptions are then multiplied by the total number of hours required for renewal training in the low, central and high scenario respectively.

The loss of output is monetised using the ASHE 2019 figures for 'Security guards and related occupations'. The median figure is taken and then inflated for staff-on costs of 18 per cent (Eurostat, 2018). This figure is used to cost each hour of output lost to business. The loss of output is costed as follows:

- For each training course: *Number of additional hours required for top up training x gross hourly wage of licensed security staff x number of staff who will undertake top up training x percentage absorbed by employer*

Non-monetised costs

The change in specification is likely to result in trainers experiencing increased teaching time, particularly in regard to preparation of materials. This is difficult to monetise, though familiarisation of the new specification for trainers has been accounted for within the model. It is expected that, although trainers may experience increased training time that they will be compensated for this through additional pay or will spend less hours teaching other courses.

Total costs

The total cost of this proposal to improve the specification for qualifications required to obtain a licence from the SIA is estimated to be in the range of £14.5 million to £34.5 million (PV) over five years, with a central estimate of £22.1 million (PV) over the same time period.

BENEFITS

Ongoing benefits (Private and Public)

The intention of these specification improvements is, ultimately to ensure adequate minimum standards of skills and training within the private security industry workforce, in order to better protect the public and security operatives themselves. The two most significant changes are the inclusion of terror-threat awareness related training, and the pre-requisite of a mandatory first aid training qualification for all roles. First aid training will clearly improve private security operative's (that is, door supervisors at bars/ nightclubs) response to any incidents of injury. This may arise as a result of crime, or as a result of intoxication (alcohol or substances abuse) or non-apparent or unforeseen health complications, such as a heart attack. Previously, those licensed by SIA in regulated, public facing roles were not required to have a first aid requirement (with the exception of CP roles). These licence holders will now be trained in basic first aid provision including CPR, treating shock and stopping excessive bleeding. It is reasonable to expect this may also have wider benefits to society not just to the individuals directly concerned. Additionally, the terror-threat awareness training requirements will ensure there will be greater awareness of risk and preventative strategies around crowded spaces and higher risk areas where a security operative may be working. Crowded spaces that are poorly managed clearly pose a significant safety risk, and not just from a CT perspective, therefore if this training improves an individual's (or an organisation's) understanding of how to manage these spaces, it would be a considerable benefit to the public. Using 'The Economic and Social Costs of Crime'⁶ figures, if seven lives were saved (based on the cost of a homicide) or 1,573 violent acts resulting in injury were prevented over the course of the specification change, then the benefits would exceed the costs.

Non-monetised benefits

Future SIA licence applicants will benefit from a higher standard of training specification, resulting in enhanced skills and knowledge and consequently a better capability to deal with a number of situations they may face in their working life as a private security operative. These improved skills

⁶ The Economic and Social Costs of Crime, 2018:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf

may also make them more employable/ capable in other sectors, in the future (enhanced human capital).

The approved training providers may experience increased revenues due to the ability to charge a higher rate for their SIA approved training courses. This in turn may lead to increased normal profit, in line with an increase in costs of delivering the courses.

Total benefits

As the benefits are all non-monetised the total value of benefits is zero.

Total costs and benefits, NPV, BNPV, EANDCB

The total costs are in a range of £14.5 million to £34.5 million (PV) over five years, with a central estimate of £22.1 million (PV) and total monetised benefits equal zero. Therefore, the Net Present Value (NPV) (the total discounted benefit minus the total discounted cost) is estimated to be -£22.1 million over a five-year period.

The Business Net Present Value (BNPV) is defined as: the total direct benefit to business minus the total direct cost to business, both of which are discounted over the appraisal period. The BNPV is estimated to be -£6.4 million over a five-year period.

The Equivalent Annual Net Direct Cost to Business (EANDCB) provides an average estimate of the net direct cost to business in each year of the policy. The EANDCB is the metric used in scoring impacts for the Business Impact Target (BIT). The EANDCB is estimated to be £1.4 million.

F. Proportionality.

The level of analysis used in this IA was reasonable considering the risk of the qualification changes. Where actual data was unavailable, or it was disproportionate to obtain it, assumptions with bounds have been constructed. Therefore, the resources devoted to the analysis is proportionate to the complexity of the analysis and the associated risks.

G. Risks.

There are few risks to this policy as there has been a robust assessment of costs carried out by the SIA, Home Office Finance and validation of the business case by HM Treasury. The assumptions and estimates made are cautious and prudent so there is unlikely to be any significant deviation in cost from the estimates given. The main risks are:

Under or over-estimation of the number of new applicants and renewals per year

A low, central and high assumption for the growth rate of new applicants and renewals per year has been estimated using SIA knowledge and forecasting, and previous years data. There is a risk that the growth rates will be less than or greater than expected, resulting in variances in expected renewals and new applicants.

Under of over estimation of the number of training providers/trainers

The SIA provided their best estimates of the number of training providers and trainers, given restrictions in their data. From this data, assumptions were constructed allowing a variance. This uncertainty surrounding the number of trainers has been accounted for in providing a low, central and high assumption. The SIA confirmed there were up to 2,000 trainers who provide the training courses. However, given the uncertainty around that estimate, a range of 1,500, 1,750 and 2,000 was agreed as a sensible assumption for the low, central and high cost scenarios. Similarly, the SIA estimated that there were 450 training providers which was

used as a central estimate, a bound of 50 each side was used to construct the low and high estimates of 400 and 500. This allows a significant variation in the number of companies and this range attempts to mitigate any risk from the analysis.

H. Direct costs and benefits to business calculations, £ million (PV).

Summary of Costs and Benefits	Low 5 yr impact (£m)	Central 5 yr impact (£m)	High 5 yr impact (£m)
Costs			
Set-up costs			
Private sector set-up costs	11.8	15.8	23.6
Public Sector set-up costs	0.0	0.0	0.0
Total set up costs	11.8	15.8	23.6
Ongoing costs			
Private sector ongoing costs	2.7	6.3	10.9
Public sector ongoing costs	0.0	0.0	0.0
Total ongoing costs	2.7	6.3	10.9
Total costs	14.5	22.1	34.5
Benefits			
Private sector benefits	0.0	0.0	0.0
Public sector benefits	0.0	0.0	0.0
Total benefits	0.0	0.0	0.0
Net Present Social Value	-14.5	-22.1	-34.5
Business Net Present Value	-2.7	-6.4	-11.1
Equivalent Annual Net Direct Cost to Business	0.6	1.4	2.4

Source: Home Office, own estimates, February 2020.

I. Trade Impact.

This policy will not have any impact on trade.

J. Implementation date, monitoring and evaluation (PIR if necessary), enforcement principles.

The SIA intends to implement these specification changes on 1st September 2020. The effectiveness of the new regime will be monitored by the SIA and feedback given to training providers and awarding organisations. SIA will reassess the specification for the next Skills and Qualifications Review in 2025.