

## **Implementation of the SIA technology platform**

### **Security Industry Authority**

**RPC rating: validated**

The assessment is now fit for purpose as a result of the regulator's response to the RPC's initial review. As first submitted, the assessment was not fit for purpose.

#### **Description of proposal**

The proposal introduced a new licence application system for the private security industry via the SIA technology platform (STeP). Whereas individuals were previously required to complete a paper application form and physically submit relevant documentation when applying for a licence, STeP enables them to manage, pay for and track their application online.

#### **Impacts of proposal**

The assessment explains that the measure affects approximately 4,200 private security businesses, including SIA-approved contractors, security companies that manage their employees' licences, and individual licence holders registered as businesses. To inform its cost assumptions, the regulator has used a survey of its approved contractors, asking for feedback on the financial impact of the new licensing system. 21 of these responded, representing small, micro and larger companies.

The assessment explains that security businesses have incurred transition costs as a result of the measure. Based on the average survey response, familiarisation time is estimated to be two hours for small and micro businesses, and four hours for medium and large businesses. In addition, the time spent training employees to operate the new online system is estimated to be three and five hours, respectively. Applying these estimates to the number of affected businesses, and the average uplifted wage rate of their employees, generates a total transition cost of £0.4 million.

The assessment also identifies a direct benefit to security businesses that no longer have to submit documentation physically as part of their application. This saving is based on the requirement for licences to be renewed every three years, and that sending a letter takes five minutes of an employee's time. Using the median number of employees per business, and applying this to the number of affected businesses, generates a total ongoing benefit of £0.2 million a year.

Aggregating these impacts of the proposal, the equivalent annual net direct cost to business (EANDCB) is estimated to be -£0.1 million, when rounded to the nearest £0.1 million.

## **Quality of submission**

Following the regulator's response to the RPC's initial review, the revised assessment provides a sufficient level of evidence for the RPC to be able to validate an EANDCB of -£0.1 million. The regulator has provided detailed supporting material that breaks down the estimated costs and benefits of the proposal for each size of business. This includes helpful sensitivity analysis, showing how the impacts of the measure are affected when varying key assumptions.

As initially submitted, the original assessment estimated the saving to business from reduced postage costs on the basis that documentation is sent annually for all employees. The revised assessment takes into account that licences are valid for three years, reducing the number of letters sent per business and, therefore, the ongoing benefit of the proposal.

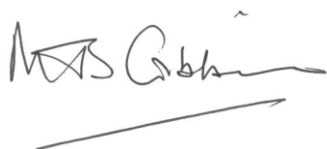
The assessment identifies that a small number of businesses that responded to the survey had bought new IT equipment to comply with the updated application system. The regulator has not estimated this cost due to the risk that survey responses may be driven by negative selection bias, and a lack of robust data to apply more generally. While the RPC is satisfied that this does not affect the rounded EANDCB figure, the regulator should set out clearly the evidence supporting assertions of this kind. The assessment would also benefit from explaining the scale of the impact on these four respondents, to provide further assurance that it has been negligible.

### Departmental assessment

Classification	Qualifying regulatory provision
Equivalent annual net direct cost to business (EANDCB)	-£0.1 million
Business net present value	£1.1 million

### RPC assessment<sup>i</sup>

Classification	Qualifying regulatory provision
EANDCB – RPC validated	-£0.1 million
Business impact target (BIT) score	-£0.5 million



**Michael Gibbons CBE**, Chairman

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<sup>i</sup> For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000