



Home Office

# Consultation on a future regulatory regime for the private security industry

November 2012

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# Foreword

This Government is committed to reforming public bodies in order to improve the transparency, accountability, and cost effectiveness of all public services. This is why the Security Industry Authority (SIA) was considered as part of the Government's public bodies review.

Since its creation in 2003 the SIA has worked hard to raise standards across the private security industry. During this time the industry has also developed in maturity and professionalism. Given these improvements, the Government believes that now is the right time to give the industry a greater say in how it is regulated, and to give businesses more responsibility for the individuals that they employ.



Lord Taylor

This consultation is seeking views on the Government's preferred option for reforming how the private security industry is regulated. Under the proposal outlined in this document there would be a phased transition to a business regulation regime and a significant change to how individuals are licensed to work within the industry. The changes proposed would achieve a reduction in the regulatory cost and burden on the private security industry as a whole.

Some of the proposed reforms that the Government would like to undertake are reliant on primary legislation and a suitable legislative vehicle has not been available to date. The Government therefore proposes to undertake reform of the regulation of the private security industry over two phases, so that those reforms that can be achieved now are taken forward without delay, and those reforms that require primary legislation are implemented when there is an opportunity to do so. The timing of reform has been designed in this way so that the industry can be given the benefits of a business regulation regime straight away.

The Scottish Government and the Department of Justice for Northern Ireland (NI) have devolved responsibility for the regulation of the private security industry and have not yet decided whether they will adopt the changes proposed in this consultation. Both Governments have however indicated that they are supportive of a consistent UK wide regulatory regime for the Private Security Industry. The Governments of Scotland and NI have decided to take part in this consultation, to ensure that the views of those who live and work in Scotland and NI can be taken into account when the devolved Governments decide whether or not to implement these reforms. The UK Government's preference is for the devolved administrations to opt into the same reforms as for England and Wales.

A handwritten signature in black ink that reads "John Taylor of Holbeach". The signature is written in a cursive style.

Lord Taylor of Holbeach CBE  
Lords Minister and Minister for Criminal Information.

# About this consultation

## Scope of consultation

**Topic of this consultation:** Proposal for a new regulatory regime for the private security industry.

**Scope of this consultation:** This consultation seeks the views of those who buy, supply and rely on private security provision and of law enforcement authorities.

The reconstitution of the Security Industry Authority (SIA) as a new independent entity outside of the public sector is not included as part of this consultation.

**Geographical Scope:** UK wide. The regulation of the private security industry is a devolved matter in Scotland and Northern Ireland. However, the Governments of both Scotland and Northern Ireland have indicated a preference for consulting on these proposals on a UK wide basis and are also therefore included as part of this consultation. Decisions on the future regulation of the industry in Scotland and Northern Ireland will be taken by the devolved administrations.

**Impact Assessment:** A UK wide consultation stage impact assessment is available on the Home Office website alongside this consultation document.

## Basic information

**To:** This consultation is open to the public.

**Bodies responsible for the consultation:** The Home Office, the SIA, the Scottish Executive, and the devolved administration of Northern Ireland.

**Duration:** 8 weeks

**Enquiries and Responses:** You can respond to any or all of the sections in the consultation. The closing date for the consultation is 15 January 2013.

You can complete the online form at:

<http://www.homeoffice.gov.uk/publications/about-us/consultations/private-security-regulation/>

Or send your response by post to:

Home Office,  
Safeguarding and Public Protection Unit,  
SIA Sponsor Team,  
4th Floor Fry,  
2 Marsham Street,  
London, SW1P 4DF

**Additional ways to become involved:** This is an online consultation. Please contact the Home Office, SIA Sponsor Team, 4th Floor Fry, 2 Marsham Street, London, SW1P 4DF, if you require information in any other format, such as Braille, large font or audio.

If it would assist you to access the document in an alternative format or a language other than English, please let us know and we will do our best to assist you.

**After the consultation:** A summary of responses will be placed on the Home Office website.

**Compliance with the Government’s consultation principles:** This consultation is compliant with the principles.

## Background

**Getting to this stage:** The Home Office and SIA have worked closely with key stakeholders including industry partners, the Scottish Government, the Department of Justice in Northern Ireland, and law enforcement authorities. The SIA has held a number of conferences and forums across the country to develop proposals for a new regulatory regime.

**Previous engagement:** The SIA has chaired, since early 2011, a Strategic Consultation Group, including representatives of the industry, Association of Chief Police Officers (ACPO), the Scottish and Northern Ireland Governments and the Home Office. Since summer of 2011 the SIA has also undertaken extensive consultation on proposals for the new regulatory regime. This includes canvassing the views of industry stakeholders and enforcement partners at more than 80 meetings. Industry working groups were also held, along with a series of “Future of Regulation” road shows. The SIA has sought feedback on the proposals via its regular stakeholder meetings (such as the Approved Contractor Scheme forum), and has outlined the proposals at meetings, seminars and conferences organised by industry partners.

# 1. Executive summary

1. The current arrangements for the regulation of the private security industry in the United Kingdom are set out in the Private Security Industry Act (PSIA) 2001. Responsibility for delivering regulation lies with the Security Industry Authority (SIA), a non-departmental public body (NDPB) accountable to the Home Secretary.
2. Following the Public Bodies Review in 2010<sup>1</sup>, which aimed to increase the transparency and accountability of all public services and ensure that the Government operates in a more efficient and business-like way, it was concluded that the SIA's functions should be reformed.
3. The Review concluded that a new regulatory regime and new regulator should be established, reflecting the maturity of the private security industry and supporting the industry's willingness to take on further responsibility and be more accountable for its actions.
4. This consultation provides a detailed proposal for a new regulatory regime for the private security industry. It seeks the views of those across the UK who work within the industry as well as those who buy, supply and rely on the provision of private security and law enforcement authorities.
5. The Government's preferred option, and the subject of this consultation, is that there is a phased transition to a business regulation regime. Under this regime the focus of regulatory control would move to the regulation of private security businesses and businesses would be responsible for ensuring that required checks on individuals are carried out, although the regulator would continue to undertake individual criminality checks.
6. The regulator would own and maintain a public register for regulated businesses and licensed individuals. Each register would enable businesses and individuals to show they have met regulatory standards, as well as provide assurance for private security buyers and employers that the registers are maintained in a common, consistent and credible manner. The regulator would also have appropriate powers to ensure compliance with the new regulatory regime.
7. Responsibility for developing and administering a quality business hallmark, currently the SIA Approved Contractor Scheme (ACS), and for individual competency standards would be transferred to an industry-led organisation.
8. The intended outcome of this reform is that there would be some deregulation of the private security industry leading to more efficient and cost effective regulation, which continues to reduce criminality, protect the public and improve standards within the industry.

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<sup>1</sup> Cabinet Office Public Bodies Review published 14 October 2010: Public Bodies Reform - Proposals for Change.

9. Responsibility for the regulation of the private security industry is fully devolved to Scotland and Northern Ireland. The devolved Governments for Scotland and Northern Ireland have decided to participate in this consultation. Responses to this consultation from Scotland and Northern Ireland will assist their decision on whether to opt-in to the proposed reforms for England and Wales.
10. Many of the proposed changes required to put in place the Government's preferred option could be achieved through existing legislation. However, some new legislation is also required. This means that the Government would phase transition to a new regulatory regime in line with the availability of legislation.
11. In practice this means there would be a phased approach to implementing the policy intentions outlined in this document. Firstly, business regulation and a new individual licensing process would be put in place as these reforms could be achieved through either existing legislation or secondary legislation. Secondly, other aspects of the regulatory regime such as necessary reforms to the regulator's powers and sanctions would be achieved over a longer period of time. This is because these aspects would require primary legislation. Those aspects of the new regulatory regime that require primary legislation are highlighted in this document. The timescales for both phases are outlined in more detail in the transition section below.

## 2. The current regulatory arrangements and rationale for reform

### Current regulatory arrangements

12. The SIA currently regulates the private security industry through two measures, the compulsory licensing of individuals undertaking designated activities set out in the Private Security Industry Act (PSIA), as well as the voluntary Approved Contractor Scheme (ACS) for businesses.
13. The PSIA requires individuals working in specific sectors of the private security industry across the United Kingdom to be licensed. The licensing operation ensures that those working in the private security industry are appropriately skilled and meet all aspects of the published criteria.
14. The activities currently subject to regulation under the PSIA are:
  - Manned Guarding, which includes:
    - Cash and Valuables in Transit
    - Close Protection
    - Door Supervision
    - Public Space Surveillance
    - Security Guarding
  - Immobilisation, restriction and removal of vehicles, including wheel clamping<sup>2</sup>
  - Key Holding
15. The PSIA also specifies a voluntary scheme for approval of businesses providing regulated security services. The ACS sets wide ranging criteria and conditions for approval designed to provide confidence and reassurance. As well as giving purchasers confirmation of the quality and standards that they could expect from approved contractors, the ACS provides confidence and reassurance to wider stakeholders such as the public, police, employees and the local community.

### Rationale

16. Following the Public Bodies Review in 2010, the Government concluded that the SIA's functions needed to be reformed. When reaching this decision the Government considered the success of the SIA in reducing criminality in the private security industry and improving standards generally, as well as the industry's willingness to take on further responsibility and be more accountable for its own actions. The Government also considered how the current regulatory burden and cost on the industry could be reduced.

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<sup>2</sup> The SIA no longer licenses Vehicle Immobilisers (VI) in England and Wales after it was banned on 1 October. However it will continue to license them in Northern Ireland. VI activity has been banned in Scotland since 1992.



17. The Home Office, the SIA, the Devolved Administrations in Scotland and Northern Ireland and industry representatives have since developed a proposal for a new regulatory regime in line with the objectives of the Public Bodies Review, which gives businesses more responsibility for the individuals they employ.
18. A framework plan was outlined by the then Home Office Minister of State, Baroness Neville-Jones, to the House of Lords during Report Stage of the Public Bodies Bill. She stated:

‘The key points that emerge from the proposal are that: regulation will shift from licensing individuals to registering businesses, which will have to meet a comprehensive set of conditions set by the new regulator; the regulation of individuals will become the responsibility of registered businesses, which is an important point; the new regulator will have the power to impose sanctions, including removing the right to trade in the private security industry on the part of businesses that fail to comply with the conditions that it sets for registration.’  
(Hansard 23 March 2011 Column 832)
19. This consultation sets out a detailed proposal for a new regulatory model based on the regulation of private security businesses.

## 3. Scope of consultation

21. The purpose of this consultation is to seek views on the Government's preferred option for reforming the regulation of the private security industry – a transition to a business regulation regime.
22. The Government wants to ensure that appropriate measures are put in place to reform the PSIA and implement an effective business regulation regime. However we want to ensure that, before committing to any action, we have identified all the relevant issues.
23. The preferred option outlined in this consultation document has been developed over the course of previous consultations conducted by the SIA with partners and industry representatives, as outlined in the 'about this consultation' section of this document.
24. Views are sought in particular on whether the preferred option could have unintended consequences, as well as whether the proposed way of implementing this policy is practical. How the policy would be implemented is outlined in detail in the transition section below.

### Options

25. While exploring possible alternative regulatory regimes for the private security industry, the Home Office and SIA considered three options.

- Option 1 – Do nothing: maintain the current regime.

This option was rejected as it did not meet the objective of the Public Bodies Review to ensure that Government operates in a more efficient and business-like way. Therefore, this option is not included as part of this consultation.

- Option 2 – A phased transition to a business regulation regime.

This is the Government's preferred option and the subject of this consultation.

- Option 3 – No regulation. The removal of all statutory regulatory controls.

This was rejected as inappropriate. While the Public Bodies Review found that the SIA's functions should be reformed it also concluded that some statutory controls should be maintained, to ensure appropriate standards are applied across the industry. Therefore, this option is not included as part of this consultation.

26. Further financial modelling on Option 2 can be found in the accompanying consultation stage impact assessment.

## New Regulator

27. The Public Bodies Review concluded that the SIA should be reconstituted as a new independent regulator outside of the public sector with increased representation from the industry.
28. The scope of this consultation is confined to the detail of the new regulatory regime and does not include the reconstitution of the SIA. A separate consultation will be undertaken in relation to the reconstitution of the SIA in line with the Government's consultation guidelines. Primary legislation would be required to create a new regulator and transfer the SIA's functions to that entity.

# 4. Consultation on a business regulation regime for the private security industry

## Summary

29. This section sets out the main body of the consultation on the Government's preferred option for a future regulatory regime for the private security industry – a phased transition to a new business regulation regime.
30. The final form of the new regulatory regime will be informed by the outcome of this consultation. The timescale depends on the availability of primary legislation.
31. This proposal reflects informal consultations already conducted with the industry and other interested partners, as well as Home Office and SIA research and experience of regulating the industry.
32. Under the Government's proposed reform the focus of regulatory control would move to the regulation of businesses, with a new process for licensing individuals.
33. Under a business regulation regime the regulator would be responsible for regulating businesses to work in the private security industry. Applications would be made to the regulator. On approval of applications the regulator would add those businesses to a public register.
34. Businesses would be given responsibility for ensuring that identification and qualification checks on individuals are carried out. Guidelines could be produced to ensure that regulated businesses had adequate knowledge to fulfil their responsibility to check identification and qualifications.
35. In practice, all individual applications would be made either through regulated businesses that meet necessary standards, known as Trusted Service Providers (TSPs), or, through third parties, known as Mediated Access Partners (MAPs).
36. TSPs and MAPs would be responsible for checking identification and qualification criteria. The regulator would be responsible for checking criminality. If the regulator was satisfied that criminality requirements had been met an individual would be added to a public register owned and maintained by the regulator.
37. The structure of the proposed business regulation regime is outlined in more detail below.

## Business Regulation

38. Any business that employs or deploys individuals directly or indirectly under a contract to supply a designated security service would be regulated.
39. A business would be regulated regardless of whether it operates solely in the private security industry, or whether private security functions form only part of the overall business. For example a facilities management company would need to be regulated if it provided security

services as a part of their overall business offering.

40. It would be a criminal offence for a business to carry out designated activity unless it was approved to do so by the regulator.
41. Businesses would have to demonstrate that they were both 'fit and proper' and competent to trade in the industry through compliance with regulatory criteria and conditions set by the regulator.
42. Proposed criteria and conditions which businesses must meet are outlined below:

## Criteria

- a. Having a verifiable business name and address.
- b. Confirming the identity of those who hold certain positions, such as directors and partners of the business.
- c. Meeting statutory insurance requirements.
- d. Where applicable, meeting HMRC registration and compliance requirements.
- e. Ensuring that there are no outstanding County Court judgments, defaults or other adverse financial information.
- f. Supplying a Companies House registration number, where applicable.
- g. Supplying an end of year return to Companies House, where applicable.
- h. Whether there is evidence of intentional obstruction, false information given to, or contravention of the requirements and standards of regulatory and other authorities.
- i. Whether there has been any insolvency, liquidation or administration of a previous business.
- j. Whether there has been any investigation, discipline, censure or criticism by a regulatory body, court or tribunal.
- k. Demonstrating an appropriate level of competence for the licensable activities the business intends to carry out. This is likely to include conformance with relevant sector specific British Standard(s):
  - i. BS 7499 Security Guarding
  - ii. BS 7872 Cash and Valuables in Transit
  - iii. BS 7958 Public Space Surveillance (CCTV)
  - iv. BS 7960 Door Supervision
  - v. BS 8507-1 Close Protection
  - vi. BS 7984 Key Holding

## Conditions

- Complying with relevant competence requirements, e.g. British Standards.
- Notifying the regulator of certain changes, such as name, address and licensable activities undertaken.
- Keeping appropriate records.
- Ensuring that employees meet identification, qualification, and right to work requirements.

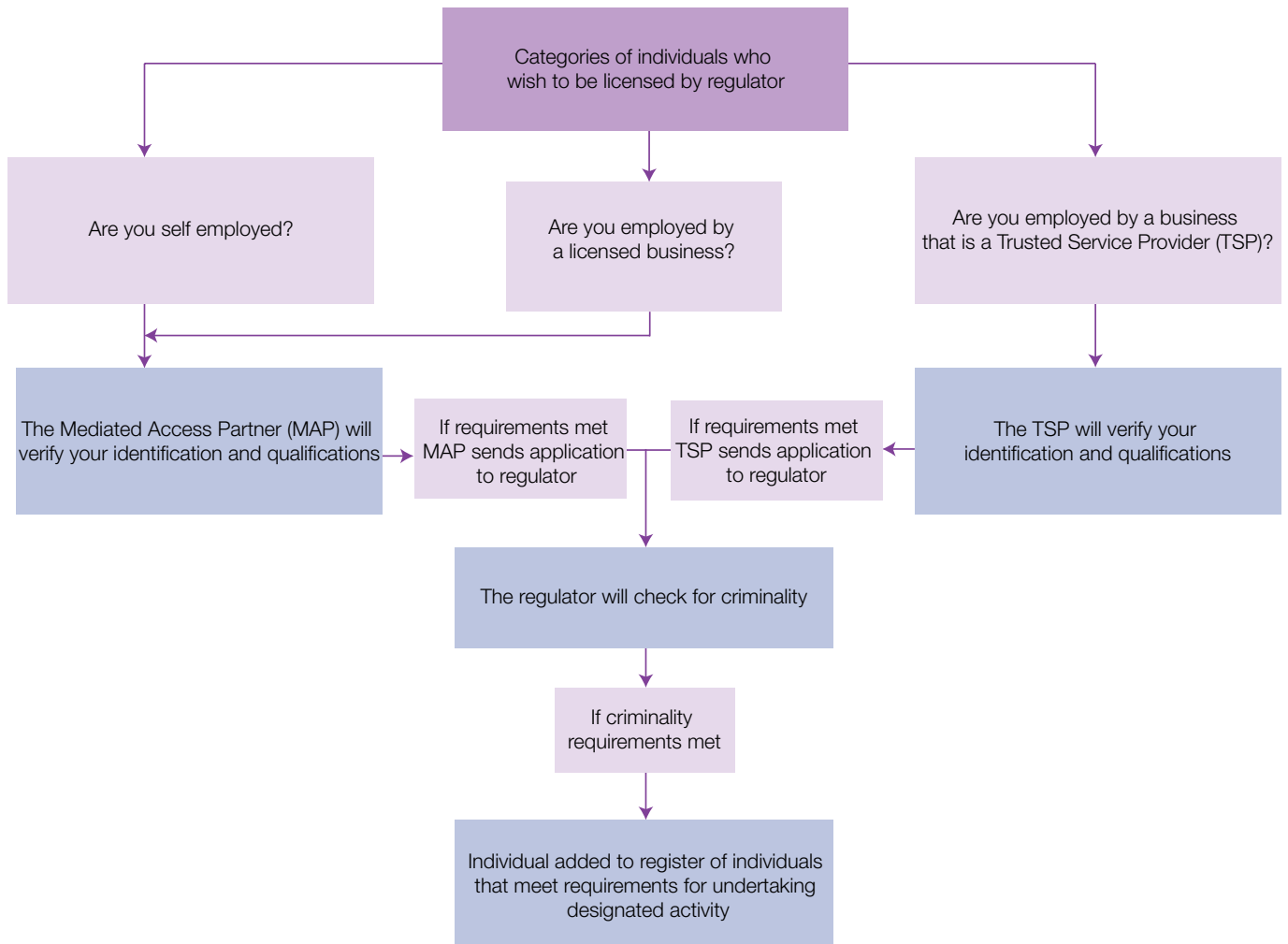
43. Certain key individuals in a business, for example directors, shadow directors, and partners, as well as directors and shadow directors of parent companies, would be subject to identification and criminality checking as part of the business regulation criteria. It is likely that these checks would be similar to those which currently exist for individual licensing, including the use of non-conviction information. Additional checks will cover financial probity and integrity. Checking those in control of a business helps to ensure that criminal elements are prevented from hiding within a company group structure, and makes it more difficult for organised crime to operate in the industry.
44. Consideration might also be given to the inclusion of majority shareholders as key individuals in a business.
45. Confirming an individual's right to work is already a legal responsibility for the employer, as set out by the Immigration, Asylum & Nationalities Act 2006. Therefore, the regulator would cease to also check an individual's right to work but would check the procedure a business has in place to undertake right to work checks as part of the business regulation criteria
46. Although all businesses would be required to meet the regulatory requirements, the regulator would give special consideration to varying how micro-businesses and start-up businesses demonstrate that they meet requirements, to reflect the amount of resource they have available. For example micro-businesses and start-ups would not need to be independently certified against the relevant British Standards: instead, they could meet competency criteria by undertaking an on-line assessment and demonstrating appropriate experience in private security activities. Arrangements would be put in place to ensure that special considerations did not create loop-holes.
47. The Government has given consideration to whether 'in-house' security providers should be included within business regulation requirements, but believes that it would be better to review if they should be covered by regulatory requirements after business regulation has been established. However, individuals undertaking 'in-house' door supervisor activity (and vehicle immobilisers in Northern Ireland) would continue to be regulated as is currently the case.
48. The length of the approval period for a business is yet to be set. However there would be a defined period of time and, subject to new legislation, a subscription requirement for the regulator to collect fees. Until legislation is enacted to allow for subscription arrangements a light touch approval renewal process would be established. On expiry of an approval a further application would be required.
49. All business applications would be made to the regulator. On approval of applications the regulator would regulate businesses and add those businesses to a public register owned and maintained by the regulator.

## **New individual licensing process**

50. The current individual licensing regime would be changed to a new licensing process. All businesses would be required to check that employees are appropriately licensed.
51. The new licensing process would seek to rely on the normal recruitment processes of regulated businesses and avoid duplication of effort.

52. The regulator would set generic criteria and conditions for individual registration. It is proposed that they would be equivalent to those standards currently in place.
53. The intention is that core qualification or competency requirements, for each designated activity, would be set by an industry-led skills organisation, not the regulator. This would, however, require primary legislation.
54. On completion of the licensing process the individual would be added to a public register owned and maintained by the regulator.
55. All new applications would be made either through businesses authorised to undertake checks on individuals, known as Trusted Service Providers (TSPs), or, through third parties, known as Mediated Access Partners (MAPs).
56. Any businesses that choose to apply and are authorised to do so could become TSPs. Requirements for being granted TSP status would be published. Guidance could be produced to ensure a consistent and robust approach is taken by TSPs across the industry.
57. MAPs would be third parties that are easily accessible to those who wish to be licensed and have contractual arrangements with the regulator to check regulatory requirements. They would provide a route to being licensed for those individuals that are not employed by a private security business or whose business is not a TSP.
58. Individuals will be required to meet criteria (set by the regulator) to become licensed. With regards to individual applications, TSPs and MAPs would be responsible for checking identification and qualifications criteria. The regulator would be responsible for checking criminality criteria.
59. On completion of identification and qualification checks TSPs or MAPs would submit the application to the regulator. The regulator would undertake criminality checks against published criteria, including a Criminal Records Bureau (Disclosure Scotland and Access NI) check on spent and unspent convictions, any overseas criminality issues, and if relevant the provisions of the Good Friday Agreement (and the guidance on recruiting people with conflict related convictions).
60. The regulator would license individuals unless there was a criminality issue against a published list of offences that would prevent an individual from working in the private security industry.

# Flow chart for new individual licensing process





61. The regulator would be responsible for the management of who stays on the register. In cases where an individual was removed from the register the regulator would be responsible for informing the individual. An individual would be able to appeal any decision (see appeals section below).
62. The licence period for an individual is yet to be decided but may be set at a longer-term than the current individual licensing period. The intention, subject to new legislation, is that after the initial application process there would be a subscription requirement. As with business regulation, until legislation is enacted to allow for subscription arrangements a light touch licence renewal process would be established. Once a registration has expired a new application would be required.
63. The longer term aim is that the new individual licensing process is replaced by a system of individual registration, however this would require primary legislation.
64. The intention is that the regulator would continue to issue individuals with a licence card as proof of their registration. However, it is possible that the register alone could be considered to provide a sufficient mechanism for individuals to prove their compliance with regulatory requirements. If individuals were not issued with a licence by the regulator it is possible that the employer would be required to issue individuals with an appropriate badge so that they were easily identifiable while being deployed.

## **Powers, sanctions and compliance measures**

65. The regulator would be responsible for compliance with and enforcement of the regulatory regime. The regulator's compliance and enforcement measures would be proportionate, robust and effective to protect the public, as well as legitimate businesses and individuals.
66. Under current legislation the regulator would be able to issue informal written warnings, informal improvement notices, impose conditions on a business approval, and revoke a business approval. However, primary legislation would be required to grant the regulator with powers to impose financial sanctions on businesses that are not compliant.
67. The intention is that the majority of compliance would be carried out in a supportive way with the possibility of sanctions appropriate and proportionate to any regulatory breach. The regulator would reserve more severe sanctions for the most extreme cases of non-compliance, based on scale, frequency and particularly serious criminal offences. In such cases, the regulator would consider a formal criminal investigation and may seek a criminal prosecution.
68. It is expected that, as with the current regime, much operational work including prosecution action would be carried out by the Crown Prosecution Service, rather than directly by the regulator. In particular, action targeting organised crime would be addressed through law enforcement partners. Local matters would be addressed through the relevant local police service, local authority or other licensing authority.
69. Businesses would be required to supply a yearly return to evidence their continuing compliance with the regime. The regulator would review businesses based on this return as well as on intelligence and risk assessments.

## Appeals

70. There would be a system of appeals for all decisions in relation to both business regulation and individual licensing.
71. For business regulation appeals will be to the Magistrates Court and then onwards to the Crown Court.
72. For individual licensing appeals against decisions will be to the Magistrates Court and then onwards to the Crown Court.
73. For individual licensing any disputes prior to decisions in relation to checks that are the responsibility of the business should be addressed to, and resolved by, the business. Any disputes prior to decisions made by the regulator should be addressed to, and resolved by, the regulator.
74. If the regulator were given the powers to impose civil sanctions, an appropriate arrangement for businesses to appeal decisions would be put in place. The appeals process would require primary legislation and would be dependant on what powers and sanctions are granted to the regulator.

## Quality business hallmark scheme

75. It is expected that the criteria and conditions for obtaining a business approval would reflect the current 'fit and proper' criteria for the Approved Contractor Scheme (ACS). This is outlined in the proposed business criteria and conditions above. Therefore, all current ACS businesses would meet business regulation standards.
76. However, the quality business hallmark scheme (currently ACS) would cease to be run by the regulator. Responsibility would be transferred to an industry-led organisation and it would be left to industry to decide how to set and apply such a scheme. This would require primary legislation.
77. It is possible that membership of a quality hallmark scheme could be linked to some form of concessions by the regulator. It is possible that these concessions could continue either as now, or in an amended form, once the hallmark scheme has been transferred to a new organisation.

## Working with partners

78. The regulator will continue to work with enforcement partners voluntarily wherever possible. This will include partners such as police forces, HM Revenue & Customs (HMRC), UK Border Agency (UKBA), the National Crime Agency and local authorities, amongst others. The intention will be to ensure that the most appropriate and effective regulatory outcomes are achieved, with a particular focus on ensuring that private security businesses operate only within the parameters of the regulatory regime.

79. This would include:

- Working with partner organisations to ensure effective enforcement.
- Working with partners to identify and tackle businesses, and key individuals within them, with links to serious and organised crime or who are otherwise unfit to hold a business approval.
- Utilising opportunities for effective administration of regulation, for example through the use of appropriate technologies and shared services.
- Working with bodies that provide accreditation of business and individual qualifications and skills.

80. The regulator will work with other partners and stakeholders who are able to influence the effectiveness of the regulatory regime, through whatever role they perform, be these bodies who buy or rely on private security services, members of the private security industry and its representative organisations, insurance groups or any other party with an interest in or information about licensable activity.

81. It is proposed that the regulator will be able to share information about licensed individuals with regulated businesses, subject to compliance with data protection laws and new legislation. The regulator will be able to share information about businesses with public sector partner organisations. These partners will have legal authority to share information with the regulator, ensuring a two way flow of information. The regulator will also be able to publicise its enforcement activities, including action taken against named businesses and individuals.

## Fees and costs

82. The Home Office and SIA are not able at this time to provide an estimate of fees payable to the regulator under a business regulation regime. This is because detail on how business regulation would operate in practice, particularly in regard to the regulator's activity, is still being developed. However, the fees would be structured according to the following principles:

- The overall regulatory cost on the private security industry will be reduced.
- The regulatory regime would be self funded from fees. There would be no Government funding.
- Income would come primarily from application fees and subscriptions from regulated businesses.
- Business approval fees would recognise the relative size of the business.

83. The SIA currently licenses around 330,000 individuals who hold a licence to work within the private security industry. A further 30,000 licences are held by individuals who are licensed in more than one sector. Licences are granted for a three year period. It currently costs £220 to apply for a licence for one sector, and £110 for an application for an additional sector.

84. Although the fee is the responsibility of an individual and is usually paid for by individuals, in practice it is private security industry businesses which bear the cost of regulation as the cost of licensing is ultimately carried through wages. This cost, and the administrative costs of working in a regulated industry, are passed on to the buyer or absorbed in reduced margins.

85. There are over 700 private security industry businesses that are a part of the voluntary ACS. Membership of this scheme requires businesses to pay both an application fee and thereafter an annual subscription fee. Some 165,000 individuals, representing 50% of the licensed population, currently work for these companies.

86. Under the proposed business regulation regime, the regulator would only be responsible for undertaking criminality checks on individuals as part of the licensing process. Regulation would primarily focus on the estimated 4,200 private security industry businesses.<sup>3</sup>
87. As a result it is expected that there would be a significant reduction in the associated regulatory cost and burden for licensing individuals.
88. Although a small additional regulatory cost and burden would be placed on businesses to attain business approvals, this increase would be offset by a greater reduction in the regulatory cost and burden for licensing individuals.
89. The Government therefore calculates that a business regulation regime would achieve an overall net reduction in the level of regulatory costs and burdens placed on the private security industry.
90. Cost estimates supporting the administrative cost of applying for a business approval are included in the consultation stage impact assessment accompanying this consultation (published on the Home Office website).

## Transition and legislation

91. To facilitate effective implementation and minimise any inconvenience to the industry, arrangements would be put in place for a phased transition from the current regulatory regime to a business regulation model.
92. As outlined above it is expected that all ACS businesses would be compliant with business approval requirements. This would ensure that all ACS businesses can easily apply to be regulated businesses.
93. Non-ACS businesses would need to apply for their business approval within transition timescales. All applications would need to be made between the open for business date and the date at which an offence is brought into force.
94. All individuals that are already licensed would be able to complete their licensing process by confirming their status on the register.
95. Many of the proposed changes required to put in place a business regulation regime would be achieved through a commencement order(s) and secondary legislative changes to the PSIA. However, some new legislation will be required to achieve full transition to a new regime.
96. It is the Government's intention to introduce business regulation and a new individual licensing process as soon as possible, with the provision of other aspects of the new regulatory regime that require primary legislation, such as making necessary reforms to the regulator's powers and sanctions, being introduced over a longer period of time.

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3 "Rationale: For Business Licensing Volumes v0.2 – SIA, April 2012. A summary of SIA research and analysis into the number of businesses in scope of business licensing."

97. These different phases are defined by the legislative changes required to implement them. Business regulation and the new individual licensing process can be achieved via either existing or secondary legislation, while other aspects of the new regulatory regime rely on primary legislation. The Government aims for legislation to establish business regulation and the new individual licensing process to be in place by the end of 2013. The regulator will be able to receive and process business applications as soon as possible after legislation had been commenced.
98. Steps would be taken so that practical transitional arrangements ensure that a credible regulatory regime is maintained between the different phases of reform. A more detailed timetable for transition will be published at the same time as the response to this consultation.

## Devolved administrations

99. Responsibility for the regulation of the private security industry is fully devolved to Scotland and Northern Ireland. The Government is working with officials in Scotland and Northern Ireland with the intention of achieving a UK wide regulatory regime.
100. Industry representatives from Scotland and Northern Ireland are invited to respond to this consultation in order to assist their Governments' decision on whether to also implement the preferred option outlined in this consultation. The Department of Justice in Northern Ireland has recently completed a separate consultation titled '**The future regulation of the private security industry in Northern Ireland**', which set out options for future regulation in Northern Ireland. That consultation closed on 24 August and responses to both consultations will be used to inform the decision by the Northern Ireland Assembly on how the industry might best be regulated in Northern Ireland in the future.

## 5. Summary

101. The Government feels that it is the right time to reform how the private security industry is regulated. It believes regulation can be undertaken in a more efficient and cost effective way that reduces the overall regulatory cost on the industry, while continuing to reduce criminality, protect the public, and improve standards.
102. As this consultation paper has set out, the Government believes that the best option for achieving this is by the implementation of a business regulation regime. This would give businesses more responsibility for regulating the individuals they employ.
103. Under a business regulation regime the regulator would license businesses, whilst individuals would be subject to a new licensing process. The regulator's enforcement and compliance activity would be focused on businesses and proportionate to ensure that appropriate industry standards were maintained.
104. This consultation therefore proposes that changes to the Private Security Industry Act (PSIA) are needed, so that a business regulation regime can be put in place. Some primary legislation is also required to implement some of the provisions outlined in this consultation. It is therefore proposed that there would be a phased transition defined by the legislative changes that are required.
105. The Government wants to ensure that appropriate measures are put in place to reform the PSIA and implement an effective business regulation regime. However we want to ensure that, before committing to any action, we have identified all the relevant issues. In responding to those issues we must also ensure that we adopt an approach that is fair, proportional and mindful of our duties under the Equalities Act 2010.
106. To that end this consultation seeks views on whether and/or how the Government's preferred option should be implemented. We would also welcome views on any additional issues that should be considered when reforming the regulatory regime for the private security industry.

# 6. About you

1. Which of the following best describes you or the professional interest that you represent? You may provide multiple answers.

- Security supplier
- Approved Contractor
- Security buyer
- Law enforcement agency
- Member of the public
- Other, please specify

.....

2. What region are you in?

- Scotland
- Northern Ireland
- East Midlands
- East of England
- Greater London
- North East England
- North West England
- South East England
- South West England
- Wales
- West Midlands
- Yorkshire and the Humber
- Prefer not to say
- Other (please specify)

.....

3. If you are happy to do so please specify which organisation you work for.

.....

4. Are you or have you previously been licensed to work in any of the following designated activities?

- Cash and valuables in transit
- Close protection
- Door supervision
- CCTV public space surveillance
- Security guarding
- Vehicle immobilisation
- Key holding

5. How did you hear about this consultation?

- SIA publication
- Newspaper
- Radio
- Organisation publication
- Internet
- Word of mouth
- Other, please specify

.....



# 7. Questions

Please answer all the questions in this section. Please provide further detail and an explanation for your answer where appropriate.

Please ensure you also complete the ‘about you’ part of this consultation at section 6.

6. Do you agree or disagree with the Government’s preferred option – a phased transition to a business regulation regime? Please explain your answer.

- Agree
- Disagree
- Don’t know.

7. Please state which example framework business regulation criteria and conditions you agree (A) or disagree (D) with.

|   | (A)                      | (D)                      |
|---|--------------------------|--------------------------|
| Having a verifiable business name and address.  | <input type="checkbox"/> | <input type="checkbox"/> |
| Confirming the identity of those who hold certain positions, such as directors and partners of the business.  | <input type="checkbox"/> | <input type="checkbox"/> |
| Meeting statutory insurance requirements.   | <input type="checkbox"/> | <input type="checkbox"/> |
| Where applicable, meeting HMRC registration and compliance requirements.  | <input type="checkbox"/> | <input type="checkbox"/> |
| Ensuring that there are no outstanding County Court judgments, defaults or other adverse financial information.   | <input type="checkbox"/> | <input type="checkbox"/> |
| Supplying a Companies House registration number, where applicable.  | <input type="checkbox"/> | <input type="checkbox"/> |
| Supplying an end of year return to Companies House, where applicable.   | <input type="checkbox"/> | <input type="checkbox"/> |
| Whether there is evidence of intentional obstruction, false information given to, or contravention of the requirements and standards of regulatory and other authorities. | <input type="checkbox"/> | <input type="checkbox"/> |
| Whether there has been any insolvency, liquidation or administration of a previous business.  | <input type="checkbox"/> | <input type="checkbox"/> |
| Whether there has been any investigation, discipline, censure or criticism by a regulatory body, court or tribunal.   | <input type="checkbox"/> | <input type="checkbox"/> |
| Demonstrating an appropriate level of competence for the licensable activities the business intends to carry out.   | <input type="checkbox"/> | <input type="checkbox"/> |
| This is likely to include conformance with relevant sector specific British Standard(s)   | <input type="checkbox"/> | <input type="checkbox"/> |

|   | (A)                      | (D)                      |
|---|--------------------------|--------------------------|
| Complying with relevant competence requirements, e.g. British Standards.                                | <input type="checkbox"/> | <input type="checkbox"/> |
| Notifying the regulator of certain changes, such as name, address and licensable activities undertaken. | <input type="checkbox"/> | <input type="checkbox"/> |
| Keeping appropriate records.  | <input type="checkbox"/> | <input type="checkbox"/> |
| Ensuring that employees meet identification, qualification, and right to work requirements.             | <input type="checkbox"/> | <input type="checkbox"/> |

8. Are any important example criteria and conditions missing?

.....

9. Do you believe that companies providing in-house security should be regulated under the new regime?

- Agree
- Disagree
- Don't know

10. Do you agree or disagree with the proposal that micro-businesses could demonstrate competence in a different way such as undertaking an on-line assessment of business approval requirements? Can you suggest any modifications that would help micro-businesses to demonstrate competence?

- Agree
- Disagree
- Don't know
- Comment

.....

11. What enforcement measures should be available to the regulator so that it can maintain the integrity of a business regulation regime?

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12. It is proposed that business regulation and a new individual licensing process are introduced as soon as possible, with the provision of other aspects of the new regulatory regime, such as making necessary reforms to the regulator's powers and sanctions, being introduced over a longer period of time. Are you content with this approach?

- Agree
- Disagree
- Don't know

13. It is proposed that the current Approved Contractors Scheme (ACS) hallmark standard be passed to an industry body to administer in order to give the industry greater responsibility for setting standards. Do you agree or disagree?

- Agree
- Disagree
- Don't know

14. How many years do you think a business approval should be for?

.....

15. Currently individual licences are valid for three years. How many years do you think a new individual licence should be for?

.....

16. Should the regulator continue to issue individuals with a licence card or should it be left to the employer to issue individuals with an appropriate badge so that they are easily identifiable while being deployed? Please explain your answer.

- Regulator
- Employer
- Don't know
- Other, please specify

.....

17. Do you agree or disagree that the cost of fees should be based on the size of the business so that the fee is proportionate to its number of staff? If not please suggest an alternative system for calculating fees.

- Agree
- Disagree
- Don't know

18. Do you currently pay the individual licence fee of your employees operating in the regulated security industry?

- Yes – all of them
- Yes – most of them
- Yes – a few of them
- No – none of them

19. Do you agree or disagree with the cost estimates supporting the administrative cost of applying for a business approval, as outlined in the consultation impact assessment supporting this document? If no please explain your answer.

- Agree
  - Disagree
  - Don't know
- .....

20. Do you agree that the business regulation regime outlined in this consultation would reduce the current regulatory burden and cost on the private security industry? Please explain your answer.

- Agree
  - Disagree
  - Don't know
- .....

21. Do you agree or disagree it would be beneficial to continue to have consistent regulation of the private security industry across the UK?

- Yes
- No
- Don't know

22. Are there any operational issues specific to the region you are in? If yes please state what they are.

.....

23. If you have any other comments on the consultation, please outline them below.

.....

24. If you are happy to be contacted should we have queries about any of your responses, please provide details below. This is optional.

We may contact you to ask for further information about your response. We will also send you a copy of the consultation response.

Providing contact details is voluntary. Please be assured that they will be treated as personal data by the Home Office in compliance with government guidance on holding personal information.

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## 8. Timescales / Next steps

You can respond to any or all of the questions in the consultation. The closing date for the consultation is 15 January

You can complete the online form at:

<http://www.homeoffice.gov.uk/publications/about-us/consultations/private-security-regulation/>

Or send your response by post to:

Home Office  
Safeguarding Public Protection Unit  
SIA sponsorship team  
4th Floor Fry building  
2 Marsham Street  
London  
SW1P 4DFW

A summary of responses will be published on the Home Office website following completion of the consultation period.

Subject to the outcome of the consultation, we will assess whether to implement the Government's preferred option – a phased transition to a business regulation regime. We will publish our conclusion on our website.

# 9. Consultation information

## Confidentiality and disclaimer

The information you send us may be passed to colleagues within the Home Office, government or related agencies. Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 [FOIA], the Data Protection Act 1998 [DPA] and the Environmental Information Regulations 2004). If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

## Government's consultation principles

This is a targeted consultation but as far as possible the Consultation follows the Government's consultation principles – which are set out below:

- departments will follow a range of timescales rather than defaulting to a 12-week period, particularly where extensive engagement has occurred before;
- departments will need to give more thought to how they engage with and consult with those who are affected;
- consultation should be 'digital by default', but other forms should be used where these are needed to reach the groups affected by a policy; and
- the principles of the Compact between government and the voluntary and community sector will continue to be respected.

The full guidance is available at:

<http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

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