



Security Industry Authority

Security Industry Authority

Annual Report
& Accounts 2021-22

SECURITY INDUSTRY AUTHORITY

Annual Report and Accounts 2021/22

Presented to Parliament pursuant to paragraphs 16(4)(b) and 17(2) of Schedule 1 to the Private Security Industry Act 2001

Ordered by the House of Commons to be printed
on 20 July 2022

Laid before the Scottish Parliament by the Scottish Ministers
July 2022

Laid before the Northern Ireland Assembly by the
Department of Justice July 2022



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SIA
PO Box 74957
London
E14 1UG

978-1-5286-3640-7

E02773772

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by HH Global on behalf of the Controller
of Her Majesty's Stationery Office

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Foreword from the Chair and Chief Executive

This was a year in which demand for private security began to return to normality and the industry responded to the gradual lifting of restrictions put in place to combat the COVID-19 pandemic. As we, too, emerged from the series of lockdowns that marked 2021-22, we remained united in our focus on public protection as the heart of everything we do.

We rededicated ourselves to our core activities. Our people and office-based teams were able to meet in person for the first time in many months; our regional inspection and enforcement officers increased their visibility to the industry as shuttered venues opened; and we were able to meet and engage with business leaders and individual operatives at a series of industry events.

Performance this year, against a challenging background, was exceptionally high. We processed a record number of licence applications, and faced – and successfully met – unprecedented service demand. We also set and exceeded our efficiency savings target of over half a million pounds.

We delivered on the major commitments in our business plan. We launched new licence-linked qualifications standards for door supervisors and security guards at the beginning of the year. We followed this with major top-up training changes, including first aid training. A new skills board was set up to assist in the professionalisation of the industry. As the year closed, we were preparing to launch enhanced qualifications for close protection operatives.

This work to increase the skills of every licensed operative through strengthened training and qualifications is a crucial component in increasing public trust and confidence in the industry. This trust is critical to delivering on our commitment to improved public protection.

We worked with a series of partners to encourage and support the industry in their central role as protectors of the public. We did this by organising and running live incident preparedness events and supporting information campaigns such as 'Enough'. In these

ways we played our part in addressing key government priorities, including countering terrorism and preventing violence against women and girls (VAWG).

The impact of the pandemic on the private security industry cannot be underestimated. Some sectors, such as events, were just beginning to rebuild at the end of the reporting period. Economic headwinds, which became apparent in the latter part of the year, are likely to prove challenging to both individuals and the industry as a whole in 2022-23.

As we look ahead to the coming year, we will maintain our focus on public protection through efficient and intelligent dedication to our core regulatory work. This means further improvements to our licensing processes and digital systems to make our services easier to access for customers and increasing our compliance and enforcement work. We will also continue to transform and challenge ourselves and the industry to be agile and fit for the future. We will listen to and engage with the industry as we do so.

We would like to thank every single member of the SIA team for their commitment during these challenging times. And a special thank you to all those security operatives who remained at the service of the public during the pandemic, often at significant risk to themselves. When the history of these difficult years is written, we hope and expect that the dedication of those that work in the private security industry will be honoured and remembered.



Heather Baily QPM

Chair

Security Industry Authority



Michelle Russell

Chief Executive

Security Industry Authority

Who we are

The Security Industry Authority (SIA) is a public body reporting to the Home Secretary. We were established under the Private Security Industry Act 2001 to contribute to public protection by setting and improving standards in the regulated private security industry. The Act covers England, Wales, Scotland and Northern Ireland and the following activities:

- Cash and valuables in transit
- Close protection
- Door supervision
- Public space surveillance
(CCTV – closed circuit television)
- Security guarding
- Key holding
- Vehicle immobilisation
(in Northern Ireland only)

Through effective delivery of our statutory responsibilities, we support the key priorities of the Home Office: reducing and preventing crime and ensuring that people feel safe in their homes and communities.

What we do

We have a statutory responsibility to license individual security operatives. We do this by applying criteria relating to identity, conduct and criminality. We establish the minimum competency requirements that individuals have to meet before applying for a licence.

We work closely with the police, local authorities and other government agencies to ensure that individuals and companies operating within the private security industry comply with the law. Our compliance and enforcement operations are part of this work. We work with training providers, trade associations and industry representatives on standards and the operation of our regime.

We set and approve standards for the basic training required to hold an individual licence. We do this by specifying the learning for the qualifications needed. We require awarding organisations to have robust standards of assessment and appropriate processes for the awarding of qualifications recognised for licensing. While we are not responsible for regulating the delivery of qualifications, we collaborate with the UK's regulatory qualifications bodies where there are threats to the quality of the qualifications.

We have a statutory responsibility to recognise those businesses wanting to

meet increased standards. We do this by managing the voluntary Approved Contractor Scheme (ACS). We apply eligibility and other 'fit and proper' criteria, and we establish terms and conditions of approval. We appoint independent assessing bodies to conduct assessments against the ACS standard before awarding approved contractor status.

We have compliance and inspection teams based and working across the UK visiting venues that provide and supply licensed security. They work with those individuals, businesses and venues to both raise standards and ensure the licensing requirements are met. They investigate concerns about non-compliance. In cases which are not resolved by advice, guidance, or formal warnings, we refer them for enforcement action to our criminal investigation team which, in appropriate cases, leads to prosecution. We have a financial investigation capability which means we can apply to the courts for confiscation orders against the assets of persons or businesses convicted of offences where they have profited from their crimes. We use the money we receive to support public safety and good causes for the benefit of the security industry.

We work closely with local and national police forces, local authority licensing partners, security providers, buyers and venue owners to understand, identify

and successfully mitigate a broad range of public protection and safeguarding risks. These include terrorism, violence (including against women and girls), drugs and spiking, serious and organised crime, modern slavery, labour exploitation, and child sexual exploitation and abuse.

Our work is dependent on partnerships not just with the police and other public bodies, but increasingly with security providers. We seek, and continue to benefit from, the support and co-operation of those working in the private security industry and our many partners to provide effective regulation, and to pursue robustly those who choose not to comply.

Our purpose

Protecting the public through effective regulation of the private security industry and working with partners to raise standards across the sector.

Our values

Our staff developed these values; they are the guiding force in how we deliver our work. These values direct our behaviour towards our stakeholders,

partners and each other. We consider how well we reflect these values through performance reviews, recognition schemes and annual awards.

Courageous

We are confident in our approach, integrity and independence. We enforce proportionately without fear or favour. We are not afraid to challenge.

Responsive

We listen and we continually strive to improve.

Efficient and Professional

We deliver increasing value for money every year. We recognise and enjoy success; we are brave by recognising poor performance or failure. We put it right, share the learning and move on to the next success.

Together, United

We are one team working with a common purpose. Everyone has value.

Performance report

SIA: A year in numbers

1,049

licences
revoked

124

SIA warnings
issued

159,136

licences granted



89%

of licensing applications
processed within 25 working days

1,362

applications
refused

We
found

35

offences of
undertaking
licensable
activity
without
a licence



We retained
the Customer
Service
Excellence
standard
with
improved
scores

393,313

individuals
holding
licences

56

new
businesses
approved to
join the ACS

445,598

active licences



9

improvement notices issued

5,910

intelligence and other reports of concern received

827

approved contractors

Social media audiences:

31,224

Facebook 'likes'

16,159

Twitter followers

76,191

LinkedIn followers



85%

of prosecutions led to a conviction

39

cases progressed towards a criminal prosecution

20

non-compliant businesses had ACS accreditation removed

706

site visits or inspections

2,827

individual licences checked

1,088

intervention (compliance related) cases undertaken and completed

235,384

customer requests responded to



95%

of eligible businesses successfully renew their ACS status

90%

of individuals are satisfied with the process of applying/renewing their licence with the SIA, compared to 86% in 2019

Key performance indicators

Our performance management system includes key performance indicators (KPIs), which are linked directly to the achievement of our core objectives, and a cascade of performance indicators which, in turn, drive the KPIs. The KPIs show at a glance how the SIA is working to:

- protect the public through operating an efficient and effective licensing function
- protect the public through effective compliance and enforcement activity
- be an efficient and effective customer-focused organisation

- support its people to ensure we perform well as an organisation

This was the second year of our new set of stretching KPIs that sit alongside our three-year corporate plan. They were set before the COVID-19 pandemic. We decided not to lower them in response to the impact of the pandemic. The new KPIs reach across all areas of the SIA, not just our front line services. We report on the progress of all KPIs to the executive directors' group on a monthly basis, and to the SIA board on a quarterly basis.

The SIA protects the public through operating an efficient and effective licensing function

Achieved rate in 2021-22

| | | | |
|------|--|---|-------------|
| 1(a) | Improving timeliness of decisions | 85% of all complex individual licence application decisions are made within 25 working days | 81%* |
| 1(b) | | 90% of all simple individual licence application decisions are made within 5 working days | 90% |
| 2 | Implementing efficiencies | Maximise straight through (automatic) individual licence processing by increasing applications that require no manual intervention by 25% over a three year period from 01 Apr 2020 | 7%* |

The SIA protects the public through operating an efficient and effective licensing function

Achieved rate in 2021-22

| | | | |
|---|--|--|------------|
| 3 | Reducing avoidable customer contact | Reduce the amount of avoidable contact from applicants by 20% over a three year period from 01 Apr 2020 | 7%* |
| 4 | Reducing threat to public safety | 99% of initial decisions to suspend a licence are made within five working days from receipt of sufficient information | 99% |
| 5 | Increasing ACS standards | 90% of eligible businesses re-register or renew their ACS approval | 95% |

The SIA protects the public through effective compliance and enforcement activity

Achieved rate in 2021-22

| | | | |
|---|--|--|-----------------|
| 6 | Providing assurance on high standards of compliance | Maintaining or improving compliance with the Private Security Industry Act (PSIA); 98% (or above) compliance with the requirement to hold a valid licence (or licence dispensation notice) for the activity being undertaken | 98% |
| 7 | Securing timely (willing) compliance | 80% of those businesses or controlling minds issued with formal warnings and/or Improvement Notices for non-compliance are re-assessed as compliant | 100% |
| 8 | Taking robust action against non-compliance | 80% success rate for prosecutions brought for PSIA and non-PSIA offences | 85% |
| 9 | Taking robust action against non-compliance | Report on value of criminal funds successfully awarded for confiscation in proceedings | £138,875 |

The SIA is an efficient and effective customer-focused organisation

Achieved rate in 2021-22

| | | | |
|----|--|---|-----------------|
| 10 | Improving our core costs and efficiency | Make savings or efficiencies of 1.5% per annum (over £480,000) on our overall resource expenditure | £506,000 |
| 11 | Improving IT services availability | Providing at least 98% service availability at optimum levels for our online IT-STeP licensing system, by rolling month, quarter, and 12 months | 100% |

The SIA supports its people to ensure we perform well as an organisation

Achieved rate in 2021-22

| | | | |
|--------|--|--|------------|
| 12 (a) | Managing staff turnover and wellbeing | Staff retention rates remain 85% or higher | 85% |
| 12 (b) | | 95% of assurance welfare check responses (quarterly) are positive | 98% |
| 12 (c) | | 65% of employed staff respond to quarterly assurance check that welfare checks by their managers have been carried out | 70% |

* KPI1A: We are targeting a number of areas to improve our delivery against this KPI 1a in the 2022-23 financial year, including **a)** working closely with our business partners to improve operational processes and the efficient exchange of data between parties **b)** implementing a more effective approach to recruitment to ensure we have sufficient resources in place to manage high demand, **c)** identifying technical system changes to automate more of the end-to-end licensing process, and **d)** implementing a new contact strategy that will reduce the need for customers to contact us, allowing more time to focus on the more complex licensing queries.

KPI2: This KPI aims to increase the level of automation from 28% (2020 baseline) up to 35% at the end of the 3-year period. We are currently at 35% automation (demonstrated by the **7%** increase in the headline KPI figure) and remain on track to achieve this KPI.

KPI3: This KPI aims to reduce the proportion of avoidable contact from 51% (2020 baseline) to 41% over a 3-year period. We are currently at 47% of received contact classed as avoidable (a **7%** improvement from the 51% baseline) and have made good progress in recent months against this KPI.

We ended the financial year in a strong position performance-wise.

All except one of our KPIs were either met or within 5% of target, and our last quarter, Q4, was the strongest quarter's performance across the year.

Financially, this year was budgeted for as a "surplus" year for 2021-22. Some of this may be offset by a predicted deficit in the 2022-23 financial year due to traditionally lower volumes in the three-year licensing cycle and as we aim to break even across the period.

Our targets help ensure that we are customer-focused, that we protect the public by responding to industry and public safety risks, and that we ensure we have the capacity and capability as an organisation to deliver by prioritising the welfare of our workforce.

Our approach to KPIs is that they should be stretching and encourage continuous improvement. The area where we want to do more work on in this coming year is KPI 3. This looks to ensure we encourage customer contact that will help us speed up applications as we minimise the proactive contact that is unnecessary and slows it down. In 2022-23 we are implementing a new contact strategy, which will help improve customer communications for both individual and business queries.



Michelle Russell

Chief Executive and Accounting Officer
Security Industry Authority
14 July 2022

Performance analysis

Core statutory responsibilities

Licensing and service delivery

In 2021-22 we issued 159,136 licences, which is more than we planned for based on previous years' volume patterns. We made between 8,000 and 19,000 decisions a month.

We also received 235,384 service requests and 55,213 phone calls from customers, both individuals and businesses. An independent customer satisfaction survey in June 2021 showed that 90% of individual licence applicants were satisfied with the application process, compared with 84% of businesses. Both figures are higher than satisfaction levels in previous years.

We completed 89% of licensing decisions within 25 working days of receiving a correct and complete application. This is slightly higher than the 2020-21 figure of 88%, which was against a similarly high volume of licence applications. Our Customer Support and Decisions teams put a great deal of extra effort into unlocking delayed or "aged" applications. As a result, between April 2021 and March 2022 we reduced the number of

applications aged 6 months or older by 35% (from 489 to 316).

To ensure we track, set, and monitor improving performance, as in 2020-21, we do so by categorising licensing decisions by their complexity. We set ourselves the target of processing 85% of 'complex' applications within 25 working days, and 90% of 'simple' or straight forward applications within 5 working days. We achieved 81% against the target for 'complex' applications and 90% against the target for 'simple' applications.

This was a good result given the challenges of managing licensing operations while working remotely for most of the year due to the pandemic. The two significant changes to the prerequisite training requirements for licences had an impact on the timing of applications and renewals compared to previous years. Also, external vetting sources, on whom we are reliant for timely performance, experienced periods of significant service issues.

Where there is a public safety concern, whether we identify it ourselves or it is brought to our attention, we ensure we act promptly if we can, and nearly always within five working days. In 2021-

22 we processed information relating to public safety concerns within that five-day target for 99% of cases. For the vast majority of cases, we took action within two days. In 2021-22 we suspended 917 licences and revoked 1,049 licences. These actions are fast-paced, resource-intensive, often requiring multiple engagements with the licence holder and police partners. We do not reactivate licences unless we have obtained sufficient evidence and assurance that the licence holder does not pose a risk to public safety.

Business standards and our Approved Contractor Scheme (ACS)

Our role is to ensure only fit and proper businesses are in the Approved Contractor Scheme (ACS), and that approved contractors conform with the quality standards of the scheme for the duration of their approval period.

At the end of the year, there were 833 approved contractors: 429 re-registrations (annual event), 205 renewals (triennial event) and 108 new applications to join. The role of the business standards team is to manage all aspects of the scheme making operational improvements as needed. It also works with other parts of the SIA to ensure we ultimately make the right, effective ACS approval decisions. This activity includes our compliance and inspections teams, which carry out pre-approval visits, and the team in our licensing and standards area that makes the final decisions on approvals.

In 2021-2022 we completed 108 'fit and proper' checks on new ACS applicants and 782 checks on existing approved contractors. We accepted 59 new ACS applications and rejected 7. We approved 26 new businesses to the ACS. We conducted 61 pre-approval visits. We carried over 46 applications into 2022-23.

External assessing bodies carry out ACS assessments to check that approved contractors and applicants meet the ACS self-assessment workbook. We assure those bodies under our contract with them. We do this by reviewing key assessment documentation, monitoring key performance indicators, holding quarterly meetings with each of the four assessing bodies, and providing training for lead assessors from those bodies. We also witness assessors' delivery of assessment services.

In 2021-2022 we reviewed 760 assessment cases and 113 revisit cases – those where improvement needs were raised and resolved within 6 weeks. We returned 70 assessment cases (10%) to our assessing bodies, as these did not present sufficient evidence on which to base our ACS approval decision.

We held 16 contract meetings with assessing bodies, managing 3 performance-related concerns during the reporting period. We delivered 3 online events for assessors and 4 lead assessor training sessions. We witnessed 6 assessors, 4 of whom were new and required witnessing to become an approved assessor, and 2 as part of our annual risk-based witnessing schedule. Where necessary, we set out improvement plans which were successfully completed by all assessors.

Where businesses do not conform to the standard, first we provide support and guidance to highlight required improvement. If companies do not achieve this, they will not be allowed to join the scheme and we will reject their application.

We take necessary but proportionate action against approved contractors who become subject to our sanctions framework during their approval period. We withdrew 20 approvals in 2021-22.

Individual standards – licence linked qualifications

Our Individual Standards function's responsibilities include ensuring the SIA meets its statutory obligations to set minimum standards of competence for those who wish to apply for a licence.

We do this by:

- setting the standards for licence-linked qualifications (by this we mean the qualifications required to apply for or renew an existing licence)
- making sure suitable arrangements are in place for the qualifications to be delivered

Our work this year focused on delivering and implementing new qualifications and top-up training. These changes related specifically to public protection and have positively transformed the regulatory regime by ensuring that operatives will have the most up-to-date training in safety-critical areas, including first aid, counter-terrorism and handling emergency situations. The

changes also include a strengthening of the content that enables operatives to better understand and deal with issues of violence against women and girls.

In the last financial year, there have been 106,365 licence-linked qualifications awarded: 89,867 first-time/full qualifications, and 16,498 top-up qualifications. Whilst the awarding organisations assure that qualifications are awarded fairly, we support this with our own activity to monitor training. In the last business year, we made 37 inspections of training providers, some virtually and some in person, with plans to increase these in 2022/23.

Compliance and inspections

We undertake a range of intelligence – and risk-led inspections of frontline operatives, some with partners including the police, HM Revenue & Customs, and local authorities. During these we check individual, business, and venue compliance with the licensing requirements in the Private Security Industry Act 2001.

During 2021-22 we checked 1868 individuals deployed by 313 separate companies during intelligence – and risk-led inspection activity at 429 separate sites and venues. Intelligence-led activity in response to our assessment of threat, risk, and harm comprised 35 inspection operations, 19 of which were led by our partners.

We also conducted 32 random inspection operations aimed at

providing us and the public with continued assurance about compliance levels. 11 of these were partner-led. We checked the licence validity of an additional 959 security operatives, deployed by 176 companies at 277 separate sites and venues. These random inspections resulted in compliance rates of 98.12%.

Our ability to conduct operational fieldwork during 2021-22 was affected by restrictions imposed because of the pandemic. It improved significantly as the gradual lifting of COVID-19 restrictions across the different parts of UK happened, as they resulted in an increase in activity in the night-time economy (NTE) and more recently in the events industry. Last year we saw the partial return of some of the traditional large outdoor festivals during the summer, which resulted in us conducting compliance inspections and extensive engagement with event organisers and other relevant statutory partners.

During 2021, and following the death of Sarah Everard, the industry was affected by increased public concern and an increase in reported incidents of 'spiking' and violence against women and girls (VAWG). As a result we increased the inspection and partnership activity carried out by our Compliance and Inspections Team. We sought to raise awareness in the SIA-licensed operative community about the importance of their role in protecting the vulnerable, primarily in the night-time economy. This included meeting large numbers of door supervisors face-to-face who were deployed in either higher education

establishments or night-time economy venues whose clients include large numbers of students. The licence-linked qualification training undertaken by SIA-licensed security operatives provides some relevant foundation knowledge requirements.

We also continue to undertake desktop and field investigations to address risks and actionable intelligence regarding non-compliance with the licensing requirements, or non-conformance with the ACS.

We significantly exceeded our planned level of activity this year in our compliance work; this is indicative of the priority we are giving to this work. We opened 1125 new intervention cases (against a target of 630) and completed 1088 intervention cases (against a target of 680) during the year, having addressed the intelligence and/or risk. Last year we closed 85% of our investigations within 4 months against a target of 80%.

Compliance and Inspections investigators can issue warnings and improvement notices to individuals and private security businesses when we discover non-compliance. We revisit individuals and/or businesses 4 to 6 months after we issue improvement notices to ensure that the required remedial action taken has been maintained. Our checks established that action had been taken in 100% of all this year's cases that were due for checking.

Intelligence

We rely on intelligence and information generated by our staff, members of the public, the private security industry, our partners, and a wide range of other sources. This flow of intelligence and information ensures that the SIA has a relevant, accurate and timely intelligence picture. Our analysis and identification of specific threat, risk, harm, vulnerabilities and opportunities drives the deployment of our resources. We work collaboratively with the rest of the SIA through our Tactical Tasking and Coordination Group (TTCG) and daily operational tasking processes.

We delivered our review of our strategic threat assessment in 2021-22. The refreshed strategic assessment centres around four strategic threats and various sub-threats. The four strategic threats are:

- protecting the public
- integrity of individual licensing
- integrity of the Approved Contractor scheme
- serious and organised crime within the private security industry

During the process we used the Strategic Management of Risk in Law Enforcement (MoRiLE) intelligence programme. Using Strategic MoRiLE has further aligned our strategic assessment, and other supporting processes, to those of our law enforcement partners.

We recorded over 5,150 intelligence reports and concerns this year, which is an increase of 2% compared to last year. We risk-assess all of them against

our strategic intelligence priorities and, where appropriate, allocate them for further exploration and/or action.

We forwarded over 91% of the reports we received this year for further action. Even if we decide to take no further action, the report is securely stored so that it can be reviewed should further intelligence materialise.

We have worked hard to maximise opportunities to work to greater impact and effectiveness through partnership working. Our Information Sharing Agreements (ISA) and Memoranda of Understanding (MOU) provide a framework for the timely sharing of information and intelligence and collaborative working opportunities.

We are delivering on our new 'Working better together' plan. This is raising awareness of who the SIA are, what we do, and how we can work better together across the policing and law enforcement landscape and with the private security industry.

This year we received over 1121 partner exchanges. This is an increase of 10% compared to the previous year. We shared over 616 partner exchanges, which is a significant increase of 33% compared to last year despite the effects of the pandemic. Our Intelligence function handled and processed 6887 pieces of information and intelligence overall. This is a 45% overall increase in activity from last year.

Criminal investigations

The vast majority of those working with, or within, the industry know about the requirements of the Private Security Industry Act 2001. However, there are those who choose not to comply and who abuse the trust and confidence the public has, and needs to have, in the private security industry. Where we need to, we have the will and capability to prosecute offenders, not just for offences under the PSIA but also for other offences where the regulatory regime is undermined and where the public have been put at risk.

Last year, 44% of our criminal cases involved offences under the Private Security Industry Act 2001. 56% involved wider criminal activity. This included complex and serious offending relating to security under the Fraud Act 2006, the Identity and Documents Act 2010 and the Forgery and Counterfeiting Act 1981.

This year, where we undertook a prosecution, 85% of cases resulted in a successful conviction. We prosecuted 32 individuals and 7 businesses. Successful prosecutions this year have resulted in over £18,000 of fines, 16 weeks of suspended custodial sentences, two community orders and conditional discharge for 12 months. These included over 260 hours of unpaid work. We were also awarded over £17,000 of costs.

At the end of the year, we had 81 live criminal investigations into 70 businesses and 196 individuals. The number of criminal investigations has increased by 1.25%, from 80 at the same time last year. As we increase our inspection activity, we are expecting the number of cases requiring criminal action to grow.

Confiscation orders and the Proceeds of Crime Act

The SIA is a 'designated body' under the Proceeds of Crime Act (POCA). We have been undertaking financial investigations since 2015. This year, our team of accredited financial investigators have continued to exercise a range of powers under POCA in order to secure the assets of those who have benefited financially from criminal activity. This has included restraint orders and exercising proceeds of crime search warrants.

This year, following prosecution, we have been successful in securing five confiscation orders totalling £138,483 worth of assets gained through criminal activity. Confiscation acts as a deterrent to others and ensures that those who engage in criminal activity within the private security industry do not financially benefit from their crimes. It also limits the ability of individuals to use money gained through criminality to re-enter the private security industry as a new business.

In addition to confiscation orders, we were also successful in securing our first compensation order. This meant that £58,000 was able to be returned to the victims in the case, all of whom were former employees of a security business and had been exploited as a result of their vulnerability.

Under the Asset Recovery Incentivisation Scheme (ARIS), the SIA receives 34% of the value of confiscation orders it secures under the Proceeds of Crime Act (POCA). We are able to use the ARIS funds for 'good causes' connected with the security industry. This year we made an award of £113,000 to nine charities and community groups, all of whom had a focus on public protection or improving the private security industry. These included organisations tackling violence against women and girls, support for young people who are searching for post-education careers in security, and protecting vulnerable people in higher education establishments.

Our strategic priorities

In addition to our core activities of licensing, standards and compliance, we measure our progress against the four strategic priorities set out in our Corporate Plan:

1. Improving standards

To improve standards in the private security industry.

2. Our people

To develop our people so individual, team and corporate performance continually improves in achieving our purpose.

3. Adding value

To deploy and develop our people and assets to optimise their value.

4. Highlighting the industry's capability

To support government, police and others to work with us and the private security industry to shape and evolve the sector to respond to future challenges and opportunities.

Achievements against strategic priorities

1. Improving standards

To improve standards in the private security industry.

New licence-linked qualifications for the industry

This financial year we delivered on the exciting, important and transformational change required to improve the baseline entry level and renewal competency for licence holders.

We launched new pre-requisite qualification standards for those wanting to gain a licence for the first time. These qualifications, which we developed with awarding organisations after extensive consultation with the private security industry, give operatives the minimum up-to-date skills and knowledge required to keep themselves and the public safe before they join the industry, at which point their employers and the venues for which they work take over.

We also introduced a requirement for those renewing Security Guard and Door Supervisor licences to take a top-up qualification. The refreshed qualifications focus on equipping the security officer with updated knowledge and advice in safety-critical

areas the public would expect them to have. These include first aid, their role in preventing and detecting counter-terrorism risks they may encounter, and dealing with other emergencies.

We supported the introduction of the new qualifications with a proactive and comprehensive communications strategy that saw us deliver webinars, videos explaining the new requirements, and live interactive events via Facebook.

Quality monitoring of training providers

We have increased unannounced visits to training providers as part of making sure there are appropriate arrangements in place for the delivery of qualifications.

With the resumption of some face-to-face training after the pandemic, we increased our efforts in working with awarding organisations to ensure the quality of assessment that they deliver.

This work has identified actions that will help individual training providers improve. It has also led to lessons that we have shared with awarding organisations. We continue to make unannounced visits to training providers, and will be seeking to visit at least 100 over the coming year to strengthen further this area of work.

Skills Board

During 2021-22 we worked with the industry, including the City Security Council (CSC), to launch a private security industry skills board. The Skills Board will help to develop the industry's capability and drive improvement by finding solutions to skills issues.

It is critically important that the private security industry has a strong, strategic presence and leads on considering how to best address skills issues and change perceptions of what a career in the industry can offer. It is equally important that the industry has a voice at the top table of debate on government skills policy.

The Skills Board is made up of senior industry figures who want to drive improvement. The board, chaired by the chief executive of a large ACS business, and supported by others, is identifying workstreams that will drive skills industry-wide.

We will provide support for the skills board's work to support a strategic approach to skills development. This will strengthen the contribution the industry makes to protecting the public and enhance public safety. We also hope it will help industry employers to

attract, develop and retain talent and further professionalise the industry. We want to facilitate industry-led solutions that will bridge skills gaps. We have also conducted related research into areas such as continuing professional development (CPD) and centres of excellence to support the future work of the Skills Board.

Apprenticeship trailblazer group

The private security industry apprenticeship trailblazer group, which we established in 2020, has made good progress this year in establishing a government-approved apprentice scheme for front line security professionals.

The Institute for Apprenticeships and Technical Education has now approved the structure on behalf of the Department for Education. The group are currently finalising arrangements that will dictate how the apprenticeship is assessed. This is a really significant development for the industry. To date, many security businesses have been paying but have not been able to use the apprenticeship levy on a security specific scheme. In future, there will be a scheme that will benefit the industry and give a real opportunity for individuals to manage their careers and access high quality learning.

Regional networks and online events for approved contractors

We supported 4 regional network events during 2021-22. These are the regional networks for business leaders across the UK.

The network across the UK was built to be private security industry-led, for the industry, and has proven to be a successful collaboration opportunity between us and businesses. The regional chairs from across the UK co-host a quarterly UK-wide network inviting business leaders from across the industry to participate.

We have worked with the chairs of the network and, where possible, participate in discussions to help us pre-empt threats to the industry and keep our understanding of the sector up-to-date.

The result is that the network events this year attracted more than 200 business leaders to participate. We ran four webinars for approved contractors looking at industry-identified critical issues such as market instability and the impact of top-up qualifications, which drew more than 150 participants.

Revised quality arrangements

This year we updated our approach to Approved Contractor Scheme (ACS) assessments. We started to re-focus on allowing businesses to demonstrate delivery of their service. This approach focuses specifically on how well approved contractors meet their customers' requirements in providing a bespoke, high-quality security solution to mitigate threats and risk to their customer assets.

We developed a new assurance strategy in the latter half of 2021-22 and will be putting it into practice this coming year. We also commissioned consultation and research about the risks to quality within the security sector and reasons

why businesses would or would not join the ACS. This has helped inform our discussions about what the ACS might look like in the future, how to ensure it adapts to current and future public and customer expectations, and how to ensure it becomes more attractive to more businesses.

Some of the areas that we are looking at include scheme inclusivity, addressing variation in assessments, external oversight models, the benefits of being in the scheme, and what we can do to further promote the scheme to improve standards and in turn public protection.

2. Our people

To develop our people so individual, team and corporate performance continually improves in achieving our purpose.

Our Focus on Public Protection and Culture

Changes of leadership across the organisation this year have consolidated our need to ensure we are focused on role in public protection and that public trust and confidence in security and us as regulator is critical. To achieve this we must look after our workforce to ensure they are able and equipped to best carry out our functions. Public expectation and needs keep changing and so we must be agile and adept at ensuring continuous improvement at the SIA.

We have been ensuring we embed those objectives that we are building on as part of our evolving people strategy which has needed to be agile as the pandemic and its impact continued this year. We have supported our leaders to live and model our leadership values and rolled out a training programme.

New Ways of Working and Improvements to Recruitment

We continue to develop the culture, as staff have been returning to the office after the pandemic, refuelling a sense of pride about the SIA being a great place to work as well as adjusting to and embedding new ways of working and the changes to external conditions.

We have made improvements to how we attract, recruit and retain staff and support greater diversity.

We successfully rolled out induction programmes online this year and each new member of staff has an opportunity to meet with the Chief Executive early on in that programme.

Equality, diversity and inclusion work

We have injected energy and enthusiasm into the importance of and promoting our inclusive culture and approach at the SIA this year. Everyone has a role, voice and contribution. We can have challenge and at times some difficult conversations but do so with kindness and respect.

We have some good foundations but there is more we need and want to do. Alongside and supported by our Equality and Diversity Committee, which is chaired by the Executive Director of Corporate Services, this year we have also established and/or supported our staff networks. These now include the following thriving networks on race and ethnicity (R.A.C.E – Raising Awareness of Culture and Ethnicity), wellbeing and mental health, gender, disability, parents and carers and Pride (LGBTQI+.) We are really proud that these networks are staff-led and empowered. We ran staff workshops internally to celebrate International Women's Day, at which a number of our female and male employees gave inspiring and challenging accounts

of their life experiences, followed by a physical speed network event.

We are in the process of finalising a new equality, diversity and inclusion strategy for our workforce. We are also working closely with other government networks to share resources and learn from best practice.

Increased professional skills for SIA staff

As we reset a more proactive approach to our compliance, inspection and enforcement work, and increase our workforce across the UK, it is vital that we have the capacity and capability to do so and keep the knowledge, skills and competencies we have and need up to date.

The College of Policing has approved us to deliver nationally-accredited PIP (Professionalising Investigation Program) training to the SIA's operational teams. This will ensure our teams are trained and accredited to conduct the highest quality investigations. This will bring us in line with others in a comparable role within policing and wider enforcement roles across government.

Mental health first aiders – supporting SIA employees through the pandemic

Our mental health first aider team have been busy over the last year supporting our employees during the pandemic. We have profiled mental health topics such as stress awareness, grief, and resilience to raise awareness of mental health issues and encourage our staff to reach out and access support.

We have an employee assistance scheme which is available to our employees and their friends and family members.

3. Adding value

To deploy and develop our people and assets to optimise their value.

Customer service and satisfaction

We retained the Customer Service Excellence standard in 2022. This means that we have held the accreditation continuously since 2011. The standard tests delivery, timeliness, information, professionalism, and staff attitude. It also emphasises customer insight, understanding the user experience, and robust measurement of service satisfaction. The result, our best ever, included 13 'compliance plus' ratings. This was regarded as outstanding.

Our annual Customer Satisfaction Index, carried out externally, showed an increase in those individuals and businesses with a positive view of the SIA licensing processes. 90% of surveyed individuals are satisfied with the process of applying/renewing their licence with the SIA, compared to 86% in 2019.

Improvements to digital licensing system

We have made improvements to our systems to speed up the process and established a more co-ordinated and streamlined approach towards managing applications delayed by third party dependencies, or where an applicant has failed to satisfy application requirements.

We have also continued to raise issues swiftly and robustly with third parties with regard to delays in their processes, seeking prompt investigation and

requesting that our licence applicants be prioritised for resolution.

As a result, between April 2021 and March 2022 we reduced the number of applications aged 6 months or older by 35% (from 489 to 316).

Cost savings through efficiencies

Shrewd financial management in 2021-22 has led us to achieve half a million pounds of savings. These are the result of efficiencies seized on from using new ways of working and our commercial renegotiations of our contractual commitments. Most significantly, we achieved a reduction of £104K per annum in our cloud hosting charges and £190K of savings through other office-based cost reductions.

Framework Agreement with the Home Office

The change of both Chair and Chief Executive requires a new Framework Agreement with the Home Office. We agreed and published the new revised Framework Agreement in March 2022. This agreement sets out the responsibilities and expectations of the Home Office and SIA with regard to each other. It also details the wider government guidance and rules to which the SIA must adhere. The latest version is the first revision since 2018. It takes account of updated guidance from HM Treasury and sponsorship arrangements.

Digital and data strategy

We secured approval from the Government Digital Service for spend on our strategy in late 2021 and successfully implemented the first phase. This strategy sets out how we intend to improve our capabilities using data and technology.

We have made our services more reliable and had no system down-time this year. We have also improved our cyber-security. We have upgraded several systems, including critical technical systems to support our compliance work and interfaces, as part of our long-term modernisation programme to make our digital services more secure, more flexible, and cost efficient to run.

We have made significant improvements in our ability to monitor our performance and the impact of our regulatory regime on the private security industry. We have built a new interface for the public Register of Licence Holders. This will greatly improve the process of checking licence validity, both by SIA inspections and enforcement staff and (in the near future) by private security businesses, subject to a formal use agreement. This is a key enabler for smart licence cards.

Demographic data

This year we changed the way we collect core demographic data about licence applicants to enable us to move more quickly to share, use, and publish analysis of the make-up of the licensed security population as a whole.

Initial indications are that response rates have increased by at least 5% and continue to grow. This will give us more data to monitor the impact of our processes and operations, and understand the nature and make-up of the security population from an equality and diversity perspective. We intend to publish the high-level data once we have a sufficiently large and reliable sample size.

In-house legal services

We have brought most of our regulatory legal work in-house during 2021-22. This has been more cost-efficient and enabled us to provide a more responsive service. We have significantly reduced the need for external legal suppliers and are continuing to maximise use of our expertise.

New Post Office services

We worked hard in 2021-22 with the Post Office, over exceptionally short timescales, to ensure that the Post Office's own roll-out of a new tablet service caused minimal disruption to SIA customers. The Post Office have now made this method mandatory for managing SIA applications in their branches. The new tablet service was launched in February 2022, and it has expanded the number of Post Office branches able to manage SIA licence applications from 658 to 1,125.

4. Highlighting the industry's capability

To support government, police and others to work with us and the private security industry to shape and evolve the sector to respond to future challenges and opportunities.

Operation SENTRY exercises

We delivered what we call an "Operation SENTRY" exercise in partnership with Derbyshire Constabulary and Chesterfield Borough Council in Chesterfield in September 2021. The exercise, which was the first of a planned series of events across the UK, comprised a number of live scenarios with actors. These tested the preparedness of security operatives in response to a mass stabbing, a corrosive substance attack, and a suspect package. It also called on their training and knowledge with regard to Run, Hide & Tell and the new Action Counters Terrorism (ACT) Security e-learning product. We ran a second exercise with the Metropolitan Police and other partners in London in October 2021. The London event was subsequently recognised in 'London Prepared', Lord Toby Harris's independent review of London's preparedness to respond to a major terrorist incident. The event planned in Scotland was moved to April 2022 at their request due to the impact of the pandemic.

Highlighting the industry's contribution to supporting public protection

To deliver on our role in public protection, we continue to use our voice to raise awareness of the important role that private security has in deterring

and identifying acts of terrorism, violence, and predatory behaviour.

Our work resulted in significant public and media coverage of the two Operation SENTRY emergency planning exercises that the SIA conducted with venues, the police, counter-terrorism experts, and the emergency services this year.

We targeted front line security operatives with a campaign to remind them of their training in response to the lifting of COVID-19 restrictions, and the subsequent reopening of the night-time economy.

We delivered a campaign focused on women's safety in public spaces at night. We issued messages to over 380,000 licence holders, published refresher guidance on our webpages, and pushed awareness through social media channels. Throughout the year we have used our position as regulator to promote the Government's "Enough" campaign to raise awareness within the wider security family of the need to combat violence against women and girls.

Stakeholder engagement and communications

With a new Chair and Chief Executive, we took the opportunity to set a fresh approach to our stakeholder

engagement and developed a new strategy setting out the direction of SIA's future engagement with stakeholders. This is focused on engagement on four priorities:

- compliance with existing requirements
- enforcement of existing regulations
- improved standards across the private security industry
- improved trust in the private security industry

It also includes a new focus on finding new and different means of engagement with front line security officers, not just through the trade bodies.

We have launched a number of industry-focused special interest groups (SiGs) designed to help us understand industry issues more effectively and listen to stakeholders' views and feedback. The SiGs will act as our 'critical friends' on SIA ideas and proposals, ensuring that we capture the complexity and variety across the industry. Each SiG will be represented at a new Stakeholder Forum, chaired by our Chair with the Chief Executive in attendance. The Stakeholder Forum is designed to provide our board and senior leadership with a wide view of current issues facing the private security industry. In addition, it will help us shape strategic decisions and key initiatives.

We maintained conversations with our stakeholders through a range of virtual and online activities using, webinars, and live Q&As on LinkedIn and Facebook. In the first half of the year we focused on supporting industry

preparedness for the introduction of top-up training and the new close protection qualifications.

In November we hosted the SIA national conference online. Our last physical conference took place pre-pandemic in 2019, so the event provided an opportunity for live dialogue on a larger scale. Highlights from the day included a video address from our minister, Rachel Maclean MP, (Parliamentary Under-Secretary of State for Safeguarding), and a session with Deputy Chief Constable Maggie Blyth (the National Police Chiefs' Council lead on tackling violence against women and girls).

Recognising achievement within the private security industry

We are diligent in recognising the individual and collective achievements of security officers and the industry. We use our social media channels, newsletters, and website to draw attention to noteworthy activity by individuals and businesses within our regulated sector. SIA senior executives have also supported, and spoken at, industry award schemes such as the Women in Security awards, the Outstanding Security Performance awards (OSPAs), and the BSIA awards.

Working with partners

Despite the impact of COVID-19 restrictions on work practices during the early part of 2021/22, we still achieved a significant level of partnership engagement and joint working over the year. Of the 67 large inspections we conducted during

the year, 30 were led by our partners. These included police licensing teams, local authority licensing teams, and HM Revenue & Customs officers. We conducted these inspections to ensure public safety through compliance with the Private Security Industry Act 2001, the adherence of venues to licensing conditions, and the lawful employment status of security operatives deployed at sites.

In addition, under “Operation Sheraton” during October to December 2021 we worked closely alongside police partners to promote the Violence Against Women and Girls (VAWG) strategy and advise on how security operatives could contribute to public reassurance on this issue, appropriately assist victims, and help reduce instances of ‘spiking’.

This year we authorised and granted powers of inspection to 135 partners, mainly local authority licensing teams. These partnerships increase the level of scrutiny of security in the night-time economy, supporting compliance and public protection.

Partnership with HM Revenue and Customs

We have been working closely with HM Revenue and Customs to ensure that businesses applying to become approved contractors meet the scheme’s financial probity requirements. This applied to all 108 ACS applicants in 2021-22.

We also worked with HMRC’s Employment Status & Intermediary team to educate non-ACS businesses about which security staff should be employed under PAYE terms.

We conducted joint visits to licensed premises in Bradford, Glasgow, London and Newcastle to ensure that security staff were employed properly, legitimately and being treated fairly. We met 112 individuals across 47 venues and supported this with social media campaigns highlighting our joint activity.

International Women’s Day and promoting industry diversity

We celebrated International Women’s Day this year by launching a #CelebratingHerStory campaign through social media channels. We featured stories of women working in a variety of roles in the private security industry, including our own staff. We encouraged the industry to recognise women working in the industry. Our LinkedIn campaign was positively received, with posts viewed over 33,000 times.

We are also working closely with industry through the Security Commonwealth EDI group looking at both recognising and representing inclusivity within the private security industry.



Michelle Russell

Chief Executive and Accounting Officer
Security Industry Authority

14 July 2022

Environmental, social and community performance

Sustainability

We are committed to working to ensure that we take proper account of the impact of our activities on the environment. Performance in relation to greenhouse gas emissions, waste management and finite resource consumption is set out in the following tables.

The Greening Government Commitments set out the actions UK government departments will take to reduce their impacts on the environment in the period 2021 to 2025.

The pandemic COVID-19 has continued to have an impact on our sustainability data this year. The majority of our staff have continued to work from home and only attended the office for essential business tasks or on welfare grounds.

Due to low occupancy levels at our offices, both energy and waste consumption have remained low when compared to pre-COVID levels. Whilst there has been an increase in official business travel compared to the previous financial year, this has reduced by 60% when compared to 2019/20.

Sustainable procurement

Our sustainable procurement policy is to ensure we meet our needs for goods, services, works and utilities in a way that achieves value for money on a whole-life basis whilst minimising damage to the environment. We use Crown Commercial Services framework contracts for the majority of our procurement.

Our future strategy

We are committed to reducing our impact on the environment in line with the Greening Government Commitments and will continue our efforts to reduce our greenhouse gas emissions. The SIA is working towards Net Zero by 2050 and adapting to climate change by doing the following:

- in line with our data and digital strategy, automate and improve our IT processes where possible in order to minimise the use of paper.
- climate resilient design incorporated in relevant projects. In addition, business continuity plans put in place to manage occurrences of extreme weather events.

- although the nature of our investigative work means that the use of a vehicle is often unavoidable, virtual meetings and the use of public transport will be encouraged.
 - implement measures targeting the reduction of energy consumption and minimising waste including the removal of single use plastic.
 - procure sustainable technology and digital services with the aim of achieving long term value for money with traceability of ICT at end of life.
- Performance in relation to greenhouse gas emissions, waste management and finite resource consumption is set out in the following tables.

Table 1: Greenhouse Gas Emissions

| | 2021/22 | | 2020/21 | |
|-----------------------------|-----------------|---------------|-----------------|---------------|
| | Consumption kWh | Cost £ | Consumption kWh | Cost £ |
| Direct Emissions | – | – | – | – |
| Indirect Emissions | | | | |
| Electricity: Non-renewable* | 360,679 | Not Available | 377,905 | Not Available |
| Gas* | 8,238 | Not Available | 8,771 | Not Available |

Table 2: Official Business Travel

| | 2021/22 | | 2020/21 | |
|-------------------------------|-----------------|----------------|-----------------|---------------|
| | Consumption CO2 | Cost £ | Consumption CO2 | Cost £ |
| Private Fleet Business Travel | 44 | 89,007 | 14.8 | 31,480 |
| Rail Business Travel | Not Available | 47,737 | Not Available | 5,145 |
| Other Business Travel | Not Available | 20,793 | Not Available | 3,933 |
| Total Business Travel | 44 | 157,537 | 14.8 | 40,558 |

Table 3: Waste Minimisation and Management

| | 2021/22 | | 2020/21 | |
|----------------------|--------------------|---------------|--------------------|---------------|
| | Consumption Kgs | Cost £ | Consumption Kgs | Cost £ |
| Hazardous Waste | - | - | - | - |
| Non-hazardous Waste: | | | | |
| Landfill | 1,300 | Not Available | 800 | Not Available |
| Recycled/Reused* | 4900 | Not Available | 3,500 | Not Available |
| Incinerated | - | - | - | - |

Table 4: Finite Resource Consumption

| | 2021/22 | | 2020/21 | |
|---------------|-------------------------------|---------------|-------------------------------|---------------|
| | Consumption M ³ | Cost £ | Consumption M ³ | Cost £ |
| Water Supply* | 396.7 | Not Available | 261.5 | Not Available |

* Based upon calculations supplied by the landlord in relation to the proportion of SIA usage against that of the whole building.

** Our landlord has been unable to be supplied in order for the SIA to fully report against requirements in this section. We will seek to source this data from our landlord in the next financial year to meet the requirements.

Recycling

The use of recycling bins, for food and other recycling, continues to be well supported during 2021/22 with 79% of total wastage recycled in the year.

Charity assistance

Fundraising events were limited due to lockdown restrictions. However, in September 2021 the charity group was reinstated, with a brief to focus on supporting smaller, community-based charities. Staff selected Haven House

children's hospice as the charity to support and raised over £400 through activities in the latter half of the year. As staff have left during the year, a number of them have elected to encourage donations to be made to a charity of their choice instead of leaving gifts.

Procurement

We are subject to and comply with the procurement controls that apply to the spend of public money and to the SIA as a public body. We invite tenders for goods and services through 'Buying Solutions' provided by the Government Procurement Service.

Approved Contractor Scheme (ACS)

In seeking ACS status, companies must comply with a set of corporate and social responsibility standards, which are laid out in the accreditation guidance. In this way we actively promote corporate and social responsibility in the sector we regulate.

Equality Diversity and Inclusion

We are an equal opportunities employer. We give full and fair consideration to all applications for employment and we welcome applications from everyone, regardless of race, sex, disability, sexual orientation, religion or belief, age, marriage and civil partnership, gender reassignment, pregnancy and maternity.

We pay regard to the particular aptitudes and abilities of someone with a disability, mental or physical. We continue the employment of, and arrange appropriate training for, employees of the SIA who have become or are identified as having a disability. We promote the training, career development and promotion of persons employed by the SIA who identify as having a disability.

We are proud of the diverse nature of our organisation and continue seeking to develop a culture within our organisation that reflects our strong values surrounding the importance of diversity.

Our ability to establish and nurture a positive culture of inclusion and equality of opportunity both within the SIA, and for those we license, is central to our purpose. We take seriously our equality duty and that we consider the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations when carrying out our activities.

Financial review

Overview

The operating surplus was £3.0m, which was £1.4m below the prior year (a surplus of £4.4m). This was £4.9m above our forecast deficit of £1.9m. It is worth noting that without the licence fee rebate scheme, the surplus would have been £3m greater. The £3.0m surplus was predominantly driven by increased demand for licences and an underspend in staffing costs, as well as other costs as the pandemic also continued to have an impact on some areas of spend. In addition, efficiencies of £0.5m have been achieved in line with our associated KPI.

To ensure that we do not hold unnecessary reserves, a reduction was applied to the individual licence fee in April 2020, reducing the price from £210 to £190. The reduction, agreed by Treasury, is designed to benefit the industry and is being funded by accumulated reserves.

The scheme is in place for a maximum of two licensing cycles (six years) with the aim of fully utilising the historic accumulated reserve balance (circa. £18m). The rebate, applied at the point of payment, was established at £20 based on the volume of applications expected over the six-year period (circa. 800,000). At the end of the second year of this period, the accumulated

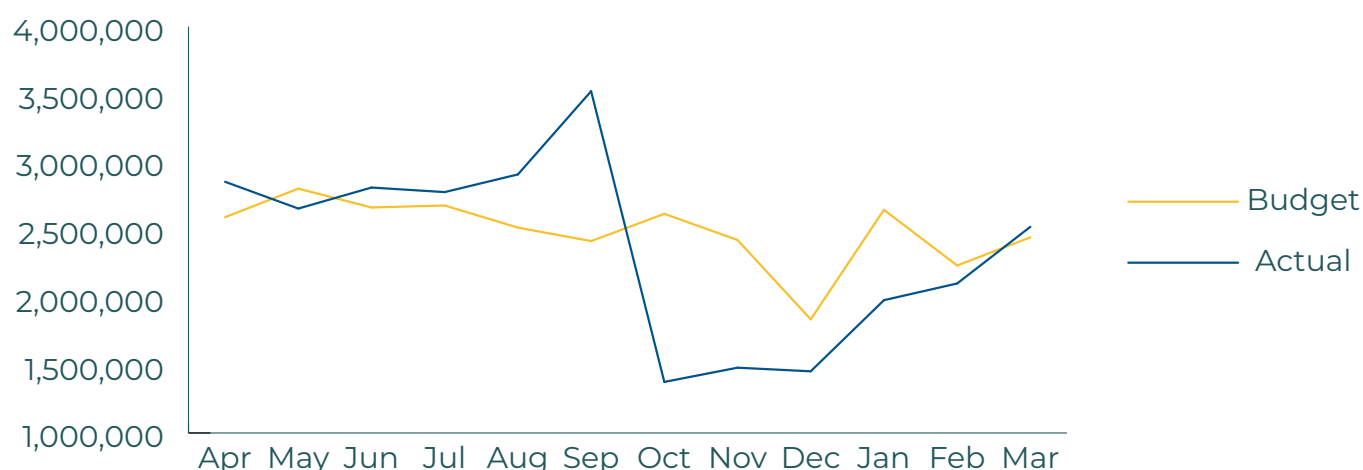
reserve balance remains on course to be fully diminished. More than 320,000 applications have been received across this period. This has reduced the historic accumulated reserve balance to £11.8m. We also plan and want to ensure we make enough efficiency savings over the next few years to avoid the licence fee increasing by £20 as soon as the rebate scheme ends.

In the current licensing cycle, operating surpluses of £3.0m, and £4.4m in the prior year, have been generated. A deficit of £2.2m is predicted in year three of the cycle. The net surplus arising at the end of the three year cycle will be transferred to the HMT consolidated fund.

An annual fee review was conducted in the financial year and the recommendations are being progressed with the Home Office.

Income

Licensing income for the year was £28.5m and 5% above the initial forecast (£27m). The SIA Board agreed a prudent view should be adopted when setting the budget in respect of the licence demand forecast. This was based on the ongoing uncertainty surrounding

Figure 1: Licensing income in year

further COVID 19 lockdowns, the volatile nature of demand behaviour in previous periods and due to the possibility that the planned changes to the training requirements for new applicants and those renewing, could significantly disrupt demand levels.

This certainly proved to be the case as there was a significant spike in applications in the months leading up to the introduction of the training requirements in October 2021. Applicants had sought to renew their licences early (they can do up to 4 months ahead) in order to avoid the costs of the new training requirements. This was followed by a steep drop in application rates in the subsequent months before a gradual recovery in these rates in the final quarter of the year.

Expenditure

Expenditure for the financial year was budgeted at £31m but has been impacted by a variety of factors

which has resulted in spend being 11% lower than expected (£27.6m). The underspends occurred in the following categories:

Staffing costs (£2.4m)

The impact of COVID-19 created a bottleneck effect as few staff chose to leave during financial year 2020-21 due to lockdown due to job security and lack of opportunity. Following the relaxation of lockdown rules, this led to a higher staff turnover in this financial year (21-22) compared to previous years.

There were also a number of unsuccessful recruitment campaigns for specialist roles which resulted in multiple recruitment rounds and some posts still being vacant or vacant for longer than expected.

A number of additional front-line posts had been factored in to the budget to enable us to cope with increased demand which were ultimately not required to be recruited to.

There was some delay to recruitment for a period whilst a new centralised recruitment contract was implemented. This is now in place and vacancies are being recruited to quicker than previously.

Travel and subsistence claims remained low due to the continuation of remote working practices and due to lockdowns in the year affecting fieldwork.

Due to the volume of ongoing vacancies, the focus was ensuring that the core business continued to operate effectively, good customer service was maintained and we achieved our KPI targets (see page X). However, other initiatives were replanned due to the lack of resource available to support them.

Projects/events spend (£0.4m)

Events earmarked to take place face to face were instead carried out virtually due to COVID-19 resulting in savings.

Some project spend, mainly due to resourcing constraints arising from the recruitment issues, have been replanned and profiled for the next financial year.

Office costs (£0.3m)

Our rental forecasts are provided by our landlord, Government Property Agency. However, there were savings in year against this forecast primarily due to under utilisation of the office space by all tenants.

A reduction in printing and courier costs as a result of efficiencies achieved in these areas by adopting online, automated processes.

IT costs (£0.2m)

Efficiencies achieved in this area reduced IT consumption costs and resulted in some software packages no longer required.

A summary of the last three years' results is shown in the table below.

Table 5: Summary of financial results: 2019/20 to 2021/22

| | 2021/22 | 2020/21 | 2019/20 |
|------------------------------------|---------------|---------------|----------------|
| Application numbers* | 158,478 | 163,173 | 130,937 |
| | £'000 | £'000 | £'000 |
| Licence fees | 28,450 | 29,359 | 26,370 |
| ACS | 2,019 | 2,046 | 2,309 |
| Other | 127 | 39 | 107 |
| Total self-generated income | 30,596 | 31,444 | 28,786 |
| Staff costs | 15,343 | 14,856 | 14,008 |
| Licensing costs | 7,308 | 7,258 | 8,058 |
| Amortisation and depreciation | 1,005 | 866 | 2,101 |
| Other expenditure | 3,910 | 4,111 | 7,008 |
| Total operating expenditure | 27,566 | 27,091 | 31,175 |
| Operating surplus/(deficit) | 3,030 | 4,353 | (2,389) |

*Paid for application number differs from number of licences issued.

In 2021-22, we anticipated that licence applications would be at a similar level to the previous financial year, as this is deemed to be a 'high' year in the SIA's three-year operating cycle. The next financial year, 2022-23, licence applications are expected to fall and accordingly, income is expected to decline to £27.1m. The long term impact of both COVID-19 and the introduction of training requirements on the licence applications will continue to be assessed in order to baseline our future forecasts and fee levels.

A full annual fee review is conducted each financial year in line with Managing Public Money which assesses whether the fees are set at the appropriate level. The recommendations from the most recent fee review are being progressed with the Home Office. The licensing fee will remain the same in financial year 2022-23 as the earliest date for implementing the findings from the annual fee review is April 2023.

Funding considerations

Our operation is funded through licence fees from individuals and Approved Contractor Scheme (ACS) subscriptions. We are required by HM Treasury to operate on a full cost recovery basis. Regarding the setting of fee levels, in accordance with government regulations (Managing Public Money, section 6.3), HM Treasury consent is required for all proposals to extend or vary charging schemes. ACS is a voluntary scheme by which companies seek to attain SIA approved contractor status.

All licences (excluding vehicle immobilisation) have a three-year lifespan, with the licence application fee paid in full in the first year. Income follows a three-year cycle. In making a decision about fee levels, our Board has to take into account the following factors:

- the fluctuation of income over the three-year licence demand cycle.
- the requirement to provide the industry and individuals with cost stability by ensuring that the fees do not fluctuate on an annual basis.

- the requirement in Managing Public Money only to recover costs and avoid making a surplus.

How the licence fee was spent

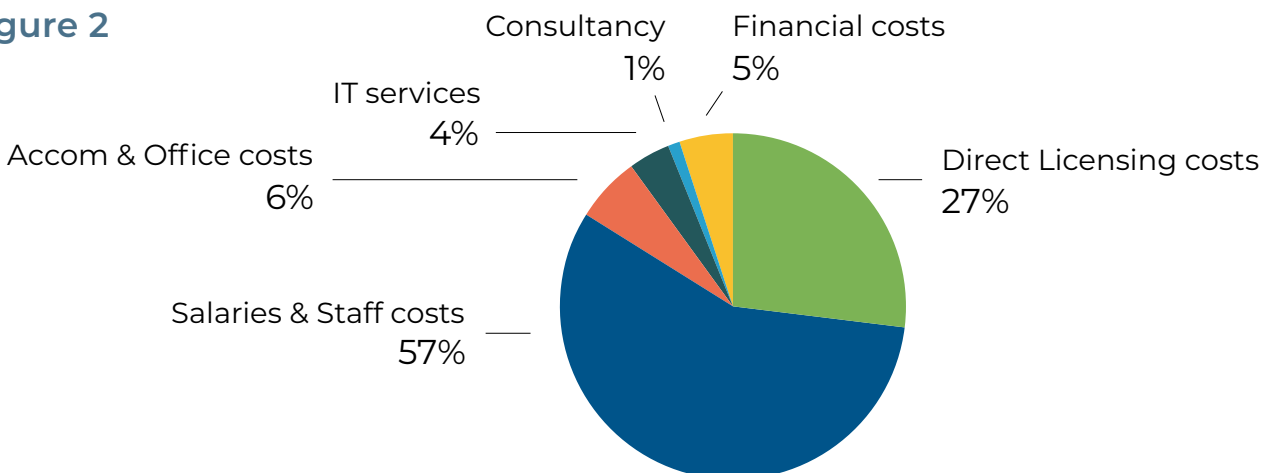
In 2020/21, we reduced the fee from £210 to £190 for a three-year licence (except for vehicle immobilising in Northern Ireland, which is a one-year licence). The fee is now at its lowest level since 2004; if adjusted for inflation over this period using the Consumer Price Index, the licence fee would have been £310 at March 2021.

A breakdown of the way the licence fee was spent in 2021/22 is set out in Figure 2.

Payment practice

We follow the principles of the Better Payment Practice Code, in accordance with HM Treasury guidelines. We aim to pay suppliers within ten days of the receipt of a valid invoice, provided that the relevant invoice is properly presented and is not subject to dispute.

Figure 2



Accountability report

Corporate governance report

Director's report

Composition of the management Board

Directors during the year 1 April 2021 to 31 March 2022

| | |
|---------------------------------------|--|
| Michelle Russell* | Chief Executive |
| Stephen McCormick | Director of Licensing and Standards |
| Dianne Tranmer | Director of Corporate Services |
| Paul Fullwood** | Director of Inspections & Enforcement |
| Ronald Megaughin (from 4/1/22) | Acting Director of Inspections & Enforcement |

* Michelle Russell was acting CEO until 8/11/21 when her appointment was then made permanent.

**Paul Fullwood was acting Director from 17/5/21 until his appointment was made permanent on 21/12/21. Paul was on unpaid leave from 4/1/22 and his role was covered by Ronald Megaughin.

Authority Members (non-Executive) during the year 1 April 2021 to 31 March 2022

| | |
|-------------------------------------|--|
| Heather Baily (from 8/6/21) | Chair |
| David Horncastle (to 8/6/21) | Interim Chair |
| Trevor Reaney | Chair of Audit and Risk Assurance Committee Member of Remuneration Committee |
| Alexander Wood | Member of Audit and Risk Assurance Committee Deputy Chair from Nov 21 Member of Remuneration Committee |
| Katherine Bright | Chair of Remuneration Committee (until 31 Jan 22, then continuing as a member) Member of Audit and Risk Assurance Committee |
| Zoe Billingham | Member of Remuneration Committee (from January 2022, continuing as Chair of the Remuneration Committee from 1 Feb 22) |

Pension liabilities

Details of the pension schemes of which our staff are members can be found on page 74.

Register of interests

A register of company directorships and significant interests held by Board members is maintained and refreshed throughout the year. It is also published on our website.

Significant interests relevant to the SIA are as follows:

Board member Details

| | |
|--------------------------|---|
| Michelle Russell | Former Director at the Charity Commission for England and Wales Former voluntary appointments on the North East London Advisory Committee recruiting magistrates Ownership of a property on an estate which contracts security personnel |
| Dianne Tranmer | Voluntary Foundation Governor – St Johns School |
| Paul Fullwood | Director of PJF Strategic Associates – Management Consultancy Former Assistant Chief Constable, Bedfordshire Police, Cambridgeshire & Hertfordshire Constabularies |
| Stephen McCormick | No significant interests |
| Ronald Megaughin | No significant interests |
| Katherine Bright | CEO of UMBRA International Group Ltd; Member of the Worshipful Company of Security Professionals (and subsequently, in May 2020, appointed a trustee) Members of the Security Institute, as well as a Companion of the Institute of Leadership & Management |
| Zoë Billingham | Chair, Norfolk and Suffolk NHS Foundation Trust Chair, National Crime Agency Remuneration Review Body Chair, Police Remuneration Review Body (Former) Her Majesty's Inspector of Constabulary and Fire & Rescue |
| Heather Baily | Non-Executive Director and Deputy Chair of Dorset Healthcare NHS Trust |
| Trevor Reaney | Member, Police and National Crime Agency Remuneration Review Body |
| Alexander Wood | Former Chief Constable of Cambridgeshire Constabulary Ministry of Defence Police Committee – police adviser for England and Wales (from May 2020) |

Statement of Accounting Officer's responsibilities for the SIA

Under the Private Security Industry Act 2001, the Secretary of State for the Home Office has directed the Security Industry Authority to prepare for each financial year a statement of accounts. The accounts are prepared on an accruals basis, and must give a true and fair view of the state of our affairs and of our income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for the Home Office with the approval of the Treasury, in accordance with Schedule 1, paragraph 16(2) of the Private Security Industry Act 2001, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis

The Permanent Secretary for the Home Office has designated me as Accounting Officer for the SIA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, and for safeguarding the SIA's assets, are set out in Managing Public Money published by HM Treasury. Details may be accessed online at [hm-treasury.gov.uk](https://www.hm-treasury.gov.uk).

Statement regarding disclosure of information to the auditors

I can confirm that, as far as I am aware, there is no relevant audit information of which the SIA's auditors are unaware.

I can confirm that I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the SIA's auditors are aware of that information.

I confirm that the annual report and accounts as a whole is fair, balanced, and understandable. I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



Michelle Russell

Chief Executive and Accounting Officer
Security Industry Authority
14 July 2022

Governance statement

As the Chief Executive and Accounting Officer of the Security Industry Authority (SIA), I have personal responsibility for maintaining a sound system of governance, internal control, and risk management to support the SIA's statutory functions and the achievement of the Home Office's policies, aims and objectives, while safeguarding public funds and SIA and departmental assets.

The system of governance, internal control, and risk management is designed to manage the risk of failure to achieve our aims, objectives, and compliance with policies.

I was appointed as permanent Chief Executive and Accounting Officer on 8 November 2021. An assurance statement from me as Acting Chief Executive and Accounting Officer was published in the annual report for 2020-2021.

The SIA board is updated on material strategic risk issues at its quarterly board meetings through the Chief Executive's report. The board has delegated responsibility for routine monitoring of risk management arrangements to the Audit and Risk Assurance Committee, which is presented with the strategic risk register at each meeting and carries out deep dives into specific risks.

The setting of risk appetite for all strategic risks is the responsibility of the SIA board and was reviewed and updated in September 2021. Processes are in place for risks to be escalated within the organisation and to the Home Office where necessary and

discussed at the quarterly sponsorship meetings with the Home Office and my meetings with the Home Office Senior Sponsor. The SIA senior executive regularly discusses and reviews risks at executive director and senior leadership team meetings.

The SIA complies with the main principles for risk management in government, as described in 'The Orange Book – Management of Risk – Principles and Concepts' 2020.

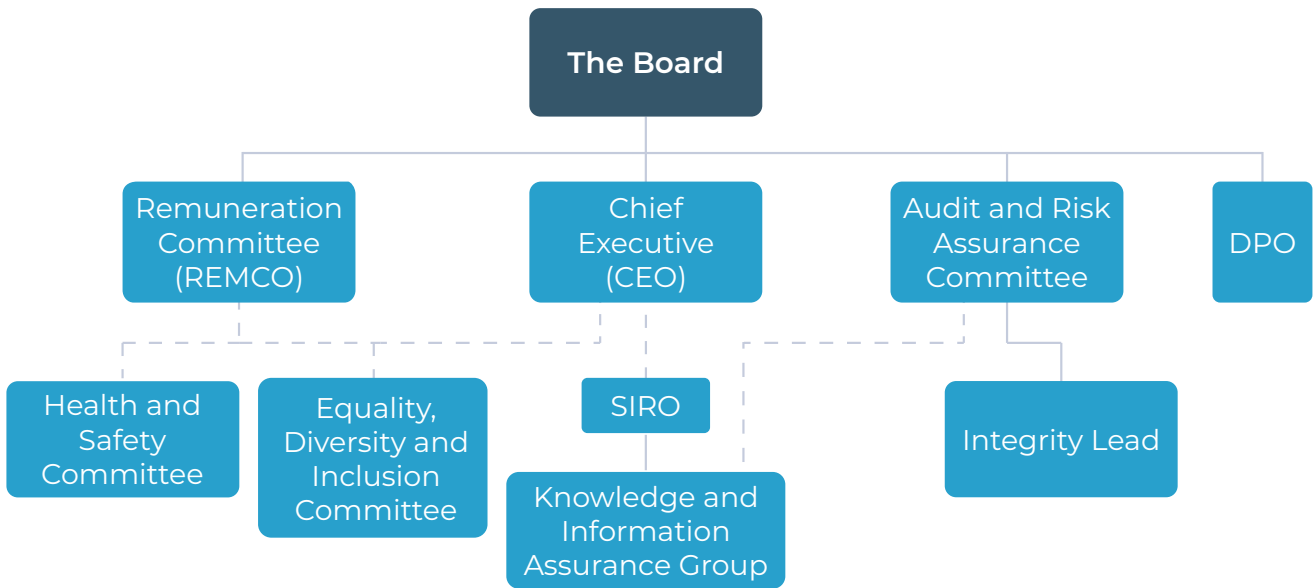
Other than any breaches mentioned in the relevant section of this report, I confirm that I am not aware of any issues occurring that have required additional funding, material loss or overspend, or have resulted in any significant loss. I confirm that I have reviewed the governance, internal control, and risk management arrangements in operation within my area of responsibility and am able to provide the following assurances.

SIA Authority and board

The SIA is a non-departmental public body, and body corporate, created by the Private Security Industry Act 2001, also known as "the Authority". The Act gives the 'Authority' responsibility for implementing the regulation of the private security industry.

The Authority comprises five non-executive directors and the Chair. The members of the Authority are office holders not employees. The Authority appoints a Chief Executive and staff to undertake all the work needed to bring

Figure 3



the Act into being. The Authority Members come together alongside the Chief Executive, and the senior executives of the SIA, at the board.

The Authority complies with the Corporate Governance in Central Government Departments: Code of Good Practice. The board and its committees oversee the work of the SIA and provide scrutiny and assurance against controls, to ensure that corporate aims and objectives are met.

Figure 3 provides an illustration of the high-level governance arrangements.

Board effectiveness

The Authority completed an annual assessment of effectiveness in November 2021 against the following roles: independence, performance, relationships with stakeholders, integrity, delivery chain and project

management, risk management and auditing.

This format aligns with that recommended by the National Audit Office and which is provided as a model for public sector bodies.

This is the sixth year in which we have completed a self-assessment questionnaire to assist us in looking at our performance as members and to look at elements of the operational environment which might have affected that performance.

The responses were used as the basis for discussion by the Authority Members and the development of a collective view of Board effectiveness.

The questionnaire covered nine key areas

| | |
|---|---|
| 1 | Objectives, strategy and remit |
| 2 | Performance measurement |
| 3 | Relationship with key stakeholders |
| 4 | Propriety, fraud and other leakage |
| 5 | Delivery chain and project management |
| 6 | Risk management |
| 7 | Sub-committees, internal audit and corporate reporting |
| 8 | The Authority |
| 9 | Staff survey, staff matters and current working arrangements (in light of Covid-19) |

Summary of outcome of the effectiveness review

A self-assessment questionnaire was completed by three non-executive directors, the chair and the chief executive. This is the same questionnaire that has been used in recent years by SIA Authority Members and originates from resources made available by the National Audit Office.

It reflected that the Board is performing effectively across all nine areas comprising the self-assessment: there were no instances where the majority of the Board disagreed with the checklist.

Remuneration Committee

The Remuneration Committee reports to the Board and comprises a minimum of three Authority Members. The purpose of the committee is to support the board, and Chief Executive, by:

- reviewing the performance and remuneration of the Chief Executive
- considering staff pay and reward proposals
- providing, on request, advice and appropriate scrutiny and strategic direction on strategic employment and remuneration matters

The committee also receives and reviews relevant reports on health and safety matters from Health and Safety Executive Group. This year it also considered progress on the people strategy, recruitment the new working arrangements after the pandemic, and reports from the executive led Equality, Diversity and Inclusion group.

Audit and Risk Assurance Committee (ARAC)

The Audit and Risk Assurance Committee (ARAC) reports to the Board.

The committee's main functions are to consider and agree the internal and external audit plans; to review and monitor progress on actions arising from audit reports; to support the Accounting Officer in respect of their responsibilities for ensuring the adequacy of risk management, internal controls (including financial propriety) and governance; and to scrutinise

the integrity of the annual report and accounts. This committee is comprised of at least three members.

Matters relating to integrity (including fraud, bribery and corruption) are overseen by the Executive Director Integrity Lead who reports to this committee.

Matters relating to information management (including security of

our data and information assets) are overseen by the CIO function and Head of Risk and Assurance with reports provided to this committee.

Management assurances for committees include:

- performance and financial reporting
- risk reporting
- committee reports to SIA Board
- self-assessment of effectiveness reporting.

Board attendance in FY2021-22

| Name of Board member | SIA Board | Audit and Risk Assurance Committee | Remuneration Committee |
|----------------------|---|------------------------------------|------------------------|
| David Horncastle | 1/6 (6 May 2021 – his last board meeting) | N/A | N/A |
| Heather Baily | 5/6 | N/A | N/A |
| Trevor Reaney | 6/6 | 4/4 | 4/4 |
| Kate Bright | 6/6 | 2/4 | 4/4 |
| Alec Wood | 6/6 | 4/4 | 2/4 |
| Zoe Billingham | 1/6 | N/A | 1/4 |

* Board Member, David Horncastle, previous Chair (last day in post, 06 June 2021)

Board Member, Chair, Heather Baily (first day in post 07 June 2021)

Board Member, Zoe Billingham (first day in post 06 December 2021)

Risk management

The SIA continues actively to evaluate and monitor the management of risk within the SIA on a regular basis. The senior executive regularly discusses and reviews risks at executive director and senior leadership team meetings.

We have a risk framework, which governs how we manage our risks and describes: who is responsible for the management of risks and at what level; where our risks are captured; and where our risks are reported.

In April 2021 we reviewed and updated our risk management policy, which summarises the SIA's approach to risk. Our approach is that the management of risk is a key organisational responsibility and that Authority Members, the Chief Executive and the senior executive and leadership have an important role to play in promoting and embedding an effective risk management culture. Risk is integral to all aspects of our business planning, management and decision making. However, to fulfil its basic purpose, the SIA must accept a degree of risk, so our appetite cannot be universally low. The current agreed risk appetite is reflected in our risk statement.

Our risk appetite statement sets out how we balance risk and opportunity in pursuit of our objectives. It forms a key element of our governance

and reporting framework and is set by the board, which also reviews the statement annually. In September 2021 the Authority Members and senior executives reviewed our risk appetite statement.

The risk appetite statement makes clear our appetite for risk can vary dependent on the nature of the risk and the prevailing operating conditions or circumstances and it sets the appetite for risk tolerance across a number of themes including capability and capacity, finance, service delivery and quality and health and safety.

This risk appetite statement is supported by guidance for all SIA employees.

The Head of Risk and Information Assurance facilitated a Risk Management Workshop through an external provider for all members of the Senior Leadership Team (SLT) and Executive Directors (EDM). Training was delivered in line with the new risk appetite followed by risk evaluations.

The strategic (corporate) risk register is presented to the regular Audit and Risk Assurance Committee meetings with comments and proposed actions. Detail of the SIA's corporate level risks during 2021-22, and the steps we are taking to manage them, are summarised at Figure 4.

This has been defined by the following levels:

| | |
|--|---|
| <p>Adapt & Transform</p> | <p>OPEN – We are willing to consider all potential options recognising and accepting that there may be risk exposure. However, each opportunity to adapt & transform should consider all other relevant themes of risk, ensuring that these have been considered and accepted in line with our risk appetite.</p> |
| <p>Capability & Capacity</p> | <p>We shall be OPEN in our risk appetite towards culture, innovation, learning and development but will be CAUTIOUS in our approach to any risk that may impact business continuity or a single point of failure.</p> |
| <p>Confidence & Trust</p> | <p>CAUTIOUS to any risk or opportunity that may influence that confidence and / or trust including any short- or long-term damage to our stakeholder relationships and reputation.</p> |
| <p>Finance</p> | <p>With financial risks such as bribery, corruption and fraud, we shall be risk AVERSE. However, in order to adapt and transform for the future, SIA will be OPEN to exploring new opportunities and the associated financial implications.</p> |
| <p>Governance</p> | <p>SIA will have a CAUTIOUS appetite towards risk that may directly impact or threaten the integrity of our internal control arrangements, understanding that any risk could directly affect our reputation and impact the confidence and trust of stakeholders.</p> |
| <p>Service Delivery & Quality</p> | <p>We will be CAUTIOUS but willing to explore options to improve quality, innovate and evolve including new ways of working in regard to business-as-usual activities, data management and licensing. We will be OPEN when faced with risks associated with enforcement and investigations.</p> |
| <p>Health & Safety</p> | <p>SIA shall be MINIMAL in our risk appetite and, in doing so, will always look for the safest route and aim for the lowest manageable risk level.</p> |
| <p>Public Protection</p> | <p>SIA will be CAUTIOUS with any risk or opportunity regarding the protection of the public and always endeavour to achieve the lowest manageable risk level where our ability to influence this allows.</p> |

Principal risks and key mitigating factors

Figure 4

| Principal risks | What are we doing about them? |
|---|---|
| <p>Failure to raise and address gaps in regulatory oversight (the sports ground exemption)</p> | <p>Sports and entertainment have until recently been restricted. We escalated this risk to the Home Office again in July 2021, who have raised it with the Department for Digital, Culture, Media & Sport (DCMS). We have continued to raise concerns and remind the Home Office of the escalation in the quarterly sponsorship meetings with the Home Office. We have also raised and discussed the issues with Sports Ground Safety Authority (SGSA).</p> |
| <p>Failure to address the need for appropriate capacity at Non-Executive level due to the delayed appointment of Authority Members and reduction in numbers</p> | <p>The new permanent Chair's delayed appointment was made June 2021. The Chair made a request for urgent recruitment by Home Office public appointments team to the vacancies. A new Authority Member role was advertised and appointed in December 2021 to fill one of the vacancies from 2020.</p> <p>In addition to this, the Chair asked for and secured an initial and then second 6-month extension for one of the Authority Members to November 2022 to manage the risks.</p> <p>Chair is following up the result of the Ministerial consideration of results of recruitment submitted to the Minister in April 2022 and has started the next stage of succession planning with Home Office Sponsor Unit (HOSU).</p> |

Principal risks

What are we doing about them?

| | |
|--|--|
| <p>Inability to provide an adequate final response to the Manchester Inquiry as the monitored recommendations require Home Office support and a Ministerial Decision</p> | <p>The mitigating actions are being managed by a SIA programme board specifically set up for this purpose, chaired by the Director of Inspections and Enforcement. This programme board is reporting progress to the Chief Executive and SIA Board.</p> |
| <p>Finance model fails to predict income effectively</p> | <p>A more sophisticated modelling approach has been developed and trialled and we continue to monitor the outputs.</p> <p>Progress has been presented to the Audit and Risk Assurance Committee which carried out a deep dive in January 2022.</p> |
| <p>Failure to implement system changes leading to connectivity failure</p> | <p>The mitigating actions are being managed by a project board specifically set up for this purpose, under the oversight of the Director of Corporate Services and Chief Information Officer. The network build is also being managed through this board and is reporting progress to the SIA Executive Directors regularly.</p> |

Principal risks

What are we doing about them?

Failure to complete essential tasks on the SIA’s Digital and Data Programme leading to increased cyber security risks (arising as a result of a lower allocation by the Home Office of CDEL than submitted under the existing three year approved Digital and Data Strategy)

This risk and the implications of it have been raised with the Home Office (HOSU). Regular meetings are taking place with HOSU and our third-party providers on seeking additional funds and focusing on financials to consider what proportion of this activity/ cost will fall into this financial year.

Failure to contain turnover and to effectively recruit to existing and new vacant roles this financial year affecting business continuity (taking into account in particular the agreed significant increase to resourcing for compliance and enforcement work in 2022)

We have appointed an external recruiter to manage recruitment. We are also using a planned, staggered phased recruitment for the year to ensure managers and teams have capacity to support induction and not impact business continuity. We have regular communications via intranet updates on the new ways working being shared with all staff members keeping their well-being in as priority.

Declarations of interest

The SIA has a policy for the declaration and management of interests in place for all staff. Employees of the SIA sign up to the SIA’s code of conduct and the Civil Service Code. Under the codes, employees agree:

- not to misuse their official position or information acquired in their official duties to further their private interests or those of others
- to ensure that any possible conflicts of interest are identified at an early stage and that appropriate action is taken to resolve them.

These requirements apply to all staff, including contingent hires (such as temporary workers and contractors).

All SIA employees must declare upfront interests which do or might give rise to a conflict of interest situation in light of their role with the SIA, so it can be decided if action needs to be taken to manage them. Guidance is provided to all staff about what constitutes a conflict of interest. An annual declaration is required by all staff through our software (NETConsent) and staff are made aware that outside of the annual reporting cycle, there is an ongoing requirement for them to declare any

actual, potential or perceived conflicts for the duration of their employment. There is also a similar process in place for SIA staff who are involved in making procurement decisions, whereby staff are required to make a positive declaration in respect of the specific project they are working on. This requirement also extends to external parties such as those bidding for work and their subcontractors.

Relevant interests declared by senior officials, including any external employment, are published in the register of interests on the SIA's website and significant ones are referred to in this annual report. Interests declared by others, including contractors, consultants and other staff are not published, but are reviewed upon receipt by one of the SIA's integrity leads, to help identify any action that may need to be taken to mitigate the interest. Material conflicts of interest issues are reported to the Audit and Risk Assurance Committee by the Integrity lead(s).

Disaster and contingency planning

During the year, the Crisis Management Team was mobilised on 24th November 2021 to consider potential disruption to SIA's cloud services. Sessions were held on a weekly basis and involved proactively monitoring risks to the SIA, sharing updates from partner agencies similarly impacted and directing suitable mitigating actions. The Crisis Management Team stood down at the end of January 2022, when a delivery

project was formally commissioned as part of the Data and Digital Strategy delivery, to design and deliver the migration of SIA's services.

The SIA continues to update its Business Continuity Plans regularly and this includes updating plans more specifically for a National Power Outage scenario, one of a number of scenarios our plans are designed to support, during a business critical event.

Fraud

We have internal controls in place to mitigate risk in relation to fraud, corruption, and wrongdoing. An executive director-level Integrity Lead, with support from a deputy, oversees governance, investigation, and reporting to the Audit and Risk Assurance Committee of any allegations or reported incidents. There were no reported instances of fraud in the year 2021-22.

There were three whistleblowing reports received during this period. All three reports were examined and where appropriate further enquiries made and/or they were investigated under appropriate alternative policies relevant to the specific issues. Accordingly, there were no formal ongoing whistleblowing investigations in this regard.

Compliance checks

We have an internal risk-focused second line compliance capability. This is concentrated on compliance

checks relating to risk with an impact on our people, including completion of mandatory training modules, reading of mandatory policies, and completion of staff induction activities. The results from these compliance checks are reported to the relevant governance forum for discussion.

We have also created the SIA Assurance-Governance Framework that sets out the SIA's three lines of defence.

Financial management – Resource allocation, budget and asset management

We have an annual budget and accompanying business plan in place that is reviewed and agreed by the board in March. Monthly meetings are held by Finance with budget holders to discuss any material variances and key trends, with corrective action taken as appropriate.

A comprehensive finance report is produced on a quarterly basis for both senior executive oversight and the board, along with monthly updates at executive director meetings. In addition, a full set of accounts are produced monthly and reviewed by the Head of Finance and Procurement.

A review of our licensing fee is carried out on an annual basis. A fee review was carried out in 2021-22 and we are seeking to implement recommendations – which we have been advised by the Home Office would take effect from April 2023.

Programme and project management

The corporate projects delivered in 2021-22 were as follows:

- Register of Licence Holders
- Post Office Interface
- Data & Digital Strategy Technical Roadmap
- ACS Compliance CRM
- STeP service continuation

A three-tiered assurance approach is in place for project and programme management:

- first line of defence – this is performed mainly by project managers and project officers. In addition, subject matter experts including IT and procurement staff may identify risk as part of managing their objectives in project delivery tasks
- second line of defence – this is performed by the Risk and Assurance function. A new assurance framework for projects is under development by the Risk and Assurance function. Also, the Finance, Legal and Procurement teams, for example, provide the policies and processes to enable first line management. Project executives and project boards also perform the second-line function in respect of project governance
- third line of defence – this is performed by the Audit and Risk Assurance Committee, GIAA as our internal auditors and our external auditors.

In addition, updates on ICT and key change projects overseen by the CIO function are a regular standing agenda

item at Executive Director meetings. A similar update report is provided to the board quarterly.

People management – workforce planning and development

Each area's business and workforce plans were reviewed as part of business planning cycle and in preparing the budget for the coming year 2022/23. This included scrutiny and approval by Finance, HR and the executive directors resulting in some efficiencies which has enabled us to divert some vacant resource to priority areas and plan for the increase in resource planned for 22/23 for compliance, enforcement and other work.

In March 2021, the SIA submitted a Recruitment Envelope Dispensation Bid for approval by the Home Office CCL Board for the next financial year.

Since October 2021, there has been a standing 'people matters' item on the agenda at monthly executive director meetings including recruitment progress. Significant workforce issues are also reported to and scrutinised quarterly at board level through the Remuneration Committee. There is some work to do in improving the ease of our collection and use of up to date data, and its reporting to the senior executive directors on a more regular basis.

All staff are security cleared by the Home Office Departmental Security Unit (at baseline or as required for the specific role, DV, SC or CTC levels) or by a third-party contractor (at baseline level) before starting work. All new starters go through an onboarding process, which was updated and improved this year.

We also provided a full programme of mental health awareness and engagement support for our employees. We have an Equality Diversity and Inclusion Committee and thriving staff networks comprising the following groups:

- Mental Health and Wellbeing
- R.A.C.E (Raising Awareness of Culture and Ethnicity)
- Gender
- Pride – our LGBTQI+ network
- Parents and Carers
- Disability

Incidents reported to the Information Commissioner's Office

There were no incidents reportable to the Information Commissioners' Office between April 2021-March 2022.

The SIA was the subject of two referrals to the Information Commissioner's Office (ICO) as a result of alleged data protection breaches. One referral was made by a stakeholder, the other was a result of the SIA referring itself to the ICO. Both referrals were closed by the ICO without the need for a formal investigation.

We re-rolled out mandatory GDPR training and Information Security Training for all staff in March 2022.

Information management

The SIA's Data Protection Officer (DPO) provides independent assurance that the SIA processes the personal data of its employees, customers, providers or any other individuals in compliance with the applicable dataprotection regulations.

The DPO provides a quarterly update to the Knowledge and Information Assurance Group and is responsible for reporting any serious information incidents to the Information Commissioners Office as well as to the Chief Executive and Board, where necessary.

Internal audit

The 2021-22 internal audit programme was produced in line with a risk assessment and was agreed by the Audit and Risk Assurance Committee. The GIAA senior audit lead attends the Audit and Risk Assurance Committee meetings.

Four planned internal audit reviews were completed in 2021-22: Business Data, (an advisory report on) Counter Fraud Activity to assess the vulnerability to fraud, bribery and corruption within the SIA, and reviews of the Licensing Function on and SIA Diversity and Inclusion. All audits were given a moderate assurance in most areas.

There were 19 recommendations made in total across all 4 audits, with 9 of them being completed ahead of time. The breakdown of the 19 was split into 4 high priority, 10 medium priority and 5 low priority recommendations received. There are 10 left to complete, due by 31 March 2023.

GIAA has observed that SIA management continue to demonstrate a culture of openness towards internal audit and a commitment to continually strengthen internal controls; areas of weakness are commonly recognised by management and are often openly considered at the audit planning stage. They also noted that the SIA's processes to monitor and track internal audit recommendations are mature.

While there are a couple of overdue actions outstanding at the end of the financial year, the SIA is performing comparatively well against other organisations in terms of the timely implementation of audit action. We will continue to work closely with GIAA and track internally progress, and report on that progress at each Audit and Risk Assurance Committee.

Functional Standards

We have carried out an extensive self-assessment exercise against 11 relevant cross government Functional Standards and met almost all mandatory 'shall' elements and most advisory 'should' elements in our assessment. Use of functional standards has been introduced and is being embedded widely across the SIA.

This is in our view is a very positive assessment result and outcome, particularly as we are a small Arm's Length Body and in comparison, to others we have been discussing this with. The whole exercise, whilst time and resource consuming, has supported us in assurance terms, highlighting the majority areas where we are doing exceptionally well, alongside identifying some improvement areas. These also feed into our approach of recognising the importance and value of continuous improvement plans.

The Head of Risk and Information Assurance is working in 2022/23 on creating a Management Assurance Framework aligned to the Functional Standards requirements, which will clearly outline requirements for second lines of assurance. These will be reviewed with the senior leadership team individual Heads of Functions on a quarterly basis as part of our Continuous Improvement Plan against Functional Standards in line with the SIA Governance Assurance Framework. This also supports in providing assurances to the Accounting Officer and will feed into the next annual report.

Overall assessment

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the SIA's senior executive and leadership teams, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letters and other reports.

In my opinion, the overall governance and internal control structures have been appropriate for SIA's business and have worked satisfactorily throughout 2021-2022.



Michelle Russell

Chief Executive and Accounting Officer
Security Industry Authority

14 July 2022

Remuneration and staff report

Executive

The remuneration of our directors is based on a strategy that takes account of the Senior Civil Service Pay Bands together with the Senior Salaries Review Body Report. Additional pay awards for performance; the Chief Executive makes recommendations on any proposed annual awards for directors, which are considered by the Remuneration Committee of the Board.

The pay award of the Chief Executive is based on the Senior Civil Service Pay Bands and the recommendations of the Senior Salaries Review Body Report. The Chair recommends the pay award of the Chief Executive which is submitted to Ministers for approval.

Remuneration

The role of the Remuneration Committee is to provide assurance to the Board and Accounting Officer that appropriate pay systems and policies are in place for the SIA and the remuneration of directors. The Committee also reviews the

remuneration of the Chief Executive. The Committee meets at least three times a year, usually four. The Remuneration Committee comprised four non-executive board members; Kate Bright (Chair), Alec Wood, Trevor Reaney and (from December 2022) Zoe Billingham. The Chief Executive and Executive Director of Corporate Services attend the meeting as executives.

Salary payments to directors

(Audited information)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the financial year 2021/22 was £140k – £145k (2020/21: £140k – £145k). Comparative ratios between the banded remuneration and the remuneration of the workforce are as follows:

| Workforce Remuneration | Multiple | 2021/22 | | 2020/21 | |
|------------------------|----------|----------|---|----------|--------|
| | | Multiple | £ | Multiple | £ |
| Median | 4.1 | 34,404 | | 4.1 | 34,493 |
| Upper Quartile | 3.3 | 42,954 | | 3.4 | 42,369 |
| Lower Quartile | 5.3 | 26,787 | | 5.2 | 26,854 |

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No employees were paid more than the highest paid director.

Remuneration of the highest paid director decreased by 0.4% compared to the prior year whilst average remuneration for employees taken as a whole rose by 1.1%.

Remuneration ranged from £20k – £25k to £140k – £145k (2020/21, £20k – £25k to £140k – £145k).

Total remuneration includes salary, non-consolidated performance related pay, benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

| | Salary (£'000) | | Performance payment (£,000) | | Pension benefits (to nearest £1,000) | | Total (£'000) | |
|---|-----------------------------|-----------------------------|-----------------------------|---------|--------------------------------------|---------|---------------|---------|
| | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 |
| Michelle Russell Chief Executive | 130-135 (FTE 140-145) | 110-115 (FTE 125-130) | – | – | 188,000 | 151,000 | 320-325 | 261-266 |
| Stephen McCormick Director of Licensing and Standards | 100-105 | 100-105 | 0-5 | 0-5 | 14,000 | 40,000 | 115-120 | 140-145 |
| Dianne Tranmer Director of Corporate Services | 100-105 | 100-105 | 0-5 | 0-5 | 29,000 | 45,000 | 130-135 | 145-150 |
| Paul Fullwood Director of Inspections & Enforcement (on unpaid leave from 4 January 2022) | 65-70 (FTE 100-105) | – | 0-5 | – | 11,000 | – | 75-80 | – |
| Ronald Megaughin Acting Director of Inspections & Enforcement (from 4 January 2022) | 25-30 (FTE 95- 100) | – | 0-5 | – | 6,000 | – | 30-35 | – |
| Band of highest paid Director's total remuneration | 140-145 | 140-145 | | | | | | |

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Salary

Salary includes gross salary; overtime; reserved rights to London weighting or London allowances, recruitment and retention allowances; private office allowances and any other allowance to the extent that they are subject to UK taxation. This report is based on accrued payments made by the organisation and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the organisation and treated by HMRC as a taxable emolument.

Board Members are reimbursed for travel and accommodation costs associated with attendance at meetings and other duties in their role. Where such costs include travel from home to the SIA's office they are taxable as a benefit in kind. There were no benefits in kind for the executive directors; however, 'home to office' expenses reimbursed to non-executive directors constituted a benefit in kind of £4,000 for the year ending 31 March 2022.

Performance payments

Performance payments are based on performance levels attained and are made as a result of the performance appraisal process. They relate to the performance in the year in which they become payable to the individual. The payments reported in 2021/22 relate to performance in 2020/21 and the comparative payments reported for 2020/21 relate to the performance in 2019/20.

The Non-Executive Board

(Audited information)

The remuneration of the Board in the period ending 31 March 2022 is shown in the table below.

| | Salary (£'000) | | Benefits in Kind* (to nearest £100) | |
|--|--------------------------|--------------------------|--|---------|
| | 2021/22 | 2020/21 | 2021/22 | 2020/21 |
| | £'000 | £'000 | £ | £ |
| Heather Baily (Chair from 8 June 2021) | 40 – 45 (FTE 50 – 55) | – | 2,800 | – |
| David Horncastle (Interim Chair) to 8 June 2021 | 5 – 10 (FTE 25 – 30) | 10 – 15 (FTE 25 – 30) | – | – |
| Trevor Reaney | 5 – 10 | 5 – 10 | – | – |
| Katherine Bright | 5 – 10 | 5 – 10 | – | – |
| Alexander Wood | 5 – 10 | 5 – 10 | 1,000 | – |
| Zoe Billingham | 0 – 5 (FTE 5 – 10) | – | 200 | – |

* The 2021/22 benefits in kind figures relate to all travel and subsistence incurred on journeys to London.

Pension benefits

(Audited information)

| | Accrued pension at 31/3/22 and related lump sum | Real increase in pension and related lump sum | CETV at 31/3/22 | CETV at 31/3/21 | Employee Contributions and transfers in | Real increase in CETV | Employer contribution to Partnership Pension Account |
|--|---|---|-----------------|-----------------|---|-----------------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Michelle Russell Chief Executive | 45 – 50 | 7.5 – 10 | 700 | 528 | 11 | 137 | – |
| Stephen McCormick Director of Licensing and Standards | 35 – 40 | 0 – 2.5 | 734 | 708 | 8 | 15 | – |
| Dianne Tranmer Director of Corporate Services | 35 – 40 | 0 – 2.5 | 595 | 550 | 8 | 13 | – |
| Paul Fullwood* Director of Inspections & Enforcement | – | – | – | – | – | – | 11 |
| Ronald Megaughin Acting Director of Inspections & Enforcement (from 4 January 2022) | 0 – 5 | 0 – 2.5 | 55 | 46 | 5 | 3 | – |

* Paul Fullwood has opted to have a partnership pension account rather than joining the Civil Service pension scheme. Employer contributions of £11,000 were paid to the partnership pension provider in 2021/22.

The non-executive directors do not receive pension benefits from the SIA.

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their

final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump

sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for members show pension earned in PCSPS or alpha – as appropriate. Where the member has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website civilservicepensionscheme.org.uk.

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or

potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A handwritten signature in black ink, appearing to read 'MR', is positioned above the name and title of the signatory.

Michelle Russell
Chief Executive and Accounting Officer

14 July 2022

Staff Report

Staff costs comprise (audited information):

| | 2021/22 | | | 2020/21 | | |
|-----------------------|-----------------|-------------|---------------|-----------------|--------------|---------------|
| | Permanent staff | Other staff | Total | Permanent staff | Other staff | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Wages and salaries | 10,143 | 773 | 10,916 | 10,400 | 766 | 11,166 |
| Social security costs | 1,063 | 6 | 1,069 | 1,029 | 25 | 1,054 |
| Other pension costs | 2,348 | – | 2,348 | 2,406 | – | 2,406 |
| Redundancy costs | – | 108 | 108 | – | 229 | 229 |
| Total costs | 13,554 | 887 | 14,441 | 13,835 | 1,020 | 14,856 |

Consultancy costs

Expenditure on consultancy in 2021/22 was £167,350 (2020/21: £107,073). External consultants were commissioned in year to provide expertise on various projects covering areas such as ICT, Business and Stakeholder strategy, policy and e-learning.

Trade union facility time

One employee, who was a relevant trade union official during 2021/22, spent 13.5 hours of facility time at a total cost of £547 representing 0.0038% of the total pay bill.

| Number of employees who were relevant union officials during 2021/22 | Full-time equivalent employee number (2021/22) | Number of employees who were relevant union officials during 2020/21 | Full-time equivalent employee number (2020/21) |
|--|--|--|--|
| 1 | 1 | 1 | 1 |

| Percentage of time spent on facility time | Number of employees 2021/22 | Number of employees 2020/21 |
|---|-----------------------------|-----------------------------|
| 0% | – | – |
| 1-50% | 1 | 1 |
| 51-99% | – | – |
| 100% | – | – |

| | 2021/22 | 2020/21 |
|--|-------------|-------------|
| Total cost of facility time | £547 | £402 |
| Total pay bill | £14,441,435 | £14,854,854 |
| % of pay bill spent on facility time | 0.0038% | 0.0027% |
| % of total paid facility time spent on paid trade union activities | 0% | 0% |

Pension

Principal Civil Service Pension Scheme

The PCSPS is an unfunded multi-employer defined benefit scheme but we are unable to identify our share of the underlying assets and liabilities.

The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at civilservice-pensions.gov.uk. The PCSPS is now closed to new members.

Civil Servants and Other Pension Scheme

The Civil Servants and Others Pension Scheme, known as alpha, is a new unfunded, defined benefit scheme and we are unable to identify our share of

the underlying assets and liabilities.

The alpha scheme started on 1 April 2015. Many PCSPS members transferred into alpha on that date, while others will transfer into it over the next few years.

Those members who were less than ten years from retirement on 1 April 2012 are not required to move to alpha.

Further information on the PCSPS is included within the remuneration report.

Persons employed

The actual number of whole-time equivalent persons employed (excluding the non-executive board) during the period was as follows.

| | 2021/22 | | | 2020/21 | | |
|-------------------|-----------|-------|-------|-----------|-------|-------|
| | Permanent | Other | Total | Permanent | Other | Total |
| Directly employed | 262 | – | 262 | 258 | – | 258 |

Staff composition (head count) at 31 March 2022

| | 2021/22 | | | 2020/21 | | |
|------------------------------------|---------|------|-------|---------|------|-------|
| | Female | Male | Total | Female | Male | Total |
| Other employees | 142 | 138 | 280 | 131 | 135 | 266 |
| Senior Civil Servant or equivalent | 2 | 2 | 4 | 2 | 1 | 3 |
| Board | 3 | 2 | 5 | 1 | 3 | 4 |
| Total | 147 | 142 | 289 | 134 | 139 | 273 |

Off-Payroll engagements

Table 1: For all off-payroll engagements as of 31 March 2022, for more than £245 per day

| | |
|---|----------|
| No. of existing engagements as of 31 March 2022 | 3 |
| Of which... | |
| No. that have existed for less than one year at time of reporting | 1 |
| No. that have existed for between one and two years at time of reporting | 2 |
| No. that have existed for between two and three years at time of reporting | |
| No. that have existed for between three and four years at time of reporting | |
| No. that have existed for four or more years at time of reporting | |

Table 2: For all off-payroll engagements between 1 April 2021 and 31 March 2022, for more than £245 per day

| | |
|--|----------|
| No. of temporary off-payroll workers engaged between 1 April 2021 and 31 March 2022 | 5 |
| Of which... | |
| No. not subject to off-payroll legislation | |
| No. subject to off-payroll legislation and determined as in-scope of IR35 | 5 |
| No. subject to off-payroll legislation and determined as out of scope of IR35 | |
| No. of engagements reassessed for compliance or assurance purposes during the year | |
| Of which, number of engagements that saw a change to IR35 status following review | |

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

| | |
|---|----|
| No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. | 0 |
| Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure must include both on payroll and off-payroll engagements. | 10 |

Reporting of Civil Service and other compensation schemes – exit packages

(Audited information)

| | 2021/22 | | | 2020/21 | | |
|--------------------------------------|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|--|
| Exit package cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
| <£10,000 | – | – | – | 1 | – | 1 |
| £10,000-£25,000 | – | – | – | – | – | – |
| £25,000-£50,000 | – | – | – | – | – | – |
| £50,000-£100,000 | 1 | – | 1 | 3 | – | 3 |
| £100,000-£150,000 | – | – | – | – | – | – |
| £150,000-£200,000 | – | – | – | – | – | – |
| Total number of exit packages | 1 | – | 1 | 4 | – | 4 |
| Total resource cost (£) | £95K | | £95K | £229K | | £229K |

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service Pension Scheme. Ill-health retirements costs are met by the pension scheme and are not included in this table.

Social distancing played a large part in reduced absent rates, as where individuals were physically socially distancing, this meant that individuals were less likely to catch colds, and the flu and other physical illnesses during this reporting period. Where an individual was absent due to Covid, this was not counted as a sickness absence.

Payment to auditors

The audit fee for 2021/22 payable to the National Audit Office has been set at £42.6K (2020/21: £41.5K). No other payments were made to the National Audit Office for non-audit services during the year.

Staff sickness and absence

During the financial year we continued to have an exceptionally low sickness rate. We have a Key Performance Indicator of a maximum of eight days sickness absence per employee for the year of 2021/22. The average absence rate was just under 1 day per person.

As an organisation we continue to monitor this closely to ensure staff are not taking annual leave as opposed to being sick or working when they should not be.

Parliamentary accountability disclosures

(Audited information)

Losses and special payments

There were no special payments made in the year (2020/21: £65k).

Fees and charges 2021/22

| Operating segment | Income | Full cost | Surplus/ (deficit) | Fee recovery actual | Fee recovery target |
|-------------------|--------|-----------|-----------------------|------------------------|------------------------|
| | £000 | £000 | £000 | % | % |
| Licensing | 28,450 | (24,892) | 3,558 | 114 | 100 |
| ACS | 2,019 | (2,547) | (528) | 79 | 100 |
| Total | 30,469 | (27,439) | 3,030 | | |

Fees and charges 2020/21

| Operating segment | Income | Full cost | Surplus/ (deficit) | Fee recovery actual | Fee recovery target |
|-------------------|--------|-----------|-----------------------|------------------------|------------------------|
| | £000 | £000 | £000 | % | % |
| Licensing | 29,359 | (24,762) | 4,597 | 119 | 100 |
| ACS | 2,046 | (2,289) | (243) | 89 | 100 |
| Total | 31,405 | (27,051) | 4,354 | | |

Notes:

Licensing income is derived from the application fee for an individual SIA licence. Individuals working in specific sectors of the private security industry are required by law to hold an SIA licence.

The SIA individual licence lasts for three years and therefore the SIA operates with a three year cycle. This was the second year in the cycle.

ACS income is the registration and application fees for companies joining the voluntary scheme for providers of security services. Companies which satisfactorily meet the agreed standards may be registered as approved and advertise themselves as such. ACS income for 2021/22 was lower than expected due to the impact of the Covid-19 pandemic.

Remote contingent liabilities

We had no remote contingent liabilities as at 31 March 2022 (2020/21: nil).



Michelle Russell

Chief Executive and Accounting Officer
Security Industry Authority

14 July 2022

The Certificate and report of the Comptroller and Auditor General to the House of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Security Industry Authority for the year ended 31 March 2022 under the Private Security Industry Act 2001.

The financial statements comprise the Security Industry Authority's:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable

law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Security Industry Authority's affairs as at 31 March 2022 and its net operating income for the year then ended; and
- have been properly prepared in accordance with the Private Security Industry Act 2001 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Security Industry Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Security Industry Authority's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Security Industry Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Chief Executive and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Security Industry Authority is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report but does not include the financial statements nor my auditor's report. The Chief Executive and Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do

not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Private Security Industry Act 2001.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Private Security Industry Act 2001; and

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Security Industry Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Security Industry Authority or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in

- agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury’s guidance.

Responsibilities of the Chief Executive and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Chief Executive and Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Chief Executive and Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Security Industry Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive and Accounting Officer anticipates that the services provided by the Security Industry Authority

will not continue to be provided in the future.

Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Private Security Industry Act 2001.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are

capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Security Industry Authority’s accounting policies.
- Inquiring of management, the Government Internal Audit Agency and those charged with governance, including obtaining and reviewing supporting documentation relating to the Security Industry Authority’s policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Security Industry Authority’s controls relating to the Security’s Industry Authority’s compliance with the Private Security Industry Act 2001 and Managing Public Money.

- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Security Industry Authority for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and appropriateness of expenditure. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Security Industry Authority’s framework of authority as well as other legal and regulatory frameworks in which the Security Industry Authority operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Security Industry Authority. The key laws and regulations I considered in this context included the Private Security Industry Act 2001, Managing Public Money and relevant employment law and tax Legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting

- documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
 - reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
 - in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
 - assessment of the Security Industry Authority’s revenue recognition policy against accounting standards and substantive testing of income streams to address the risk of fraud in revenue recognition.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the

Financial Reporting Council’s website at: [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

Other auditor’s responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General
14 July 2022

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements

Statement of comprehensive net income for the year ended 31 March 2022

| | | 2021/22 | 2020/21 |
|--|------|-----------------|-----------------|
| | Note | £'000 | £'000 |
| Income | | | |
| Income from activities | 4 | 30,469 | 31,405 |
| Other income | | | |
| Other income from activities | 4 | 117 | 12 |
| Court costs recovered | 4 | 21 | 27 |
| Total operating income | | 30,607 | 31,444 |
| Expenditure | | | |
| Staff costs | 2 | (14,441) | (14,856) |
| Depreciation | 5 | (197) | (175) |
| Amortisation | 6 | (809) | (691) |
| Other expenditure | 3 | (12,138) | (11,369) |
| Total operating expenditure | | (27,585) | (27,091) |
| Net income before tax and interest | | 3,022 | 4,353 |
| Interest receivable | 4 | 9 | 6 |
| Corporation tax | | (1) | (1) |
| Net income after tax and interest | | 3,030 | 4,358 |
| Other comprehensive net expenditure | | | |
| Net gain on revaluation of intangible assets | | 13 | (4) |
| Net income after tax and interest | | 3,043 | 4,354 |

The notes on pages 98 to 114 form part of these accounts.

There are no other comprehensive income items. All income and expenditure relates to continuing operations.

Statement of financial position as at 31 March 2022

| | Note | 2021/22 | 2020/21 |
|--|------|----------------|----------------|
| | | £'000 | £'000 |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 296 | 330 |
| Intangible assets | 6 | 2,800 | 2,291 |
| Total non-current assets | | 3,096 | 2,621 |
| Current assets | | | |
| Trade and other receivables | 8 | 640 | 532 |
| Cash and cash equivalents | 9 | 33,065 | 30,263 |
| Total current assets | | 33,705 | 30,795 |
| Total assets | | 36,801 | 33,416 |
| Non-current liabilities | | | |
| Provisions | 11 | (902) | (917) |
| Total non-current liabilities | | (902) | (917) |
| Current liabilities | | | |
| Trade and other payables | 10 | (3,509) | (3,152) |
| Total current liabilities | | (3,509) | (3,152) |
| Total Liabilities | | (4,411) | (4,069) |
| Total assets less current liabilities | | 33,292 | 30,264 |
| Total assets less total liabilities | | 32,390 | 29,347 |
| Taxpayers' equity | | | |
| Revaluation Reserve | | 210 | 196 |
| General reserve | | 32,180 | 29,151 |
| Total equity | | 32,390 | 29,347 |

The notes on pages 98 to 114 form part of these accounts.



Michelle Russell

Chief Executive and Accounting Officer

14 July 2022

Statement of cash flows for the year ended 31 March 2022

| | | 2021/22 | 2020/21 |
|---|------|----------------|--------------|
| | Note | £'000 | £'000 |
| Cash flows from operating activities | | | |
| Net operating surplus for the year | | 3,022 | 4,353 |
| Adjustments for non-cash transactions | | | |
| Amortisation | 6 | 809 | 691 |
| Depreciation | 5 | 196 | 175 |
| Increase in provisions | 11 | – | 78 |
| (Decrease) in provisions | 11 | (14) | – |
| Changes in working capital | | | |
| (Increase) in trade and other receivables | 8 | (108) | (220) |
| Increase/(Decrease) in trade and other payables | 10 | 357 | (104) |
| Corporation tax paid | | (1) | (1) |
| Net cash inflow from operating activities | | 4,261 | 4,972 |
| Cash flows from investing activities | | | |
| Proceeds from the sale of PPE | | – | 20 |
| Purchase of property, plant and equipment | 5 | (162) | (19) |
| Purchase of intangible assets | 6 | (1,306) | (339) |
| (Gain)/Loss on disposal of non-current assets | | – | (20) |
| Interest received | | 9 | 6 |
| Net cash outflow from investing activities | | (1,459) | (352) |

| | | 2021/22 | 2020/21 |
|--|----------|--------------|--------------|
| | Note | £'000 | £'000 |
| Cash flows from financing activities | | | |
| Capital grant | | – | – |
| Net cash inflow from financing activities | | – | – |
| Net increase in cash and cash equivalents in the period | | 2,802 | 4,620 |
| Cash and cash equivalents at the beginning of the year | 9 | 30,263 | 25,643 |
| Cash and cash equivalents at the end of the year | 9 | 33,065 | 30,263 |
| | Movement | 2,802 | 4,620 |

The notes on pages 98 to 114 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2022

| | Revaluation Reserve | General Reserve | Taxpayers Equity |
|---|------------------------|-----------------|------------------|
| | £000 | £000 | £000 |
| Balance at 31 March 2020 | 200 | 24,793 | 24,993 |
| Changes in taxpayers' equity 2020-21 | | | |
| Comprehensive income for the year | – | 4,358 | 4,358 |
| Net gain on revaluation of STeP | (4) | – | (4) |
| Balance at 31 March 2021 | 196 | 29,151 | 29,347 |
| Changes in Taxpayers' Equity 2021-22 | | | |
| Comprehensive income for the year | – | 3,030 | 3,030 |
| Net gain on revaluation of STeP | 13 | – | 13 |
| Balance at 31 March 2022 | 209 | 32,181 | 32,390 |

The notes on pages 98 to 114 form part of these accounts.

Notes to the financial statements

1. Accounting policies, key accounting estimates and judgements

1.1 Statement of Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted and interpreted by the Government Financial Reporting Manual (FRm) issued by H M Treasury.

The accounting policies adopted by the SIA are described below. Where the FRm permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the SIA for the purpose of giving a true and fair view has been selected. They have been applied consistently in dealing with items that are considered material to the financial statements.

1.2. Basis of preparation

These financial statements have been prepared under the historical cost convention, modified to account for

the revaluation of property, plant and equipment, and intangible assets. The accounts have been prepared under the direction issued by the Secretary of State under the Private Security Industry Act 2001.

1.3. Significant estimates and judgements.

In prior years, due to the basis of the contract with British Telecommunications PLC, some judgement was taken on the valuation of the STeP asset, based on milestone payments, information from BT and the programme team.

1.4. International Financial Reporting Standards (IFRS) and other changes that have been issued and affect the 2020-21 Accounts

IFRS 16 Leases

The International Accounting Standards Board (IASB) has issued the final version of IFRS 16 which replaces IAS 17 for annual periods beginning on or after 1 January 2019. The FRm has deferred implementation of IFRS 16 until 1 April 2022, and therefore this standard does not affect the 2020-21 financial statements.

IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset meets the IFRS 16 criteria to be classified as low value. The SIA expects the building operating lease for 10SC HQ to fall within the scope of IFRS 16 on transition under the practical expedient mandated by the FReM. On implementation, the SIA will recognise a right-of-use asset and a lease liability. For the material arrangements within the scope of IFRS 16, the impact of implementation is currently considered to be an increase in assets and liabilities of approximately £6.8m. The SIA does not hold peppercorn leases, and therefore no adjustments will be made in respect of peppercorn leases.

1.5. Going Concern

The SIA's financial statements have been prepared on a going concern basis.

1.6. Financing

SIA covers its expenditure by charging fees for licensing and ACS registration.

Accounting policies for expenditure

1.7. Pensions

a) Principal Civil Service Pension Scheme (PCSPS): The Security Industry Authority recognises the expected costs on a systematic and

rational basis over the period during which it benefits from employees' services by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

b) Civil Servants and Others Pension Scheme (CSOPS): CSOPS known as Alpha is a new unfunded, defined benefit scheme which started on 1 April 2015. The Security Industry Authority recognises the expected costs on a systematic and rational basis over the period during which it benefits from employees' services by payments to the CSOPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the CSOPS.

1.8. Leases

a) Finance Leases – The SIA has no finance leases.
 b) Operating Leases – Payments made under operating leases on equipment and buildings are charged to expenditure on a straight line basis.

1.9. Value Added Tax on purchases

The SIA is not registered for VAT for its statutory functions but is registered for VAT in respect of certain ancillary activities. The amounts involved are not material.

1.10. Corporation Tax

The SIA is liable for corporation tax at 20% on interest received on investment income, this relates to the bank interest.

Accounting policies for income

1.11. Licence Fee Income

Income is recognised at the point when payment is made for an application. At this point, the fee paid becomes non-refundable as the SIA is committed to paying third party providers for processing the application.

An individual who has more than one application accepted is entitled to a discount of 50% on subsequent accepted applications (but not renewals). This discount is included in licensing income.

1.12. Approved Contractor Scheme (ACS) Income

The ACS is a voluntary scheme for providers of security services. Companies who satisfactorily meet the agreed standards may be registered as approved and may advertise themselves as such.

Application fee income is recognised at the point when the payment is made for an application and is non-refundable.

Annual registration income is charged to the Statement of Comprehensive Net Income on a straight line basis over the period covered by the registration.

Accounting policies for assets and liabilities

1.13. Property, Plant and Equipment

Items are capitalised as non-current assets where the purchase cost exceeds £1,000, or £5,000 for grouped assets, and the benefit they yield has a life of more than one year. Non-current assets are held at cost less accumulated depreciation.

There was no revaluation of Property, Plant and Equipment assets for 2021-22 because it is deemed immaterial and the depreciated historic cost basis is considered as a proxy for fair value for assets that have short useful lives.

1.14. Intangible Assets

Items are capitalised as non-current assets where the purchase cost exceeds £1,000, or £5,000 for grouped assets, and the benefit they yield has a life of more than one year.

STeP is reviewed annually for impairment and is revalued on the basis of depreciated replacement cost using published indices.

Any revaluation surplus is credited to the Revaluation Reserve.

1.15. Depreciation and Amortisation

Depreciation and amortisation is provided on all non-current assets on a straight-line basis to write off the cost or valuation evenly over the asset's expected useful life as follows:

| | |
|----------------------------------|--|
| Leasehold improvements | Fully depreciated in June 2018 |
| Furniture | five years |
| IT Hardware | three to five years |
| Software Licences | three years |
| Approved Contractor Scheme (ACS) | ACS (fully amortised at February 2010) |
| STeP system | Over contract term |

1.16. Contract Liabilities

The SIA will defer ACS income where:

- Annual registration fees have been received prior to the awarding of approved status.
- The annual registration fee covers a period extending over the financial year end.

1.17. Provision for Bad Debt

The SIA is awarded costs by the courts when appeals are successfully defended. It is not always possible for the SIA to collect all these debts and those that are outstanding and a provision is made for debt which has been outstanding for more than 12 months.

1.18. Provisions

In accordance with IAS 37, provisions are disclosed in the Statement of Financial Position for legal and constructive obligations in existence at the end of the reporting period if the payment amount to settle the obligation is probable and can be reliably estimated. The amount recognised in provisions takes in to account the resources required to cover future payment obligations.

Measurement is based on the settlement amount with the highest probability.

2. Staff costs

| | 2021/22 | | | 2020/21 | | |
|--------------------------|----------------------------------|------------|---------------|----------------------------------|--------------|---------------|
| | Permanently Employed Staff | Others | Total | Permanently Employed Staff | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Wages and salaries | 10,143 | 773 | 10,916 | 10,400 | 766 | 11,166 |
| Social security costs | 1,063 | 6 | 1,069 | 1,029 | 25 | 1,054 |
| Other pension costs | 2,348 | – | 2,348 | 2,406 | – | 2,406 |
| Redundancy costs | – | 108 | 108 | – | 229 | 229 |
| Total staff Costs | 13,554 | 887 | 14,441 | 13,835 | 1,020 | 14,856 |

Further staff disclosures can be found in the Staff Report section of the Annual Report.

3. Other Expenditure

| | Note | 2021/22 | 2020/21 |
|--|------|---------------|---------------|
| | | £'000 | £'000 |
| Running costs | | | |
| Licensing costs | | 7,545 | 7,258 |
| Accommodation costs | | 1,475 | 1,653 |
| Travel and subsistence | | 270 | 59 |
| Information Technology | | 1,155 | 1,047 |
| Office supplies and services | | 420 | 339 |
| Legal costs | | 34 | 43 |
| Training | | 184 | 217 |
| Advertising and publicity | | 164 | 67 |
| Recruitment | | 290 | 129 |
| Audit fee – internal | | 8 | – |
| Audit fee – external | | 43 | 42 |
| Catering | | 2 | – |
| Financial costs | | 7 | 7 |
| Consultancy | | 167 | 107 |
| Home Office recharge | | 365 | 333 |
| Non Cash Items | | | |
| Increase in provision for bad debts | 8 | 23 | 10 |
| (Decrease)/Increase in provision for dilapidations | 11 | (14) | 78 |
| Bad and doubtful debts | | – | – |
| (Gain)/Loss on disposal of Non-Current Assets | | | (20) |
| Total other expenditure | | 12,138 | 11,369 |

External audit fees for 2021/22 do not include any non-audit work undertaken by the NAO (2020-21 Nil).

4. Income

| | 2021/22 | 2020/21 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Operating Income | | |
| Licensing | 31,506 | 32,446 |
| License Rebate Scheme | (3,056) | (3,087) |
| Approved Contractors Scheme (ACS) | 2,019 | 2,046 |
| Income from activities | 30,469 | 31,405 |
| Other income | | |
| Other income from activities | 117 | 12 |
| Court costs recovered | 21 | 27 |
| Total operating income | 30,607 | 31,444 |
| Interest receivable on bank deposits | 9 | 6 |

5. Property, plant and equipment

| | Information Technology | Total |
|--|---------------------------|--------------|
| | £'000 | £'000 |
| Cost or valuation | | |
| At 1 April 2021 | 880 | 880 |
| Additions | 162 | 162 |
| Disposals | (1) | (1) |
| At 31 March 2022 | 1,041 | 1,041 |
| Depreciation | | |
| At 1 April 2021 | 550 | 550 |
| Charged in year | 196 | 196 |
| Disposals | (1) | (1) |
| At 31 March 2022 | 745 | 745 |
| Net book value at 31 March 2022 | 296 | 296 |
| Net book value at 31 March 2021 | 330 | 330 |
| Asset financing | | |
| Owned | 296 | 296 |
| Net Book Value at 31 March 2022 | 296 | 296 |
| Cost or valuation | | |
| At 1 April 2020 | 861 | 861 |
| Additions | 19 | 19 |
| Disposals | – | – |
| At 31 March 2021 | 880 | 880 |

| | Information Technology | Total |
|--|---------------------------|------------|
| | £'000 | £'000 |
| Depreciation | | |
| At 1 April 2020 | 375 | 375 |
| Charged in year | 175 | 175 |
| Disposals | | |
| At 31 March 2021 | 550 | 550 |
| Net book value at 31 March 2021 | 330 | 330 |
| Net book value at 31 March 2020 | 486 | 486 |
| Asset financing | | |
| Owned | 330 | 330 |
| Net book value at 31 March 2021 | 330 | 330 |

6. Intangible assets

| | Software Licences | STeP | Assets Under Construction | ACS | Total |
|--|----------------------|---------------|------------------------------|--------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | | |
| At 1 April 2021 | 851 | 9,361 | 145 | 1,075 | 11,432 |
| Impairment | – | – | – | – | – |
| Additions | – | 549 | 757 | – | 1,306 |
| Transfer | – | 527 | (527) | – | – |
| Disposals | – | – | – | – | – |
| Revaluation | – | 57 | – | – | 57 |
| At 31 March 2022 | 851 | 10,494 | 375 | 1,075 | 12,795 |
| Amortisation | | | | | |
| At 1 April 2021 | 844 | 7,222 | – | 1,075 | 9,141 |
| Charged in year | 3 | 806 | – | – | 809 |
| Revaluation | – | 45 | – | – | 45 |
| Disposals | – | – | – | – | – |
| At 31 March 2022 | 847 | 8,073 | – | 1,075 | 9,995 |
| Net book value at 31 March 2022 | 4 | 2,421 | 375 | – | 2,800 |
| Asset financing | | | | | |
| Owned | 4 | 2,421 | 375 | – | 2,800 |
| Finance leased | – | – | – | – | – |
| On balance sheet PFI contracts | – | – | – | – | – |
| Net book value at 31 March 2022 | 4 | 2,421 | 375 | – | 2,800 |

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| | Software Licences | STeP | Assets Under Construction | ACS | Total |
|--|-------------------|--------------|---------------------------|--------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | | |
| At 1 April 2020 | 851 | 9,138 | 46 | 1,075 | 11,110 |
| Impairment | – | – | – | – | – |
| Additions | – | 194 | 145 | – | 339 |
| Transfer | – | 46 | (46) | – | |
| Revaluation | – | (17) | – | – | (17) |
| At 31 March 2021 | 851 | 9,361 | 145 | 1,075 | 11,432 |
| Amortisation | | | | | |
| At 1 April 2020 | 823 | 6,565 | – | 1,075 | 8,463 |
| Charged in year | 21 | 670 | – | – | 691 |
| Revaluation | – | (13) | – | – | (13) |
| Disposals | – | – | – | – | |
| At 31 March 2021 | 844 | 7,222 | – | 1,075 | 9,141 |
| Net book value at 31 March 2021 | 7 | 2,139 | 145 | – | 2,291 |
| Asset financing | | | | | |
| Owned | 7 | 2,139 | 145 | – | 2,291 |
| Finance leased | – | – | – | – | – |
| On balance sheet PFI contracts | – | – | – | – | – |
| Net book value at 31 March 2021 | 7 | 2,139 | 145 | – | 2,291 |

7. Financial Instruments

Due to the largely non-trading nature of the activities of the SIA and the way in which it is financed, the organisation is not exposed to the degree of financial risk faced by a non-public sector body. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. The SIA has very limited powers to borrow or invest surplus funds, and consequently financial assets and liabilities are generated by day-to-day operational activities and are not deemed to change the risk facing the SIA in undertaking its activities.

Financial instruments only relate to contracts to buy non-financial items in line with the SIA's expected purchase requirements.

Liquidity risk

The SIA's net revenue resource requirements are financed by licence fees and its capital expenditure is largely funded by resources which are granted annually by Parliament. The SIA is not therefore exposed to significant liquidity risk.

Interest rate risk

The SIA is not exposed to significant interest rate risk.

Foreign currency risk

The SIA is not exposed to any foreign exchange risk.

Credit risk

The SIA is not exposed to significant credit risk, other than the bad debt provision that is identified in note 1h.

8. Trade receivables and other current assets

| | 2021/22 | 2020/21 |
|--|------------|------------|
| | £'000 | £'000 |
| Amounts falling due within one year | | |
| Trade receivables | – | – |
| Other receivables | 109 | 15 |
| Court debts | 173 | 168 |
| Prepayments and accrued income | 521 | 488 |
| | 803 | 671 |
| Less provision for bad debts | (163) | (139) |
| | 640 | 532 |

9. Cash and cash equivalents

| | 2021/22 | 2020/21 |
|---|---------|---------|
| | £'000 | £'000 |
| Balance at 1 April 2021 | 30,263 | 25,643 |
| Net change in cash and cash equivalent balances | 2,802 | 4,620 |
| Balance at 31 March 2022 | 33,065 | 30,263 |
| The following balances at 31 March 2022 were held at | | |
| Barclays bank and cash in hand | 33,065 | 30,263 |

10. Trade payables and other current liabilities

| | 2021/22 | 2020/21 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Amounts falling due within one year | | |
| Other taxation & social security | 321 | 291 |
| Trade payables | 1,186 | 126 |
| Other payables | 54 | 26 |
| Accruals | 954 | 1,521 |
| Contract Liabilities | 994 | 1,188 |
| | 3,509 | 3,152 |

11. Provisions for liabilities and charges

| | Provision for Dilapidations |
|---|-----------------------------|
| | £'000 |
| Balance at 1 April 2021 | 917 |
| Provided in the year | – |
| Provisions written back as not required | (14) |
| Balance at 31 March 2022 | 903 |
| Balance at 1 April 2020 | 839 |
| Provided in the year | 78 |
| Provisions utilised in the year | – |
| Balance at 31 March 2021 | 917 |

Dilapidation

The SIA makes provision to cover its obligations for the reinstatement of its leasehold buildings to their original state before its occupation.

Some judgement was required for the dilapidations provision which represents the sum required to reinstate the High Holborn premises to a state required under the lease following HQ relocation in June 2018. The provision was based on industry standard and the floor space occupied by the SIA. This estimate remains unchanged for the 2021-22 financial statements at £378k.

The Government Property Agency has advised that dilapidations will cost £525k to reinstate our Canary Wharf premises. This is in relation to repairs arising from damage to the property. The liability has been recognised over the life of the occupancy agreement.

12. Capital commitments

SIA had no capital commitments at 31 March 2022.

13. Commitments under leases

13.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods. The operating lease commitment relates to occupancy of the 10SC HQ building under a Memorandum of Occupation Agreement with the Government Property Agency until June 2033. Please refer to Note 1.4 regarding the impending change of accounting policy with effect from 1 April 2022.

| Obligations under operating leases comprise | 2021/22 | 2020/21 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Buildings | | |
| Not later than one year | 697 | 663 |
| Later than one year and not later than five years | 2,786 | 2,652 |
| Later than five years | 3,643 | 4,131 |
| | 7,126 | 7,446 |
| Office Equipment | | |
| Not later than one year | – | – |
| Later than one year and not later than five years | – | – |
| | – | – |

13.2 Finance Leases

The SIA does not have any finance leases.

14. Contingent Liabilities Disclosed Under IAS 37

The SIA had no contingent liabilities as at 31 March 2022. (2010/21 – Nil).

15. Related-party transactions

SIA has had transactions during the period with the following government bodies, and all transactions were conducted at arm's length:

- Disclosure and Barring Service
- Disclosure Scotland
- Access NI
- The Home Office (includes a recharge)


No board member, key manager or other related party has undertaken any material transactions with the SIA during the year. The remuneration report provides information on key management compensation.

16. Events after the reporting period

There have been no events after the reporting date requiring an adjustment to the accounts.

The outbreak of COVID-19 has not had any material impact on the financial statements.

The financial statements were authorised for issue on the same date that the Comptroller and Auditor General certified the annual report and accounts.



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978-1-5286-3640-7