

Regulator Assessment: Qualifying Regulatory Provisions

Title of proposal	Implementation of the SIA Technology Platform (STeP) to enable individuals to apply for an SIA licence online
Lead Regulator	Security Industry Authority
Contact for enquiries	XXXXX

Date of assessment	March 2017
Commencement date	July 2016
Origin	Domestic
Does this include implementation of a Cutting Red Tape review?	No
Which areas of the UK will be affected?	All

Brief outline of proposed new or amended regulatory activity

The Security Industry Authority (SIA) regulates the private security industry in the United Kingdom by deciding whether to licence individuals working in specific security roles and running a voluntary kite mark scheme (the Approved Contractor Scheme - ACS) for private security businesses.

In July 2016 the SIA introduced a new licensing system (STeP) and the way people and businesses manage SIA licences changed. Instead of an outsourced call centre and requirement to submit a paper application form, applicants are now required to create a personal online account through which they can apply, pay for and track their SIA licence application. Some private security companies can apply to manage their employees' licences on their behalf.

Which type of business will be affected? How many are estimated to be affected?

The SIA licenses individuals and not businesses. However, private security businesses will be affected by the introduction of STeP as their employees require an SIA licence to undertake licensable activities (i.e. activities defined as requiring a licence in the Private Security Industry Act 2001) and some businesses administer (e.g. apply for) these licences on behalf of their employees. There are also some licence holders who are self-employed or small traders.

An estimated 4000 private security companies operate in the UK. 828 of these are SIA Approved Contractors (ACS).

NB: The SIA licenses individuals, not companies, to work in the private security industry.

Summary of costs and benefits						
Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2017	July 2016	10	£1,147,372.59	£1,147,372.59	-£120,594.00	-£500,000.00

Please set out the impact to business clearly with a breakdown of costs and benefits

In order for individuals to receive an SIA licence they need to complete the relevant training course, pay an application fee, undergo criminal record and right to work checks and have their identity verified. Until July 2016, individuals or companies were required to complete a paper application form (or renew over the telephone) and physically submit relevant documentation when applying for a licence, and the SIA had a dedicated call centre to process applications and answer queries.

In July 2016 this process was changed to a fully electronic system through the SIA Technology Platform "STeP" whereby an applicant creates a personal online account and manages their application process online. In addition, SIA approved contractors have the option to use our new *Licence Assist* service and, if they meet a set criteria, the Licence Management tool. The use of these tools are voluntary.

Licence Assist:

- allows companies to fill in and pay for applications on behalf of staff;
- keeps companies informed when a licence is granted to their staff; and
- enables companies to check the licensable status of licence holders.

Licence Management:

- provides all of the benefits of Licence Assist;
- reduces the time taken to apply for a licence by allowing companies to carry out and endorse identity checks for new applicants without the need for them to visit a Post Office; and
- provides the ability to update employee's details on their behalf.

We also now offer a Licence Pay Only service whereby companies can pay for an employees' licence fee on their behalf.

It is important to note that it is possible for companies without ACS status to manage the individual licences of their employees. This can include paying the licence fee on their employees' behalf.

This change in the way applicants apply for an SIA licence and the increased services available to companies is a notable change to our regulatory processes. This change comes within the scope of a BIT assessment and affects companies that are approved contractors, on companies that otherwise manage their employees' licences and on individual licence holders who are also registered as a business.

That the SIA does not licence private security companies means that there the SIA has limited information on the nature, operations and costs of private security companies. It also means that there is no comprehensive list in existence of all of the private security companies operating in the UK. This has made performing a BIT assessment on STeP challenging. The SIA has

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attempted to gather relevant statistics for calculating the BIT score using a survey sent to all 828 approved contractors that asked for their feedback on the financial impact of the new licensing system. 21 companies replied, representing micro, small, medium and large companies. The overall response was varied, depending both on company size and the number of SIA licence applications processed per week. Generally speaking, the process has moved more responsibility for licensing onto the businesses as a way in which to increase standards in the private security industry. It has reduced direct costs (e.g. postage), but in some cases has increased the amount of staff time spent processing SIA licence applications. This is not expected to be a permanent burden as there is a certain element of familiarisation and there have been teething problems with implementing the new IT system. This would account for some additional burden to some companies, particularly on staff time, and the changes are also varied depending on the companies' existing processes and systems (e.g. if digital already, or just one office location, then the transfer to using the new system has been easier).

For purposes of calculating the BIT Score, the following were considered and dismissed, primarily for reasons on insufficient data:

- Due to the small sample size we have not considered the costs from buying extra equipment. This is because we feel there is a high risk of negative selection bias, i.e. that companies who have been inconvenienced by the introduction of STeP would be more likely to reply than those with a smoother transition. We therefore have decided that there is insufficient information to make a general judgement on the burden of this element. However, 17 of the 21 who replied to our survey stated they hadn't had to purchase any extra equipment.
- For smaller companies we are confident that no extra staff would be employed and we detected no significant increase in staff time that would be justifiably generalizable.
- For larger firms any increases were due to increased employment, and we have insufficient data to imply systematics extra hires and so this has been disregarded.

The Equivalent Annual Net Direct Cost to Business (EANDCB) is -£120,594, this gives a rounded EANDCB of £100,000 as they are rounded to the nearest £100,000, and therefore a Business Impact Target (BIT) Score for implementing the new online licence application system of £500,000. We have calculated this by estimating the saving as the effort to send documents to the SIA for licence applications, with a one-off cost from familiarisation and training.

Please provide any additional information (if required) that may assist the RPC to validate the BIT Score

The Security Industry Authority is the organisation responsible for regulating the private security industry. We are an independent body reporting to the Home Secretary, under the terms of the Private Security Industry Act 2001. Our remit covers the United Kingdom.

We have two main duties. One is the compulsory licensing of individuals undertaking designated activities within the private security industry; the other is to manage the voluntary Approved Contractor Scheme, which measures private security suppliers against independently assessed criteria.

SIA licensing covers manned guarding (including security guarding, door supervision, close protection, cash and valuables in transit, and public space surveillance using CCTV), key holding

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and vehicle immobilising. Licensing ensures that private security operatives are 'fit and proper' persons who are properly trained and qualified to do their job.

Our Approved Contractor Scheme introduced a set of operational and performance standards for suppliers of private security services. Those organisations that meet these standards are awarded Approved Contractor status. This accreditation provides purchasers of private security services with independent proof of a contractor's commitment to quality.

As of 20 March 2017, there were 317, 475 SIA licensed individuals and 362,176 active SIA licences. SIA licences are sector specific and individuals can hold more than one licence. Licences are valid for 3 years.

As of 28 February 2017, there were 828 ACS companies, which break down by size as follows. It is assumed that this is reflective of the wider industry:

- Micro (1-10 employees) 218 (26%)
- Small (11-25 employees) 195 (24%)
- Medium (26-250 employees) 349 (42%)
- Large (250 employees) 66 (8%)

The latest estimate of the number of private security companies is nearer 4200, although the top 30 security businesses make up 77% of the regulated security services market. So it is thought that there are a large number of micro businesses in the sector.