



Security Industry Authority

# Security Industry Authority

Annual Report  
& Accounts 2022/23



# SECURITY INDUSTRY AUTHORITY

## Annual Report and Accounts 2022/23

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# Contents

Foreword from the Chair and Chief Executive	6
Who we are	10
What we do	12
Our purpose	14
Our values	15
<b>Performance report</b>	<b>17</b>
SIA: A year in numbers	18
Key performance indicators	20
<b>Performance analysis</b>	<b>26</b>
Core statutory responsibilities	27
Our strategic priorities	44
Achievements against strategic priorities	45
Environmental, social and community performance	72
<b>Financial review</b>	<b>81</b>
Overview	82
<b>Accountability report</b>	<b>89</b>
<b>Governance statement</b>	<b>95</b>
<b>Remuneration and staff report</b>	<b>124</b>
<b>Parliamentary accountability disclosures</b>	<b>145</b>
The Certificate and report of the Comptroller and Auditor General to the House of Parliament	148
<b>Financial statements</b>	<b>161</b>
Notes to the financial statements	169

# Foreword from the Chair and Chief Executive

This was the year that saw the resumption of normal activities, with the ending of all COVID-19 restrictions. Large public gatherings, celebrations, festivals, gigs, and sporting events became possible again. The Commonwealth Games, Glastonbury, the Platinum Jubilee, and the state funeral of Her Majesty, Queen Elizabeth II showed the private security industry at its best in supporting public safety.

During this year we were also reminded in the tragic events at the Brixton Academy that the nature of a security operative's role can result in them putting themselves in harm's way to protect us, our property, and premises. Our thoughts are with all those who lost their lives as well as others who were injured while carrying out their duties.

The changing industry landscape because of COVID-19, coupled with the cost-of-living crisis, has tested the resolve of individuals and businesses alike during 2022/23. What has united us in these uncertain times is our shared commitment to protecting the public and the pursuit of good practice in the private security industry.

This was also the third and final year of our 2020/2023 corporate plan. Our focus has been the implementation of the strategies we developed between 2020 and 2022 and the delivery of our core activities. Against a challenging backdrop, we are extremely pleased to have ended the year meeting all bar one of the stretching key performance targets we set. Our focus this year has remained fixed on public safety.

We significantly increased resources to bolster our visibility in our compliance, inspection, and enforcement work across the UK. We completed our rollout of safety critical improvements to the licence-linked training standards for door supervisors and close protection operatives. We also ended the year with a new apprenticeship scheme awaiting final approval and the creation of a new industry-led skills board that will look to develop training beyond what is required for an SIA licence.

We also continued to play our part in supporting key government priorities including countering terrorism. We submitted proposals in response to the Manchester Arena Inquiry's recommendations. We also collaborated with the National Counter Terrorism Security Office (NaCTSO) to run a number of Action Counters Terrorism (ACT) events for senior leaders in the security sector.

A good example of our contribution to the prevention of violence against women and girls was our work with the Police Service of Northern Ireland (PSNI), licensed

venues and security providers to promote the Ask for Angela initiative across Northern Ireland.

This year we made further improvements to our licensing processes and digital systems to make our services easier to access for our licence holders and approved contractors.

Licence applications have remained high this year, with the number of active licences on the SIA register reaching an all-time high of 466,825 held by 412,918 licence holders on 31 March 2023. From our surveys of applicants, the uncertain economic conditions appear to be driving people to seek supplementary jobs and income in private security.

Our continued focus on efficiencies and value for money enabled us to reduce the licence fee by a further £6 from 6 April 2023. The fee payable is now £184 which is the lowest it has been since licensing was introduced in 2004.

The coming year, 2023/2024, marks the first of the three years under the SIA's new Strategic Plan for 2023/2026. We will continue to place public protection at the heart of everything we do.

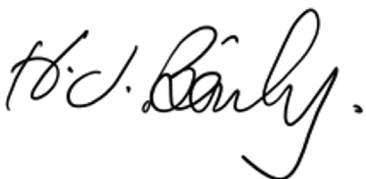
We will place a greater emphasis on effectiveness and efficiency to enhance our regulatory impact in the most cost-effective way we can. We will focus on standards for both individuals and security businesses, the distinction between the two recognises the disparate nature of the



industry and how people work. We also recognise the importance of working in partnership, including better engagement with members of the public, the private security industry, and partners who report wrongdoing to us.

We will continue to support the industry through changes affecting security, including the changing higher public expectations about what security operatives do and the standards they work to, as well as the forthcoming Martyn's Law.

On behalf of the whole SIA Board, we would like to thank our SIA staff for their dedication and professionalism. They have played a critical role in delivering our licensing services, compliance and enforcement work and realising our strategic objectives.



**Heather Baily QPM**

Chair

Security Industry Authority



**Michelle Russell**

Chief Executive and Accounting Officer

Security Industry Authority

# Who we are

The Security Industry Authority (SIA) is a public body reporting to the Home Secretary and sponsored by the Home Office. 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)
- Security guarding
- Key holding
- Vehicle immobilisation (in Northern Ireland only)

We support the Home Office priorities of reducing terrorism, preventing and tackling crime, and ensuring people feel safe in their homes and communities.

We are responsible for:

- licensing people who carry out certain activities in the private security industry
- approving private security companies who wish to be part of our Approved Contractor Scheme
- conducting inspections
- monitoring the activities of people operating within the private security industry and taking enforcement action where necessary
- setting and approving standards of conduct and training for the private security industry
- making recommendations on ways to improve standards in the private security industry

# 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 must 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 individuals, businesses, and venues to both raise standards and ensure the licensing requirements are met. They also 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 with the police and other public bodies, as well as increasingly 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 and recognition schemes.

## 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.

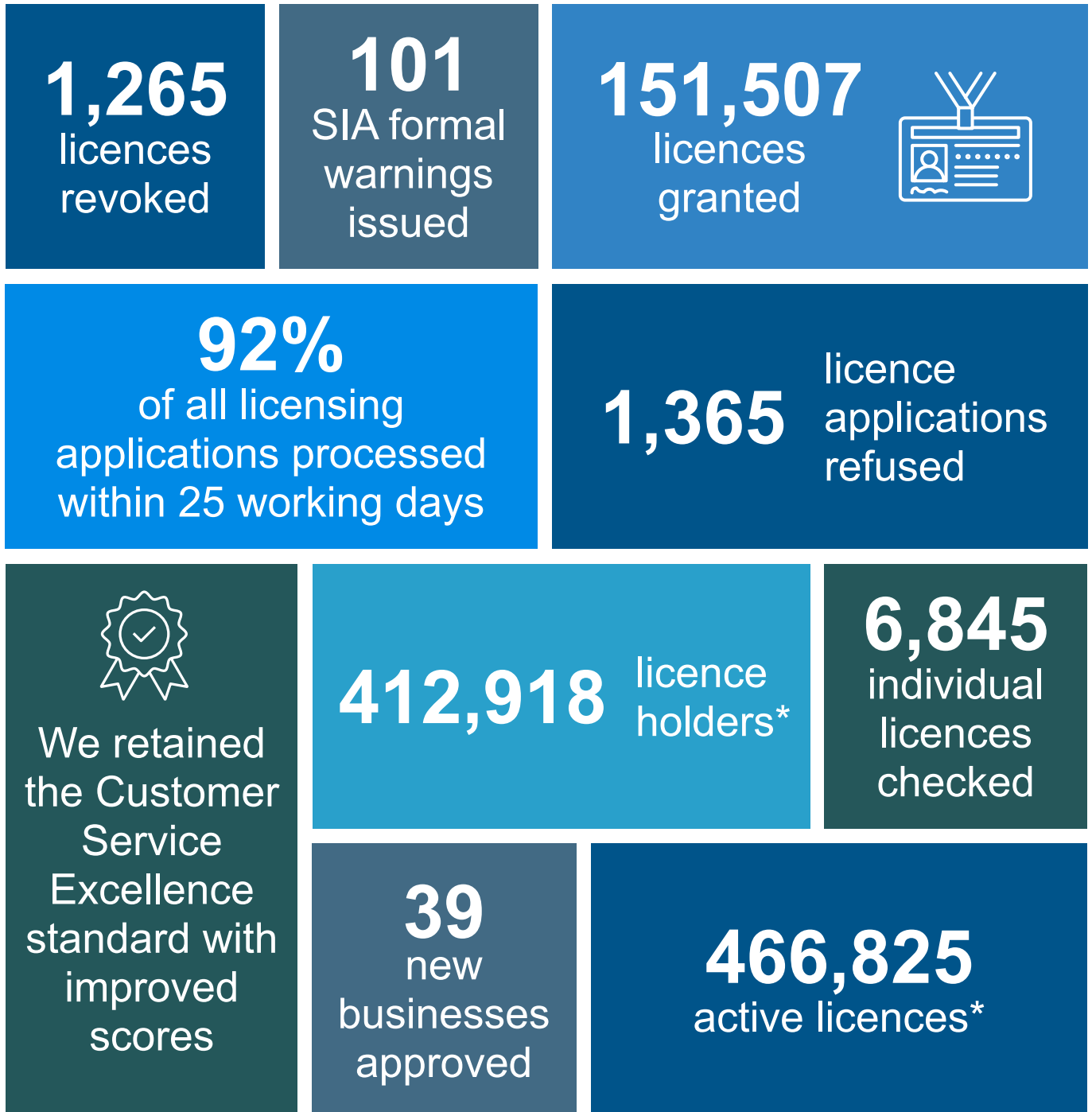
## Together, United

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

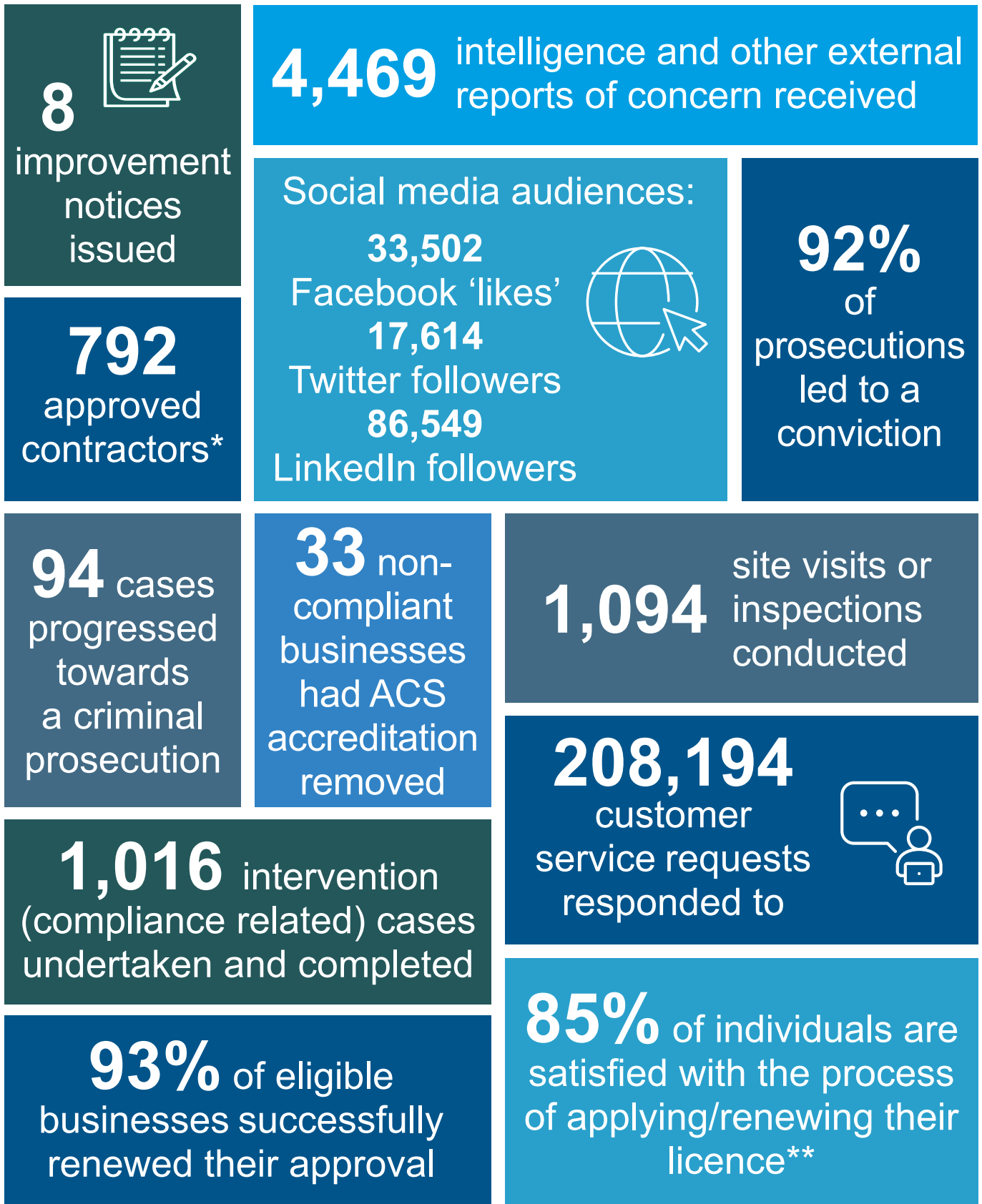


# Performance report

# SIA: A year in numbers



\* as of 31 March 2023



\* as of 31 March 2023

\*\* findings of a customer satisfaction survey conducted in Summer 2022

# Key performance indicators

Our performance management system includes stretching KPIs which are linked directly to the core objectives in our 2020/23 corporate plan and that reach across all areas of the SIA. Beneath them sits a cascade of performance indicators to drive performance. We report on the progress of all KPIs to the executive directors' group monthly, and to the SIA board quarterly. The KPIs show briefly 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

Targets for the KPIs were set when the corporate plan was agreed, and a decision was taken to continue to strive for these targets during the COVID-19 pandemic, noting that external factors may make progress more difficult in some areas at times. This was our third year of stretching KPIs.

**Table 1: Performance against KPI's in 2022/2023**

The SIA protects the public through operating an efficient and effective licensing function			Achieved rate in 2022/23
1(a)	<b>Improving timeliness of decisions</b>	85% of all complex individual licence application decisions are made within 25 working days	<b>87%</b>
1(b)		90% of all simple individual licence application decisions are made within 5 working days	<b>97%</b>
2	<b>Implementing efficiencies</b>	*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 [the 7% 22/23 was on-target, meaning over the three-year period a 25% change was achieved and 35% of our decisions are now automated, relative to a 28% baseline]	<b>7%*</b>
3	<b>Reducing avoidable customer contact</b>	Reduce the amount of avoidable contact from applicants by 20% over a three year period from 01 Apr 2020 [to 41%]	<b>47%**</b>
4	<b>Acting quickly on licensing matters on public safety</b>	99% of initial decisions to suspend a licence are made within five working days from receipt of sufficient information	<b>100%</b>
5	<b>Increasing the impact of ACS standards</b>	90% of eligible businesses re-register or renew their ACS approval	<b>93%</b>

*\* 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 figure), achieving the target.*

*\*\* 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 46.9%, not achieving the target but having moved in a positive direction.*

The SIA protects the public through effective compliance and enforcement activity			Achieved rate in 2022/23
6	<b>Providing assurance on high standards of compliance</b>	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 (random, not intelligence-led checks)	<b>99%</b>
7	<b>Securing timely (willing) compliance</b>	80% of those businesses or controlling minds issued with formal warnings and/or Improvement Notices for non-compliance are re-assessed on follow up as compliant	<b>100%</b>
8	<b>Taking effective, robust action against those who choose not to comply or present significant public harm risks</b>	80% success rate for prosecutions brought for PSIA and non-PSIA offences	<b>92%</b>

The SIA protects the public through effective compliance and enforcement activity

Achieved rate in 2022/23

9	<b>Taking robust action against those who choose not to comply or present significant public harm risks</b>	Report on value of criminal funds successfully awarded for confiscation in proceedings	<b>£172,000</b>
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The SIA is an efficient and effective customer-focused organisation

Achieved rate in 2022/23

10	<b>Improving our core costs and efficiency</b>	Make savings or efficiencies of 1.5% per annum (over £480,000) on resource expenditure	<b>£517,000</b>
11	<b>Improving IT services availability</b>	Providing at least 98% service availability at optimum levels for our external online IT-STeP licensing system, by rolling month, quarter, and 12 months	<b>100%</b>

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

Achieved rate in 2022/23

12 (a)	<b>Managing staff turnover to more stable, healthier rates</b>	Staff retention rates remain 85% or higher	<b>86%</b>
12 (b)	<b>Caring about staff morale and motivation</b>	80% of staff who respond to the staff survey, feel they are supported by their manager and the SIA	<b>82%</b>

This year is the third and final year of the SIA 2020/2023 corporate plan KPIs. We are pleased to have ended the three-year period with all bar 1 of our KPIs having been met, and some record performance seen against our timeliness indicators 1(a) and 1(b) during the year.

This has not always been the case and some of our KPIs have proven challenging to achieve given:

- Economic circumstances
- The impact of the COVID-19 pandemic
- Significant changes to the process of renewing a licence (requirement to obtain top-up training has been rolled out to the 3 most popular licences)

SIA demand for licences fluctuates across a three-year cycle. Although 2022/23 was expected to be a lower year for applications in this cycle, we experienced continuous high demand. We attribute this to new entrants to the industry looking for flexible employment and supplementary income during a time of high cost of living.

Our performance targets allow us to focus our efforts on delivering a high-quality, timely service to our licence applicants and protecting the public by taking swift and effective action to address non-compliance. We also ensure our performance indicators provide insight into the capacity and capability of our people, prioritising the welfare of our workforce.

The KPI we did not quite manage to achieve at year end, KPI 3 (reducing avoidable customer contact), was set at a particularly stretching level. We have continued



to achieve incremental improvements, moving from a position where 51.4% of our contact was avoidable at the start of the corporate plan, to a position where the majority of contact received could not have been averted by April 2023 (46.9%). We will continue to track this internally whilst assessing ourselves against a more holistic measure of customer satisfaction in our KPIs for the next corporate plan.

In the next three-year strategic plan approaching, the KPIs will reflect the new priorities of the 2023/26 strategic plan, with a greater focus on efficiency and effectiveness delivering value for money and separating out licensing function targets as core statutory function activity.



**Michelle Russell**

Chief Executive and Accounting Officer

Security Industry Authority

14 July 2023

# Performance analysis

# Core statutory responsibilities

## Licensing and service delivery

In 2022/23, we were expecting to receive c144,000 licence applications based on our forecasts. We received 157,891 licence applications, making between 9,500 and 17,400 licence decisions per month. March 2023 was our third busiest month since licensing began in 2005 with 16,600 applications received.

We also received 207,124 online service requests and 54,449 phone calls from customers, both individuals and businesses.

An independent customer satisfaction survey carried out in June 2022 showed that 85% of individual licence applicants and 79% of businesses were satisfied with the application process. These figures compare well to other organisations. We use the results from this survey, as well as the feedback we regularly gather from our customers, to continually improve the service we provide.

In June 2022 we redesigned the Business Support Team within Licensing and Service Delivery so that we could

provide more effective support for businesses, particularly approved contractors.

There are three business relationship managers in the team who regularly meet with businesses across the UK to provide support with licensing matters. There are also four business support officers who swiftly respond to phone calls and service requests from businesses, and proactively contact businesses to address any licensing issues.

We processed 92% of all licence applications (both complex and simple) within 25 working days of receiving a correct and complete application. This is higher than our 2021/22 performance of 89%, despite a similarly high volume of licence applications. Our Customer Support and Decisions Teams put a great deal of effort into unlocking and progress delayed or 'aged' applications. As a result, we were able to keep the number of applications aged six months or older low, despite high application volumes.

We categorise and apply our resource to licensing decisions based on their complexity. We have a target to process 85% of 'complex' applications within 25 working days and 90% of 'simple' applications within five working days. We achieved 86.9% against the target for 'complex' applications and 96.6% against the target for 'simple' applications. This was a very good result and a significant improvement on the previous year, especially when the variable timeliness of third-party criminality checking is considered.

Where there is a public safety concern, whether we identify it ourselves or it is brought to our attention, we ensure we act promptly to verify information and take action (as the public and our customers expect). In 2022/23 we processed information relating to public safety concerns within our target of five working days in 100% of cases. For the majority of cases, we took suspension action within two days. In 2022/23 we suspended 928 licences and revoked 1,265 licences. These actions are fast-paced, resource-intensive, and often require 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.

## The Approved Contractor Scheme

Our role is to ensure only fit and proper companies gain entry to the voluntary Approved Contractor Scheme and that approved contractors conform with the standard for the duration of their approval period.

The Business Standards team works with our Compliance and Inspections team and our ACS Decisions team to make robust ACS approval decisions.

At the end of the 2022/2023 year there were 792 approved contractors: 699 approved through the standard route and 93 through the passport route.

We expect new applicants to present as eligible and demonstrate that they meet our requirements. Any new applicant must go through several due diligence checks as part of the approval journey. This can lead to applications spanning two business years (dependent on submission date).

During 2022/2023, we completed fit and proper checks on all new ACS applicants and continued to complete checks on existing approved contractors through the annual return process.

We processed 93 new ACS applications, we accepted 34 new ACS applications, and rejected 22. We approved 39 new businesses to the ACS. We conducted 60 pre-approval visits. We carried over 33 applications into 2023/2024.

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 our three assessing bodies, and providing training for lead assessors from those bodies. We also observe assessors' delivery of assessment services.

In September 2022, we launched a new approach to focused assessments of external ACS assessors. This is to ensure better quality and tests competence in the assessment process they carry out to approved

contractors on our behalf. The new approach has been well received by assessors.

We also reviewed the sampling regime and introduced a new 'service delivery' assessment approach to auditing, designed to ensure 70% of assessor time is 'on site'.

We have a more robust annual audit for all certification bodies contracted to deliver assessment services. The lowest performing certification body received a 'deep dive' audit and detailed action plan to improve performance.

We also introduced a new programme of direct SIA assurance visits to approved contractors in addition to their annual assessment to provide additional testing, assurance, and compliance to the standard. These started in October 2022.

In 2022/2023 we reviewed 744 assessment cases (assessment cases may be carried over where a business has legitimately extended their assessment due date) and 212 revisit cases – those where improvement needs were raised and resolved within six weeks. We returned 131 assessment cases (14%) to our assessing bodies, as these did not present sufficient evidence on which to base our ACS approval decision.

We held 24 contract management meetings with assessing bodies, managing several performance related concerns during the reporting period. We delivered two online events for assessors and four lead assessor

training sessions. We observed assessors as part of our on-boarding and annual risk-based witnessing schedule.

Where necessary, improvement plans were set out and successfully completed by all assessors.

Approved contractors must continue to conform to the ACS standard for the duration of their approval period. Where companies do not conform to the standard, we provide support and guidance to highlight required improvement. If companies do not meet our requirements, they become subject to our sanction's framework.

In the reporting year we conducted 74 business visits to approved contractors, through which we:

- Found 42 approved contractors to be fully conforming to all requirements in areas reviewed during our visit
- Provided technical advice to 25 approved contractors on matters relating to continued conformance with ACS requirements
- Identified and withdrew five businesses who did not meet and were not eligible for at least one sector of approval since their last assessment
- Referred two businesses for remedial action through to our Compliance and Inspections team

In instances where we were concerned about levels of conformance to ACS standards cases were referred to our Compliance and Inspections team for further scrutiny. This year we conducted 63 cases relating to concerns about non-conformance with ACS requirements.



We take proportionate and necessary action against approved contractors who become subject to our sanction's framework during their approval period. During 2022/2023 we withdrew approval from 33 businesses.

## Licence-linked qualifications

Our Individual Standards function's responsibilities include ensuring the SIA meets its statutory obligations to set basic 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

During this year, over 106,000 of the new, first-time qualifications were awarded. Approximately 59,000 top-up qualifications were also awarded in this period. This means that more people than ever have the most up to date safety-critical training in areas such as counter-terror, first aid and how to deal with emergencies.

During this time the SIA worked closely with awarding organisations to improve the quality of delivery of qualifications. The assessment methods introduced for the new qualifications have been reviewed and refined

to ensure robust and proportionate measures are in place to help ensure qualifications are delivered to the rules.

We conducted 124 unannounced visits to training providers. The visits gave us a really good insight into quality issues and have allowed us to work with awarding organisations to improve delivery.

Our work with the industry on the development of an apprenticeship has demonstrated how the regulator and industry can work together to give industry access to high quality vocational education and training. The hard work that has gone into this initiative will provide the industry with a funded programme of development that will help attract new entrants into the industry.

The training standards that are set are often used to help courts understand what reasonable behaviour can be expected from a security operative. The Individual Standards department has supported a number of coroner's inquests and court proceedings where an operative may have been asked to account for his or her actions.

Our research function this year has been instrumental in improving understanding of key industry issues. Our Sector Profile for Security Guarding gave us, and the industry, fresh insights into industry trends in a post-covid environment. Our work in co-ordinating research across the organisation ensures that knowledge is shared, and duplication of effort is reduced.

Our work with key stakeholders, such as the UK Crowd Management Association (UKCMA) and the UK Door Security Association (UKDSA), in sharing knowledge from our research will we hope assist industry colleagues with recruitment.

Our engagement with international research organisations has allowed us to consider UK industry issues against a broader perspective.

The Individual Standards team has also led the development of the SIA response to recommendations in Volume 2 of the report of the Manchester Arena Inquiry. The Inquiry asked us to look at the provision of first responder training. With this in mind we are working with the Department for Health and Social Care on a pan-government response to similar recommendations, to ensure our response is in step with other approaches.

We have also worked hard to support colleagues in other teams, in particular those in customer support, to help ensure the customer journey is as smooth as possible. Our work with awarding organisations in reducing the scope for error in qualification records uploaded to the SIA system will help drive down some of the waiting times that some applicants have experienced when seeking to make an application.

Our stakeholder engagement, particularly with expert working groups that develop new qualifications with us, allows us to ensure our advice to training providers can be updated where there is a need for change.

## Compliance and inspections

To ensure compliance with the licensing regime, our Compliance and Inspections team actively prevents, detects and disrupts people and businesses within the private security industry who do not follow the rules. We have officers in regional teams throughout the UK who conduct risk and intelligence led inspections and investigations.

We issue sanctions including advice, formal warnings, and improvement notices. For more serious incidents we investigate and collate evidence to support and inform SIA actions to remove or suspend licences, refer cases for criminal investigation, or review the status of businesses within the Approved Contractor Scheme.

We work closely with partners including the police, HM Revenue and Customs and local licensing authorities to achieve our regulatory objectives.

In the last year, we revised our compliance, enforcement and supervision strategy to achieve our vision to be far more visible and proactive across the private security industry. We have increased our inspection and enforcement resources (at no increase of the licence fee) from 50 plus to over 100 operatives.

During 2022/23 we conducted 139 separate inspection operations, 91 of which were based on specific intelligence or identification of threat, risk and harm arising from our strategic assessment process.

29 of these inspections were led by our partners. The remaining 48 inspections were random, aimed at providing us and the public with continued assurance about compliance levels. These random inspections provided assurance of licensing compliance rates of 99.35%.

Our combined inspection activity resulted in checks being carried out on 6,845 individuals deployed by 955 separate security companies at 1,094 different sites and venues. This equated to nearly a 250% increase in activity compared to the previous year.

We significantly exceeded our target level of activity this year in our compliance investigations which is indicative of the priority that the SIA has placed on this area of work. We opened 1,067 new compliance investigations (against a target of 760) and satisfactorily completed 1,014 investigations (against a target of 820) during the year, having addressed the intelligence and/or risk. We closed 83% of investigations within four months, exceeding our target of 80%.

The reduction in COVID-19 restrictions across the UK in early 2022 saw a significant rise in the number of planned large outdoor events being delivered over the traditional festival season. Compliance and Inspections investigators based regionally across the UK collaborated with event organisers, local authorities and safety advisory groups and the police in the preparation and planning stages of 19 major festival and events across

the UK to ensure that the private security operatives deployed were appropriately licensed for the activities undertaken. Our inspectors engaged extensively with those operatives deployed to remind them of their training and role in identifying and protecting people in vulnerable situations. This was part of the wider work undertaken to promote the positive contribution the private security industry can offer in countering 'spiking' and Violence Against Women and Girls (VAWG).

We worked closely with the Birmingham 2022 Commonwealth Games Organising Committee (OC) and West Midlands Police culminating in the successful events held in July and August. We assisted the OC in the development of contract terms, including the use of SIA approved contractors, and workforce plans and roles, ensuring that licensable activity was appropriately identified and assigned for SIA licence holders.

We worked closely with the principal security contractors appointed for the Games. It was critical that they met the business requirements to deliver such a significant workforce and ensure that those deployed were properly licensed where they needed to be. In the run up to and during the competition our teams conducted 1251 licence check across 17 separate games sites across the West Midlands area. We are pleased to have contributed to supporting the key stakeholders in delivering a safe and successful 2022 Commonwealth Games.

Our teams were also actively engaged in the planning and delivery phases of both the Platinum Jubilee Weekend in June 2022 and the state funeral of HM Queen Elizabeth II in September 2022. Our role was to work with the organisers and the private security industry contractors to ensure that all requirements under the Private Security Industry Act 2001 were being met. Our teams were out on the ground for both events checking the validity of licences and contributing to public safety.

## Intelligence and partner work

We rely on intelligence and information generated from inspections and our other regulatory activity, as well as reports made by 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 can take swift action where we need to as well as contributing to 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 and actions.

Our Intelligence function works collaboratively with the rest of the SIA through our internal Tactical Tasking and Coordination Group (TTCG) and daily operational tasking processes.

We delivered the annual review of our strategic threat assessment in 2022/23. 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

Once again, we utilised the strategic Management of Risk in Law Enforcement (MoRiLE) risk assessment and prioritisation tool as part of this process, aligning our intelligence processes to those of our law enforcement partners.

Our Intelligence function assessed and processed 7,371 pieces of information and intelligence overall. This is a 7% overall increase from last year and we continue to see increasing levels year on year. Of these, 5,038 intelligence reports and concerns this year were against our strategic priorities at the time, which is a slight decrease of 2% compared to last year. We risk-assess all reports against our strategic intelligence priorities and, where appropriate, allocate them for further exploration and/or action.

We forwarded approximately 64% of the reports we received this year for further action. Even if we decide to take no further action, the report is securely logged and stored so that it can be reviewed should further intelligence come to light in the future.



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

In 2022/2023, new roles dedicated to partnership working with key partners in respect of counter-terrorism and serious and organised crime were established, which have already proved invaluable in these key areas of risk within the private security industry.

This year we received over 1,332 requests for information and disclosures of intelligence from partners. This is an increase of 19% compared to the previous year. We shared over 806 partner exchanges, which is a significant increase of 31% compared to 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.

At the end of the year, we had 110 live criminal investigations into 80 businesses and 229 individuals. The number of criminal investigations has increased this year by 36%, from 81 at the same time last year. As our successful intelligence-led inspection activity increases, we expect the number of cases requiring criminal action to continue to grow and have prepared for this by doubling the number of staff dedicated to carrying out criminal investigations.

Last year, 47% of our criminal cases involved offences under the Private Security Industry Act 2001. 53% involved wider criminal activity connected with licensing compliance. 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, 92% of cases resulted in a successful conviction. We prosecuted 40 individuals and eight businesses. Successful prosecutions this year have resulted in over £20,000 of fines, cost orders in excess of £27,000, 25 days of rehabilitation activities, 600 hours of unpaid work, and 43 weeks of suspended custodial sentences.

# Confiscation orders and the Proceeds of Crime Act

The SIA is a 'designated body' under the Proceeds of Crime Act 2002 (POCA).

This year, our team of accredited financial investigators exercised 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 confiscation orders totalling £171,892 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.

Under the Asset Recovery Incentivisation Scheme (ARIS), the SIA receives 37.5% of the value of confiscation orders it secures under POCA. We can use the ARIS funds for 'good causes' connected with the security industry. This year we made an award of £17,600 to two youth enterprise charities.

# 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. This is the third and final year of our 2020/2023 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.**

### Our Approved Contractor Scheme

Running the Approved Contractor Scheme (ACS) is the main way we are able to influence improvements to business standards. It is a voluntary, quality-based scheme through which we promote good practice and improvements in industry standards.

### Scheme improvement activities

This year we have looked closely at how we can improve the existing ACS in response to feedback we have received through survey, research findings and feedback from engagement with our stakeholder communities.

We carried out new work on the following three areas:

### **1. Pre-approval work on applicant ACS companies**

We started a full review of the onboarding of applicant companies to the ACS with the aim of making the process more efficient and effective, whilst ensuring it remains robust. This work will be ongoing into 2023/24.

### **2. eLearning content and learning management for ACS companies**

We laid the foundation for launching e-Learning content for ACS companies for the first time. We procured a new learning management system (LMS) to host new developed learning courses. The LMS will host a breadth of material designed to improve standards and guide ACS companies on scheme requirements. We will start the roll out of our external learning management system (LMS) in 2023/2024.

We developed new resources for newly approved contractors to enhance their knowledge and understanding of the ACS standard. This includes our new interactive Self-Assessment Workbook, created to aid businesses to self-assess their progress on meeting the ACS standard.

Further resources are being developed into e-learning packages for approved contractors and will be launched in the summer of 2023.

### **3. Additional layers of assurance activity**

We have built the additional assurance framework which will complement the work that we already do to monitor ACS assessment services and outcomes. This now provides us, and in turn the industry and public, with assurance that the ACS standard conforms with the best practice of three lines of defence assurance. This was also an improvement identified in our internal audit carried out by the Government Internal Audit Agency. We have finalised the framework year ending 2022/2023 and will be working against this framework from 2023/2024 onwards.

## **The Regional network**

As a regulator, taking on board industry perspectives from the front line is essential. Ongoing dialogue enables us to detect and deal with emerging trends, pre-empt threats to the industry and minimise gaps in our understanding of industry and how it is evolving.

We supported the delivery of three online events in 2022/2023. Established in 2019 by the SIA, the regional network was developed in collaboration with our volunteer approved contractor business leaders.

The regional network is led by the private security, and targets business leaders across the UK. The chairs from across the UK co-host a quarterly UK-wide event. The events provide a space in which industry can collectively look forward and read the signals of current

and emerging trends and then share views and ideas on how they might evolve in the future. This gives businesses an opportunity to recognise, evaluate and respond to potential threats and challenges to their operating environment to further increase the contribution they make to community safety and public protection.

Throughout 2022/2023, more than 100 business leaders attended these events, participating in important discussions regarding trends in industry. This has proven to be a successful venture and collaboration opportunity between us and industry, meeting the aims and objectives originally set out.

## ACS events

As part of our work to improve standards in businesses, we held five in-person events for ACS contractors in Belfast, Glasgow, York, Stoke and London. These events gave leaders from approved companies a valuable opportunity to come together post-covid to network and share their business experiences and challenges with their peers in industry and SIA senior leaders.

A total of 104 business leaders from the Approved Contractor Scheme attended the in-person events.

Delegates heard directly how we plan to support approved contractors with licensing and approvals, and received an update on how we are continually improving standards within the existing Approved Contractor Scheme.



In addition, we held a two-day conference in Coventry for our ACS assessors. The conference is designed provides important training, advice and networking opportunities to ensure their continued delivery of ACS assessments to a high standard.

## Future proofing the Approved Contractor Scheme

Since the ACS was established in 2006, there have been many changes to customer needs, an increased demand for private security, and new emerging threats to public safety. This year, to ensure the ACS remains relevant, attractive, and fit for the future, we have been developing a new strategy for the scheme. We have engaged with key stakeholders and industry through a series of roadshows and roundtables across the UK to inform our thinking. We have looked at the entire ACS process covering eligibility, approval criteria, assessment, and quality assurance.

Going forward the proposed new scheme will be rooted in public protection rather than a reset of the existing scheme. There will be fit and proper public protection prerequisites with a focus on supplier competence and accreditation based on the services delivered. A key requirement of receiving approval will be that businesses must take all reasonable steps to protect the public. We will continue to develop the details for the scheme and anticipate a full launch in 2026/27.

## Buyers of security

One of the main benefits of the ACS is the level of assurance it provides to buyers on companies who are part of the scheme. We refreshed our buyers of security strategy, focusing on promoting the benefits of the ACS. We developed this approach through consultation and research, so we know that educating stakeholders about the benefits of using SIA approved contractors is important to achieving our objectives around public protection.

As part of this work, we developed and ran a series of lunch time ‘drop-in’ style online events for buyers of security via an online platform. These proved popular and so we plan to run these regularly in future. In addition, we continue to promote the ACS to buyers at events and security conferences.

## Individual standards

### **The Industry Skills Board**

During this year our work focused on raising standards and fulfilling the ambitions of the skills strategy developed in 2019. We continued to support the Industry Skills Board, chaired by Jason Towse, Managing Director of Mitie.

The Skills Board made good progress in the business year and has developed plans for structures that will drive the acquisition of skills in the industry over the

year. Work on a profession map started this year and will continue in our 2023/24 plans. This work will be key in underpinning future structures for professional development for the sector. The Skills Board also made good progress in developing plans for a future skills academy for the industry.

### **Changes to licence-linked qualifications**

We fulfilled corporate commitments to reform the licence-linked qualifications. The implementation of an updated close protection qualification – and a corresponding ‘top-up’ requirement for licence renewals – represented the final milestone in the project to raise the standard of entry to the industry. We have conducted early reviews of the new arrangements and made changes to some of the assessment rules as a result.

### **Unannounced visits**

Another important commitment for this year was to increase the quantity of unannounced visits to training providers to a minimum of 100 over the year. These visits give us and others assurance that qualifications are being delivered to the rules. We had a target of 100 visits and exceeded this target by carrying out 124. This has given us valuable information that we have shared with our partners, the awarding organisations. As a result, we are working with others to drive up standards of training and assessment.

## 2. Our people

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

We are a small but growing organisation licensing hundreds of thousands of people, regulating a substantial industry and raising standards in a complex landscape. Everything we do is ultimately delivered through our workforce. By continuing to ensure we have the capacity, skills and culture we need in the SIA, we will be able to continue our work to protect the public. In 2022/23, we increased our workforce significantly in our Inspections and Enforcement Directorate to support delivery of our priorities.

### Workforce planning for the future

In 2023, we agreed a new People Strategy to sit alongside and support our new Strategic Plan 2023/26. The new People Strategy focuses on six priority themes: the employee journey; supporting employees to realise their potential; developing inspirational managers and leaders; pay, reward and recognition for our employees; one inclusive workforce; and a quality HR service for everyone.

Our people must be at the heart of our approach and our people strategy recognises this. We made good progress this year by investing in our HR team and our HR IT

infrastructure, with replacement HR, applicant tracking, and learning management systems procured to support delivery of the People Strategy. Improvements were also made to HR Management Information and our approach to workforce planning. These are solid building blocks, but we recognise there is more we can do to strengthen our support to colleagues throughout the employee life cycle.

## Embedding our focus on public protection

A key theme within the Business Plan for 2022/23 was ensuring that SIA staff understand the golden thread of public protection throughout everything we do.

Our staff survey results reflect our success in this area, with 93% of staff surveyed understanding the vision and objectives of the SIA. In 2022/23, we involved our staff in refreshing a 'Rich Picture', which describes in a visual format the public protection role of the SIA. The feedback from our staff included that they felt pride working in an organisation that enables the public to feel safe and makes a difference in the everyday lives of people. This work not only reaffirmed the commitment of our staff to this vision but brought to life the tangible contribution our workforce is making to public safety.

## Talent development

We also committed to upskilling staff in key specialisms, including those in compliance and technology roles.

In compliance, we secured licences from the College of Policing to train our staff in-house using the Professionalising Investigations Programme (PIP) and Intelligence Professionalisation Programme (IPP) and recruited a trainer to support this work. In our technology areas, staff were trained in Azure Fundamentals and ITIL service management to support effective delivery of our Data and Digital Strategy.

## Staff engagement

In our 2022 Staff Survey, we had a response rate of 70.7%, slightly lower than the 73.5% response rate we achieved in 2021. This still compares favourably with the Civil Service benchmark of 65% in 2022. Overall staff satisfaction was 76.3%, which again is an excellent result, although a slight reduction (of 0.6%) on 2021.

## New ways of working after COVID-19

Our workforce is spread across the UK, with approaching half our employees now outside of London in the regions or working nationally. We have developed a new Estates Strategy to meet our future needs that demonstrates our contribution to the government priority of Levelling Up. For our office-based staff in London, we introduced new hybrid working arrangements organisation-wide following a pilot in 2022.

## Equality, Diversity and Inclusion

In 2022/23, at a strategic level, we re-focused our efforts on Equality, Diversity, and Inclusion (EDI). We developed and launched a new EDI vision for the SIA. We need and want a culture where difference is valued, respected and used positively, and our people are and feel included.

Our commitment is to take steps to ensure we are a great employer that values and welcomes the different backgrounds, ideas, identities, skills, behaviours and experiences of our people. We will be outward looking and understand and appreciate the diversity of the private security sector we regulate and internally we will have a workforce which is inclusive and diverse, and where employees fully represent and understand the public that we serve. We have a number of active staff networks.

We also reset our EDI governance. A new EDI Committee was launched in February 2023, chaired by the Chief Executive, with members drawn from across the organisation, including staff from the Senior Leadership Team, the staff networks and the Human Resources Team as well as a non-executive observer.

In addition to a 52% female; 48% male gender split, the SIA is very proud to be statistically representative of the UK population for ethnicity, with over 45% of the workforce identifying as being part of a minority ethnic group. This ratio, as in many organisations, is lower at senior leadership levels. As we move forward, this will

be one of the areas we will focus on, recognising this will take time.

## Professional standards and integrity

As the regulator, how we deliver our role and how we behave as public servants is important. The Director of Inspections and Enforcement is our integrity lead, who monitors and oversees integrity matters. This year, we set up a small professional standards team, leading on conduct and behaviour issues. This team works alongside HR to promote and encourage cultural awareness of integrity related risks and professional standards, acting as a source of best practice, specialist knowledge, advice and guidance. The team provides advice and oversight on our code of conduct as well as dealing with enquiries and investigations about possible breaches.



## 3. Adding value

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

### Customer service and satisfaction

2023 marked the start of a new cycle of assessment for the Customer Service Excellence standard – a government recognised quality mark we have held 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.

We received an outstanding achievement: we were assessed as remaining fully compliant and also earned a further three Compliance Plus scores, taking us to a total of 41 Compliance and 16 Compliance Plus.

We also commission annual external customer satisfaction research to seek customer views of the SIA's core customer facing function – the licensing process. In 2022, 85% of surveyed individuals and 79% of surveyed employers replied they were satisfied with the process of applying/renewing their licence with the SIA. This reinforces the positive customer views of the service we provide.

## Cost savings through efficiencies

We have achieved efficiency savings of approximately £1.5m over the last three years through a strong focus on this area. These were achieved through innovation in and automation of our processes, robust commercial approaches to contractual negotiations and delivering activities in-house where possible rather than through outsourcing. The savings achieved have enabled us to reduce the licensing fee payable by £6 (3%) to £184 from 6 April 2023. This is the lowest fee ever since licensing was introduced in 2004.

In 2023/24, we will be implementing a new efficiency strategy for the next three years to support the Strategic Plan 2023/26. This will help us minimise the impact of the closure of the rebate scheme in 2026 on licence holders. The rebate scheme currently provides a reduction of £20 on the cost of the licence, funded by accumulated reserves.

## Improvements to licensing systems and processes

We have continued to make improvements to our systems during the year to speed up the licensing process and further streamline our management of applications delayed by third party dependencies, or where an applicant has failed to satisfy application requirements. These include enhancements to our automation of right-to-work data matches with the Home Office, and closer

monitoring of applications requiring a Disclosure Scotland criminality check or overseas criminality certificate to ensure there are no unnecessary delays.

We have also continued to raise issues swiftly and robustly with third parties about delays in their processes, seeking prompt investigation and requesting that our licence applicants be prioritised for resolution.

As a result, the number of licence applications processed within 25 working days increased from 89.3% in 2021/22 to 92.2% in 2022/23 against a target of 85%.

## Digital and data strategy delivery

Much of this work is dependent on capital grant funding from the Home Office. With the limited capital funding available this year, we took a risk-based approach to prioritisation, focusing on essential upgrades and increasing our resilience to cyber threats.

We have continued to upgrade and improve our digital licensing system to provide new functionality. These upgrades have modernised the underlying technology that we use as part of the ongoing migration of all of our public-facing digital systems to the cloud. Our digital services have continued to be highly reliable with no significant system down-time this year, as reflected in our KPI results.

Looking ahead to the future, part way through the year we commenced the necessary major procurement exercise to select a service delivery partner to work with

us over the next five years to support our main frontline licensing systems. This exercise will result in a new contract for the next 3-5 years that will support the main licensing system, as well as delivering new software applications to support essential work in connection with inspections, enforcement, licence compliance, intelligence, and the management of the ACS scheme.

We continued to act on user feedback to continually improve our digital licensing processes and we intend to upgrade our public licensing portal to make our services more accessible and to accommodate new Government initiatives including Digital ID and OneLogin.

We also intend to deliver a new portal that can be used by private security businesses to interact with the SIA and to implement the interface to the Register of Licence Holders that will greatly improve the process of checking licence validity, both by SIA inspections and enforcement staff and by private security businesses, subject to a formal use agreement. This is a key enabler for the introduction of “smart” SIA licence cards which is dependent on the availability of sufficient funding in future years.

## Understanding our customers: protected characteristics data

This year we embedded a protected characteristic survey as a mandatory part of the application process for all those applying for an SIA licence (excluding those where an employing business makes an application

on their behalf). This has resulted in a 100% response rate to the survey from individual applicants, which has significantly improved the reliability of our data on licence holders' protected characteristics. We will be publishing this data in 2023/24. Analysis of this data will assist us in ensuring we comply with the Public Sector Equality Duty. We will also use this data to inform how we improve our regulatory approach and the delivery of our core functions.

## Licence demand forecasting

We have continued to refine our demand forecasting model throughout the year. Benchmarking with comparable arms-length bodies has provided assurance that the mechanics of our calculations are in-line with other regulators, and enhanced broadcast surveys to our applicants have helped to identify the reasons behind some of the higher than expected demand seen this year, allowing us to incorporate these trends into our model and improve precision for future years.

## In-house legal services

We have continued to bring most of our criminal and regulatory legal work in-house during 2022/23. This has been more cost-effective and has enabled us to provide a more responsive service. We have also entered a shared legal services arrangement with the Sports Grounds Safety Authority on a full-cost recovery basis, helping to achieve value for money for both parties.

## 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.**

### Terrorism Risks: Operation Sentry incident response exercises and wider work

We play an important role in supporting the Protect, Prepare and Pursue pillars in counter terrorism (CT) across the UK.

We continued to deliver a programme of highly successful, innovative, and educational emergency preparedness exercise events under the banner of Operation Sentry. In partnership with Counter Terrorism Security Advisors (CTSAs), local policing representatives, ambulance and fire services subject matter experts, local authority licensing staff, private security industry companies and licensed venues, we delivered six 'Sentry' events this year in Glasgow, Edinburgh, London, Windsor, Cardiff, and Leicester, building on the four delivered in 2021/22.

We worked with live scenarios, supported by hugely appreciated volunteer actors, to test the preparedness and response of security operatives in several challenging settings. These called on the content of the operatives'

licence linked qualification training and personal experience including learning from the Action Counters Terrorism (ACT) Security e-learning product. Full debriefs were provided by subject matter experts on each occasion.

The events continue to be well received by those who participate, and the SIA remain extremely appreciative of all the partner organisations who contribute to their success. Work is underway to identify how best the learning from the Operation Sentry events can be shared with a much wider audience. This year we have also been able to draw on our partnership with CT policing to engage the industry at a leadership level. We coordinated two Security sector police led “ACT Corporate” events, which took place in London and Birmingham. These gave CT Policing the opportunity to provide high level CT guidance and advice to senior leaders within the private security industry cementing awareness of best practice at all levels across the industry.

## Highlighting the industry’s contribution to public safety

To fulfil our role in improving public safety, we continue to support initiatives to raise awareness of the importance of private security in protecting the public.

### **Violence Against Women and Girls and Spiking**

In partnership with the Safer Business Network, we supported four online Welfare and Vulnerability Engagement (WAVE) training events in February

and March 2023, specifically for security operatives. These events are popular with frontline licence holders.

In response to the interest in these events, the Safer Business Network (SBN) approached the accredited awarding body Highfield Qualifications to transform the WAVE training package into an online e-learning course. The e-learning package aims to improve accessibility to the core training elements of the programme. The current e-learning WAVE course comprises five modules: Introduction, Vulnerability, Interventions, Spiking and Reporting and Further Information/Resource. It is anticipated that the product will be available in May 2023, and we will jointly launch the product with SBN giving initial access to 33,000 SIA licence holders across the UK.

At the start of the autumn term last year, we launched our seasonal autumn/winter public safety campaign with a focus on 'Freshers Week'. We targeted frontline security operatives to highlight the critical role they play in keeping the student population safe as they mark an exciting milestone of their lives. We shared and promoted best practice guidance to help reduce incidents of violence and harm such as predatory behaviour, sexual assault, and spiking.

We also produced a number of highly successful animated videos this year, some covering sensitive themes such as "Safer Restraint" and "Helping People in Vulnerable Situations". The latter addresses the issues of violence against women and girls and spiking. These



videos reflect the public protection imperative at the heart of the SIA. They also remind security operatives in an engaging way of their training and the standards we expect from them to keep the public safe when carrying out their duties.

## Working with other partners

### **HMRC**

With the removal of most COVID-19 restrictions in the early part of 2022/23, we experienced a significant increase in our partnership engagement and joint activity. Of the 139 large inspections we conducted during the year, 50 were led by our partners. These included police licensing teams, local authority licensing officers and HM Revenue and 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.

We undertook risk-led inspections of frontline operatives, with HM Revenue & Customs in Birmingham. During this inspection we checked 78 individuals and the businesses they were associated with. As well as checking licensing requirements with the Private Security Industry Act 2001, we also worked together to ensure operatives were not exploited through the use of unscrupulous employment practices.

## **National Counter Terrorism Security Office (NaCTSO)**

We support counter terrorism aims in partnership through the secondment of our CT lead within national CT Policing. This has provided an opportunity to demonstrate the important role that the SIA plays in supporting the objectives of the CT agenda and the industry's contribution to these. The secondment of this SIA resource has also enabled greater co-operation and sharing across the CT space with an Information Sharing Agreement secured between the SIA and the National CT Intelligence Board.

## **National Business Crime Centre**

This year we reaped the benefits of the first secondment of an SIA staff member to the National Business Crime Centre (NBCC). The secondee, one of our Compliance and Inspections regional investigators, has been embedded in the NBCC for the whole year. He has worked very closely with the team to raise awareness of the role and contribution the private security industry makes to crime reduction and public safety. Initiatives have included 'Safer Business Action Days'. This initiative was the recipient of the Outstanding Security Partnership Award at the Outstanding Security Performance Awards in 2023.

We have also worked closely this year with National Business Crime Solutions (NBCS), a not-for-profit initiative aimed at tackling business crime to address the growing problem of violence against security operatives. We have highlighted the introduction of an important

provision under the Police, Crime, Sentencing and Courts Act 2022. Section 156 of the Act covers assaults against all public facing workers, including workers such as Security Guards and Door Supervisors licensed by the SIA, and requires the courts to consider the public facing nature of the victims role in their sentencing decisions.

We continue our work on deterring preventing and disrupting serious and organised crime links within and to the industry. In 2022/2023, we created a new Serious and Organised Crime (SOC) Intelligence role within the SIA, embedded in a Regional Organised Crime Unit. The purpose of this role is to help protect the private security industry from SOC, along with raising awareness of the SIA's role and capabilities within this area. The role seeks to build and maintain effective working relationships within the SOC business area and with key partners including Regional Organised Crime Units, Police, National Crime Agency, the Government Agency Intelligence Network, His Majesty's Revenue and Customs, Home Office Immigration Enforcement, Department of Work and Pensions and Gangmasters and Labour Abuse Authority.

Building the trust and confidence in the SIA as a valued partner in the SOC community is a key aim. Proactively identifying, disrupting and tackling SOC offending in the private security industry – including suspected fraud and immigration offences, money laundering and labour exploitation as well as links to drugs offences, violence, coercion and intimidation – and working with relevant

partners to achieve these goals all falls within the scope of this new position.

## Stakeholder engagement

Open dialogue and trust between the industry and the regulator is important in achieving effective regulatory outcomes.

This year we have made considerable progress with implementing our stakeholder strategy. Launched in 2021/2022, the strategy is designed to help us continually improve how we engage with our stakeholders across all aspects of our business. It is grounded in the SIA's corporate purpose of improving public protection.

The special interest groups (SIGs) created as part of the strategy are now up and running. They represent the interests of businesses, the Close Protection community and Frontline licence holders.

The SIGs act as our 'critical friends' on SIA ideas and proposals, ensuring that we capture the complexity of the industry. Each SIG is represented on our Stakeholder Forum, which is chaired by the Chair of the SIA.

The Stakeholder Forum also includes the leaders of key industry membership organisations representing the wide spectrum of the industry. The forum acts as a reference group for the SIA to highlight and discuss strategic and/or thematic issues that are relevant to the development or delivery of the SIA's strategic aims. A key development

this year is the agreement of four key areas of mutual interest in pursuance of public protection aims.

These are:

- Improved perception of the industry and public trust and confidence in it
- A private security industry supported by good terms and conditions by both employers and buyers who recognise and pay for good security working to professional standards
- Private security as a valued career with an emphasis on skills development, continuous professional development and specialist training
- A more inclusive private security industry

We have incorporated this into our Strategic Plan 2023/26 and will monitor industry and SIA progress on these areas through the Stakeholder Forum.

We have also sought to maximise opportunities to reach different and wide industry audiences and hear the views of individual licence holders through speaking at and attending industry events and conferences. We have also maintained conversations with our stakeholders through a range of virtual and online activities using LinkedIn, Facebook, and webinars.

## Delivering effective and engaging communications

Ensuring our licence holders have access to clear, direct, and easy to understand information is a key part of our communications activity. We have supported a range of events to promote best practice in public safety such as the free WAVE and ACT events.

Our prosecution related press releases have received widespread regional media coverage providing the public with assurance of our regulatory role to uncover and address non-compliance. The positive media coverage of the Operation Sentry events (counter terror training exercises) demonstrates the SIA's role in equipping licence holders to handle such emergencies.

To support the Strategic Plan 2023/26, we have developed a new External Communications Strategy. This sets out our vision for the development, delivery, monitoring and evaluation of a unified, proactive, high-quality programme of regular and responsive communications activities. These activities are aligned to and support the delivery of the SIA's core statutory functions.

## Recognising achievement within the private security industry

One way of increasing public confidence in security is recognising high standards of achievement, good practice and individual acts of heroism by security personnel. Those individual and collective achievements of security officers in the industry are recognised in industry led award schemes. In the past year, the SIA has supported and spoken at industry award events including ACS Pace Setters Security Officers of Distinction awards, the British Security Industry Association (BSIA) awards, the Women in Security Awards and the Outstanding Security Performance Awards (OSPAs).

We use our social media channels to showcase significant achievements of individuals in the regulated sector. Highlights this year have included the #Celebrating her Story campaign for International Women's Day and the #Behind the Badge campaign to mark International Security Officer's Day. These campaigns not only showcased the diversity of the industry, but also the passion, commitment and professionalism of the overwhelming majority of SIA licence holders.

# **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 SIA is dependent on provision of this data from their landlords, the Government Property Agency (GPA). Consumption has increased post COVID due to the increased attendance in the building. The SIA workforce consists of office based and remote workers and currently occupies part of one floor of a shared Government hub building.

## 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.

## 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. We invite tenders for goods and services through 'Buying Solutions'.

## 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

Other targets or sub-targets identified by the Greening Government Commitment are not deemed to be relevant to the SIA.

The SIA does not currently own, hire or lease car fleets.

Performance in relation to greenhouse gas emissions, waste management and finite resource consumption is set out in the following tables.

**Table 2: Greenhouse Gas Emissions**

	2022/23		2021/22	
	Consumption kWh	Cost £	Consumption kWh	Cost £
<b>Direct Emissions</b>	–	–	–	–
<b>Indirect Emissions</b>				
Electricity: Non-renewable*	0	Not Available	360,679	Not Available
Electricity: Renewable*	378,370	Not Available	Not Available	Not Available
Gas*	8,418	Not Available	8,238	Not Available

\* The building occupied by the SIA has moved from a non-renewable tariff to 100% renewable green tariff.

**Table 3: Official Business Travel**

	2022/23		2021/22	
	Consumption CO2	Cost £	Consumption CO2	Cost £
Private Fleet Business Travel	Not Available*	157,890	44	89,007
Rail Business Travel	Not Available	49,504	Not Available	47,737
Other Business Travel	Not Available	40,377	Not Available	20,793
Total Business Travel	Not Available**	247,771	44	157,537

\* *Third party supplier unable to provide CO2 data.*

\*\* *No information to report on air travel.*

**Table 4: Waste Minimisation and Management**

	2022/23		2021/22	
	Consumption Kgs	Cost £	Consumption Kgs	Cost £
Hazardous Waste	–	–	–	–
Non-hazardous Waste:				
Landfill	0	Not Available	1,300	Not Available
Recycled/Reused*	4,100	Not Available	4,900	Not Available
Incinerated	1,900	Not Available	–	–
ICT waste recycled, reused and recovered (externally)	Not available	Not available	Not available	Not available
Waste incinerated with energy recovery	Not available	Not available	Not available	Not available
Waste incinerated without energy recovery	Not available	Not available	Not available	Not available
Waste composted/ food waste	Not available	Not available	Not available	Not available
Total Waste	6,000	Not available	6,200	Not available

\* Where information is stated as 'not available' our landlord was unable to provide this information.

## Table 5: Finite Resource Consumption

	2022/23		2021/22	
	Consumption M3	Cost £	Consumption M3	Cost £
Water Supply*	716.6	Not Available	396.7	Not Available

*\* Based upon calculations supplied by the landlord in relation to the proportion of SIA usage against that of the whole building. Average water usage per person remains proportionate to the number of people in the building. The Facilities team at the SIA has outlined measures to employees on methods to reduce our use of water and has made suggestions to our landlord on how to cut water usage across the whole building.*

*Our landlord has been unable to fully supply information 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 continues to be well supported in our office premises during 2022/23 with 66% of total wastage recycled in the year.

We have managed to reduce our printing paper usage from 597,500 sheets of paper in 2017 (in just the office alone) to 140,000 sheets of paper (across the organisation) in 2022. This decrease in printing paper usage means we currently exceed the 50% reduction requested by the Greening Government Commitments.

## Charity assistance

In 2022, the SIA's Charity Group supported Haven House Children's Hospice, an organisation that helps children with life-limiting or life-threatening conditions and their families, as the SIA Charity of the Year. We raised £1075 for the charity through our activities. During the year, we also supported the Poppy Appeal by the Royal British Legion and the Action for Children Christmas Appeal for vulnerable children.

## Procurement

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 regulated sector.

## Equality and diversity

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 disabled persons. We continue the employment of, and arrange appropriate training for, employees of the SIA who have become disabled persons during the period. We promote the training, career development and promotion of disabled persons employed by the SIA.

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.



# Financial review

# Overview

The SIA operates on a three-year licensing cycle. As financial year 2022/23 is the low volume year in the SIA's three-year licensing cycle, a deficit was expected. Our forecast deficit was £4.9m. The operating deficit for the year was £2.7m, which is £2.2m less than the forecast deficit, and £5.7m below the prior year (when we reported a surplus of £3m). 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 HM Treasury, was funded from accumulated reserves from previous cycles. When adjusted for the licence rebate scheme, the outcome for 2022/23 was a surplus of £0.3m.

The rebate scheme started in 2020 and 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). It is due to end at 31st March 2026. 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 third year of this period, the accumulated reserve balance remains on course to be fully diminished by 2026. More than 450,000 applications have been received across this period. This has reduced the historic accumulated reserve balance to £8.8m.

The impact of COVID-19 and the volatile nature of licensing volumes, which led to higher than anticipated licensing revenue, resulted in higher surpluses generated in years 1 and 2 of the three-year cycle (i.e., financial years 2020/21 and 2021/22). The annual licensing fee is reviewed annually and the lead time required to change a fee can take up to 12 months.

We have reached the end of the three-year cycle, £4.9m will be transferred to the Home Office consolidated fund.

## Income

In setting the 2022/23 budget, for a deficit year where lower application volumes were expected, a prudent forecast was agreed for licensing income. This was based on the prediction that changes to training requirements for new applicants and those renewing, could significantly disrupt demand levels and reduce renewal and new application levels.

The expected drop off in licensing demand did not materialise. Licence demand remained broadly in line with initial predictions in the first half of the year. There were signs of some increases in Quarter 3 and application volumes then spiked significantly between January and March 2023. Our applicant survey responses suggest the higher demand for licences was driven by the uncertain economic conditions which appear to be driving people to seek supplementary jobs and income in private security.

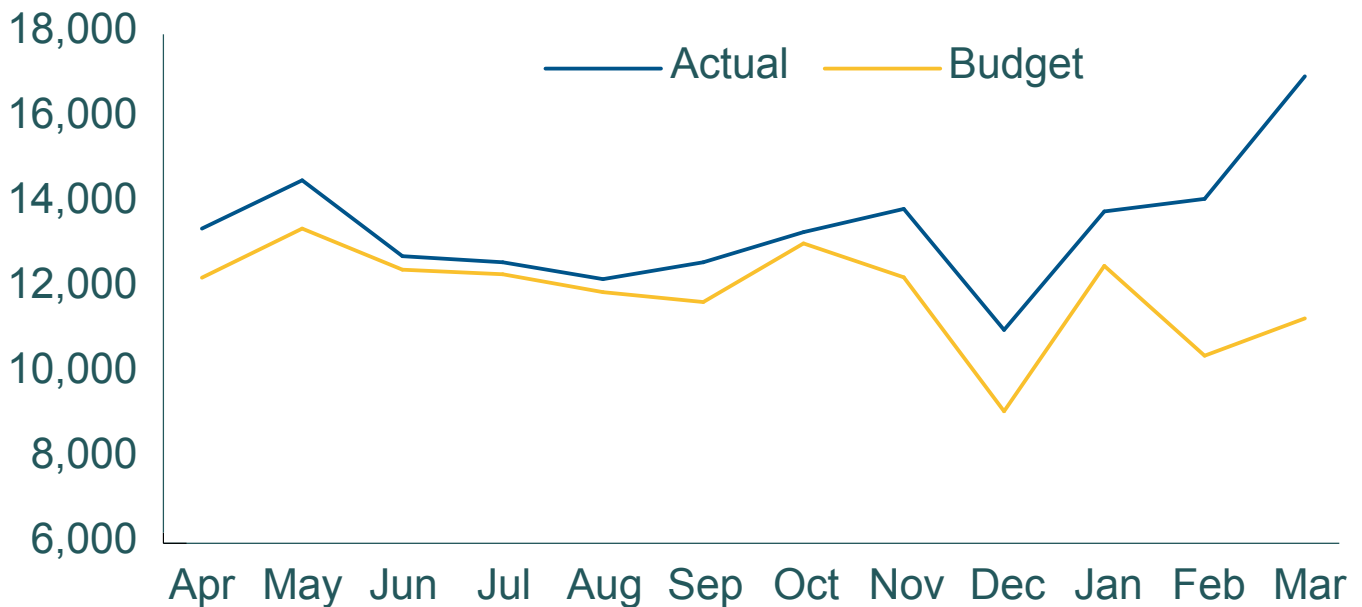


Figure 1: Licence application volumes received by month

## Expenditure

Expenditure for the financial year was £33.2m which was 4% higher than budgeted (£31.8m). The variance occurred in the following categories:

- **IT costs** (£0.9m): The majority of spending (£600k) related to essential strategic network redesign. This related to the unforeseeable failure of a key supplier, which would have resulted in critical failure of our systems if we had not taken action to address it. An increase in staffing numbers also resulted in an uplift in software and licence requirements resulting in additional spending. Improvements in existing software functionality were also progressed during the year
- **Licensing costs** (£0.8m): Our variable licensing costs increased (£800k) proportionately with the increase in licensing applications received in the year

- **Staffing costs** (£0.4m): We experienced some difficulty in recruiting to specialist technical roles, in particular to resource time critical IT work. Use of contingent labour to temporarily cover these roles for a period whilst the posts were vacant resulted in additional spend compared to the budget

**Table 6: Summary of financial results:  
2020/21 to 2022/23**

	2022/23	2021/22	2020/21
Application numbers*	157,815	158,478	163,173
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Licence fees	28,242	28,450	29,359
ACS	2,093	2,019	2,046
Other	142	127	39
<b>Total self-generated income</b>	<b>30,477</b>	<b>30,596</b>	<b>31,444</b>
Staff costs	17,962	15,343	14,856
Licensing costs	7,407	7,308	7,258
Amortisation and depreciation	2,176	836	866
Other expenditure	5,575	3,910	4,111
<b>Total operating expenditure</b>	<b>33,184</b>	<b>27,397</b>	<b>27,091</b>
<b>Operating surplus/ (deficit)</b>	<b>(2,708)</b>	<b>3,198</b>	<b>4,353</b>

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

The increase in some of these and other costs were also offset by savings and efficiencies achieved in the year through the negotiation of existing contract terms and carrying out work in-house rather than externally, which otherwise would have meant these costs would have been higher. A summary of the last three years' results is shown in the table above.

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 2022 fee review were taken forward with the Home Office. They took effect in April 2023 when the individual licensing fee payable was reduced from £190 to £184 from 6 April 2023 onwards.

## 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 individual licences (excluding vehicle immobilisation) have a three-year lifespan, with the licence application fee paid in full in the first year. Our Income therefore follows a three-year cycle. In making a decision about individual 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

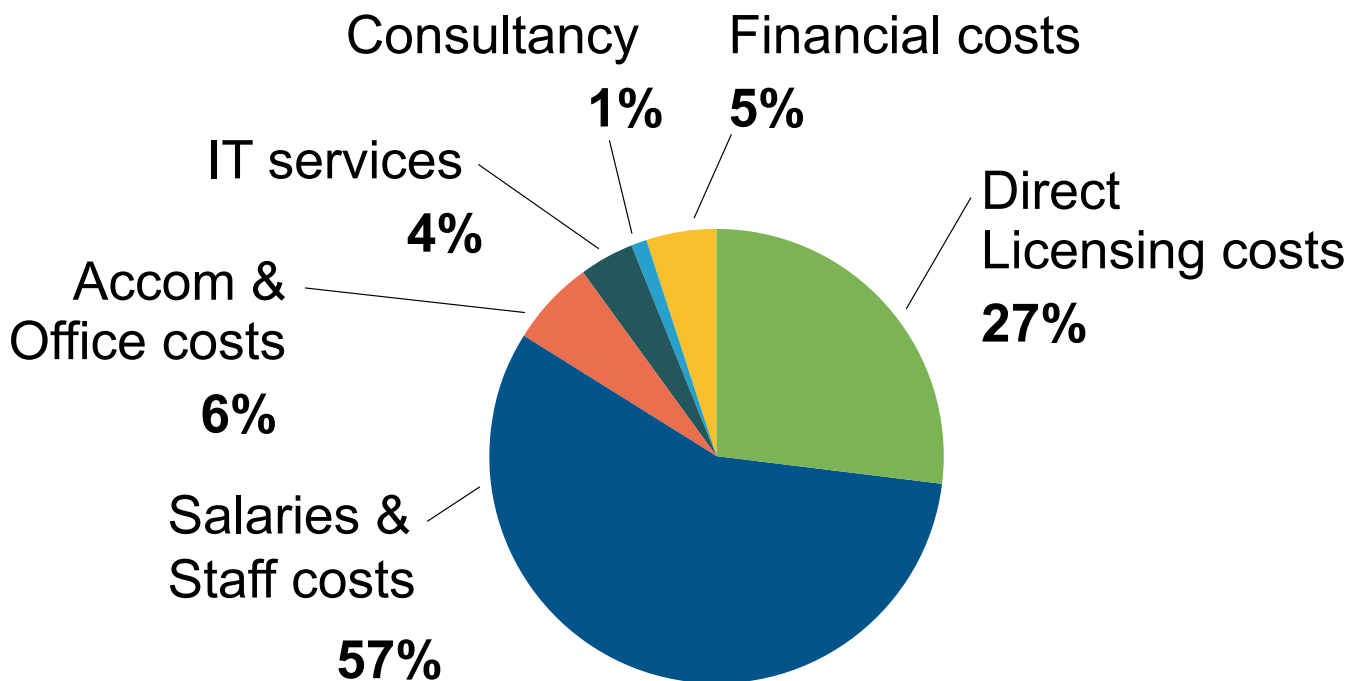
## How the licence fee was spent

From April 2023, we reduced the fee payable from £190 to £184 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 £418 at March 2023.

## 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. This is monitored on an ongoing basis and the ten day target was met.

Figure 2: Breakdown of the way the licence fee was spent in 2022/23





# Accountability report

# Director's report

## Composition of the management Board

**Table 7: Directors during the year 1 April 2022 to 31 March 2023**

<b>Michelle Russell</b>	Chief Executive and Accounting Officer
<b>Stephen McCormick</b>	Director of Licensing and Standards
<b>Dianne Tranmer*</b>	Director of Transformation
<b>Paul Fullwood</b>	Director of Inspections and Enforcement
<b>Dr Natalie Benton**</b>	Director of Corporate Services
<b>Ronald Meguaghin</b> (to May 2022)	Acting Director of Inspections and Enforcement

*\* Dianne Tranmer was Director of Corporate Services from 1 April to 26 June 2022. She took up the role of Director of Transformation with effect from 27 June 2022; this is a fixed-term post running until 27 June 2024 to manage the Transformation Programme covering ICT and estates.*

*\*\*Dr Natalie Benton was appointed as Director of Corporate Services with effect from 27 June 2022; this is a fixed term contract.*

## Table 8: Non-executive directors during the year 1 April 2022 to 31 March 2023

<b>Heather Baily QPM</b>	Chair
<b>Alec Wood QPM</b>	Deputy Chair Member of the People Committee and the Audit & Risk Assurance Committee
<b>Zoe Billingham CBE</b>	Chair, People Committee
<b>Katherine Bright</b> (until 2 February 2023)	Member of the People Committee and the Audit & Risk Assurance Committee
<b>Caroline Corby</b> (from 19 September 2022)	Member of the People Committee and the Audit & Risk Assurance Committee
<b>Simon James</b> (from 25 July 2022)	Member of the Audit & Risk Assurance Committee
<b>Trevor Reaney CBE</b>	Chair, Audit & Risk Assurance Committee and member of the People Committee

## Pension liabilities

Details of the pension schemes of which our staff are members can be found on page 132.

## Register of interests

A register of other paid employments, Board appointments and significant interests held by Board members is maintained and refreshed throughout the year. The register ensures that any perceived or real conflicts of interest are identified. In addition, Board

members are asked to declare any conflict of interest at each meeting. The register of interest is published on the SIA gov.uk webpages at: [gov.uk/government/organisations/security-industry-authority/about/our-governance](https://www.gov.uk/government/organisations/security-industry-authority/about/our-governance).

## 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.

A handwritten signature in black ink, appearing to read 'MR', with a stylized flourish at the end.

**Michelle Russell**

Chief Executive and Accounting Officer

Security Industry Authority

14 July 2023

# 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 Chief Executive and Accounting Officer was published in the annual report for 2021/2022.

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 and then more recently in May 2023. Processes are in place for risks to be



escalated within the organisation, and to the Home Office where necessary and they are discussed at the quarterly Home Office sponsorship meetings 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 have not been advised by my directors, and 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.

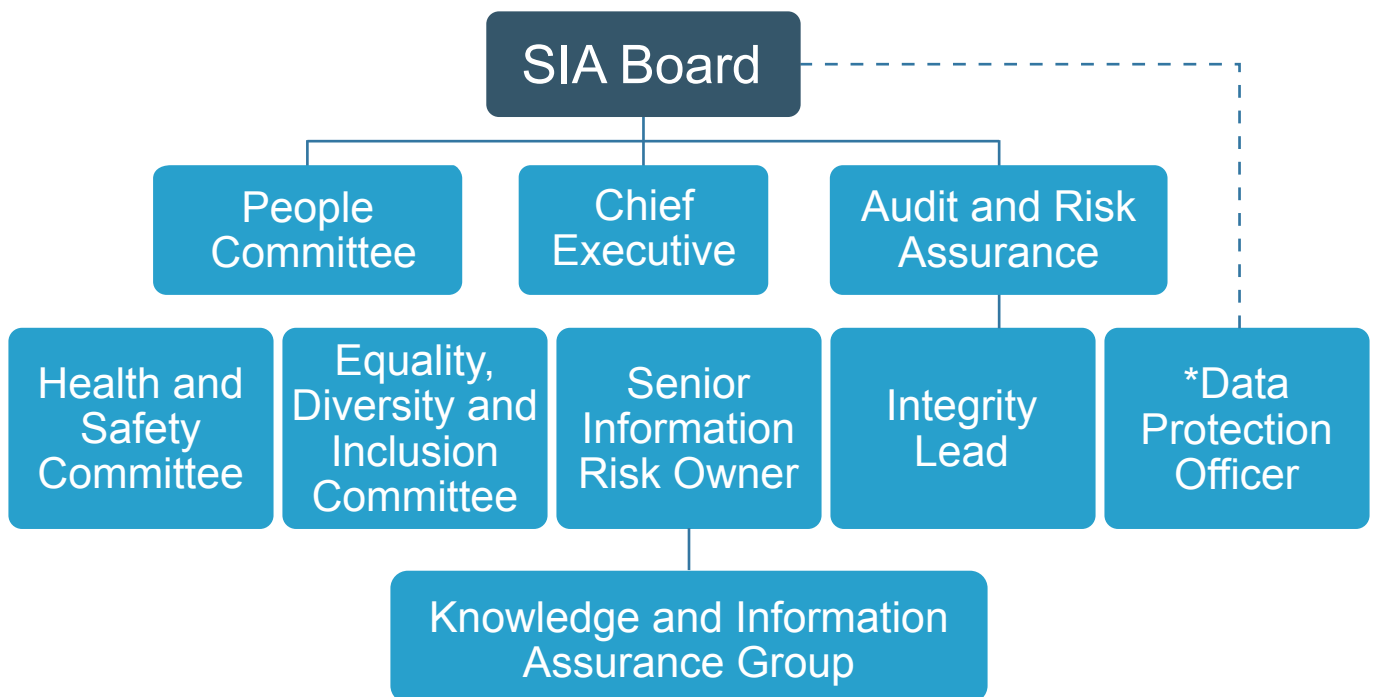
## The SIA – The Authority

The Security Industry Authority is a body corporate established under the Private Security Industry Act 2001 (“the Act”), also known as “the Authority”. It operates across the United Kingdom and its functions and powers are set out in the Act.

The SIA must have a Chair and no fewer than five other members as the Secretary of State for the Home Office (the “Secretary of State”) determines. Members of the SIA are known as non-executive directors and are office holders rather than employees. The SIA must have a Chief Executive and appoint staff to carry out the day-to-day work of the SIA. All staff, including the Chief Executive, are public servants.

The SIA, as a public body, its non-executive directors and staff are bound by the principles of better regulation, namely that its work will be transparent, accountable, consistent, proportionate and targeted, as well as other public sector duties, including under equalities legislation and in respect of promoting economic growth.

Figure 3: High level Governance arrangements



*\* Because of the nature of the DPO role, this role has regular contact with the Chair*

## The Board

The non-executive directors come together with the Chief Executive, and the executive directors of the SIA, to form the Board. The Board's role is to establish and take forward the strategic aims and objectives of the SIA, ensuring that any statutory or administrative requirements for the use of public funds are complied with; that it operates within the limits of its statutory authority and any delegated financial authority from the Framework Agreement with the Home Office.

The Board has established two committees, the People Committee and the Audit Risk and Assurance Committee. Both act in an advisory capacity on behalf of the Board to the executive and/or are tasked with making recommendations to the Board on matters requiring Board approval.

## Board effectiveness

An independent assessment of Board effectiveness was conducted between November 2022 and January 2023, with the findings and recommendations presented to the Board in March 2023. The review followed the principles and content set out by the Cabinet Office in its guidance to arms' length bodies published in April 2022. The independent reviewer conducted interviews with all Board members and Home Office policy and sponsorship staff, attended a Board meeting and reviewed Board papers.

The review covered objectives, strategy and remit, performance measurement, relationship with key stakeholders, project management, risk management, sub-committees, internal audit and corporate reporting, staff engagement, conduct of Board meetings, and the skills, experience, and diversity of the Board.

## Summary of outcome of the effectiveness review

The review concluded that the Board is high performing with unanimous support for the Chair and Chief Executive. Governance was assessed as being strong, having improved significantly over 12-18 months. The review provided several recommendations for improving the Board's effectiveness related to Board diversity, decision making, Board papers and meetings, succession planning and staff engagement. The recommendations have been put into an action plan and were approved by the Board at its May 2023 meeting.

## People Committee

The People Committee (formerly known as the Remuneration Committee) reports to the Board and comprises a minimum of three non-executive directors.

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 advice and appropriate scrutiny and strategic direction on strategic employment and remuneration matters

At each meeting the committee considers risks related to the human resources function and on people issues, and the Health and Safety Committee report. The committee also scrutinised amendments to key HR policies and received reports on gender and ethnicity pay for 2022, steps to support staff in the cost-of-living crisis, team restructures and other reports from the executive-led Equality, Diversity and Inclusion Committee.

## Audit and Risk Assurance Committee (ARAC)

The Audit and Risk Assurance Committee (ARAC) reports to the Board and comprises at least three non-executive directors.

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.

Matters relating to integrity (including fraud, bribery and corruption) are overseen by the Executive Director Integrity Lead (the Director of Inspections and Enforcement) who makes a report to this committee at each meeting.

Matters relating to information management (including security of our data and information assets) are overseen by the Data Protection Officer and the Head of Risk and Information Assurance with reports provided to this committee.

Management assurances for both committees include:

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

## Table 9: Non-executive director (NED) attendance in Financial Year 2022/23

Name of Board member	SIA Board	Audit and Risk Assurance Committee	People Committee
<b>Heather Baily</b>	5/5	1/4	2/4
<b>Zoe Billingham</b>	5/5	N/A	4/4
<b>Kate Bright</b> (until 2 February 2023)	4/5	3/4	2/4
<b>Caroline Corby</b> (from 19 September 2022)	3/3	1/2 (she was eligible to attend)	2/2 (she was eligible to attend)
<b>Simon James</b> (from 25 July 2022)	4/4	2/2 (he was eligible to attend)	N/A
<b>Trevor Reaney</b>	5/5	4/4	4/4
<b>Alec Wood</b>	4/5	3/4	3/4

## Main elements of internal controls

The Accounting Officer has responsibility for maintaining a sound system of internal control that supports the achievement of the SIA's aim, priorities, and objectives, whilst safeguarding public funds and departmental assets for which we are personally responsible, in accordance with the responsibilities assigned to us in Managing Public Money. Reliance is placed on the output and work of the Audit and Risk Assurance Committee (ARAC). Further assurance is received from the findings of internal audits provided by the Government Internal Audit Agency (GIAA) and their annual opinion report.

## Management of risk

The system of internal control and risk management is designed to manage, rather than eliminate, the risk of failure to achieve policies, aims and objectives; it can therefore only provide high and not absolute assurance of effectiveness.

We have reviewed the SIA risk management framework to ensure compliance with the main principles for risk management in government, as described in 'The Orange Book – Management of Risk – Principles and Concepts' 2020. This resulted in the re-presentation of the framework for our risks into strategic themed risks, standing risks (integrity, Health and Safety and SIRO/information risks), cross cutting and directorate risks as reflected in figure 4.

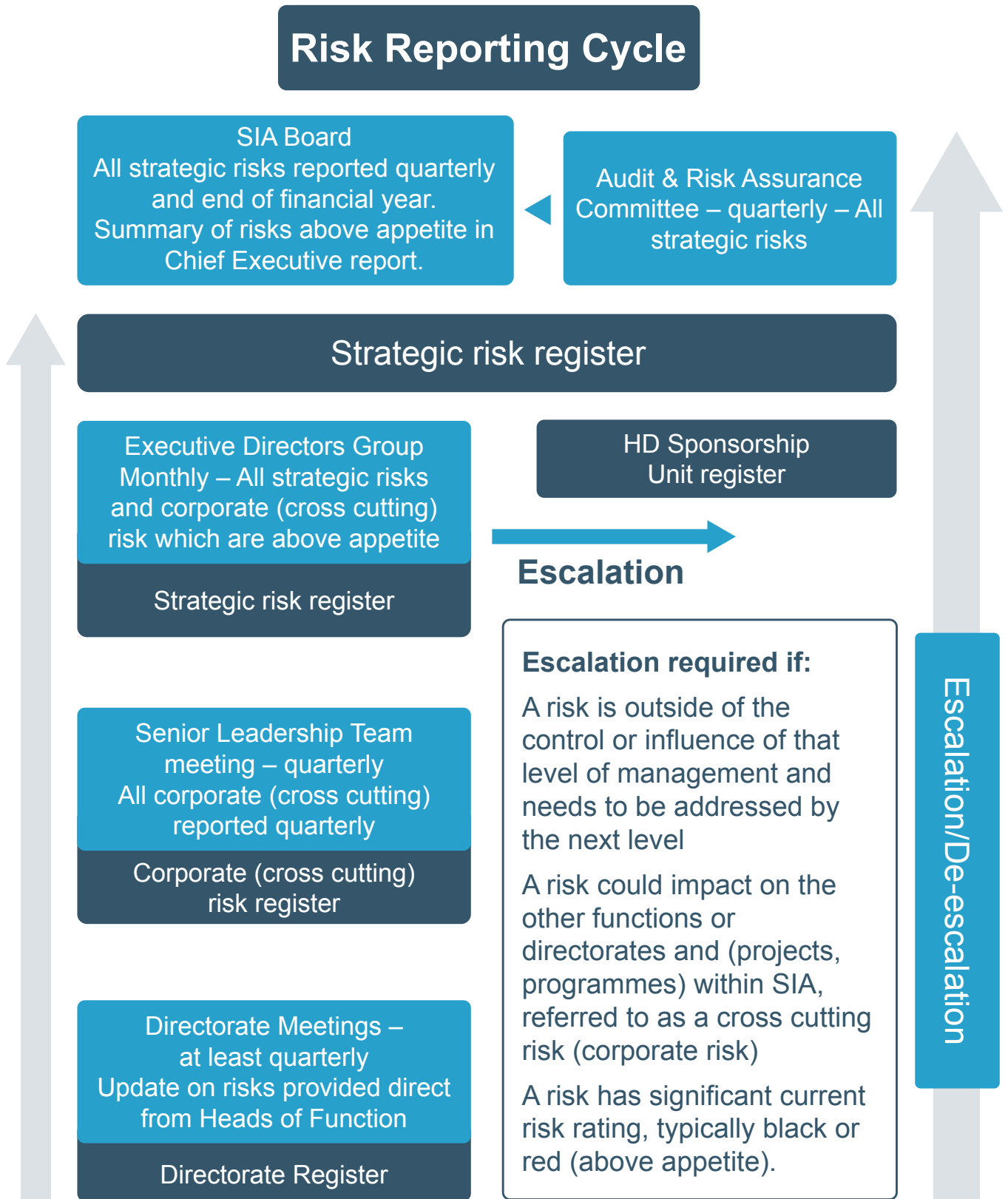
Our risk appetite statement sets out how we balance risk and opportunity in pursuit of achieving our objectives. It forms a key element of our governance and reporting framework and is set by the Board, which also reviews the statement annually.

We have developed an approach to defining our risk appetite as a way of expressing the SIA attitude to different types of risk and the nature of the risks we are prepared to take. Our appetite for risk can vary dependent on the nature of the risk and the prevailing operating conditions or circumstances.

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



Figure 4: Risk reporting and escalation cycle



Risk review, monitoring, and assurance of the management of risk are as follows:

- The Risk and Information Assurance function facilitates and support the management of risk
- Risks are identified at directorate level with responsibility usually held by the individual Head of Function
- Regular (at least quarterly) risk reviews are carried out at directorate level with responsibility held by the Executive Director
- Regular (at least quarterly) risk discussion takes place at a meeting of the Senior Leadership Team. The Executive Team regularly (at least quarterly) reviews the strategic level risk register and the actions being taken to manage risks

# The Audit & Risk Assurance Committee meets four times annually to seek assurances. Risk appetite description

Figure 5: Risk appetite has been defined by the following levels

Open	SIA is willing to consider all potential options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward
Cautious	Preference for safer delivery options that have a low degree of inherent risk
Minimalist	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have potential for limited reward
Averse	Avoidance of risk and uncertainty is a key organisational objective

## Risk appetite monitoring and reporting

SIA will continue to keep under review its risk appetite, fully recognising that this may be subject to change due to various factors both internal and external that could shape the nature and extent of the risks we are prepared to take.

The Board last reviewed risk appetites in September 2021, a further review took place in May 2023.

## Risk management

As of 31 March 2023, there were 9 strategic risks. Risks are scored using a risk matrix which maps risk impact against likelihood of the risk materialising, each risk is assigned a risk appetite in line with our risk appetite statement.

# Principal risks and key mitigations

**Table 10: This table describes the current risks and mitigations**

Risk title	Mitigations	Appetite
Safeguarding – Failure to regulate enforcement and compliance regime effectively	Strategic Threat assessment drives our mitigating activity. Compliance frameworks are in place.	Cautious
Safeguarding – Failure to operate the licensing regime effectively	Licensed Linked Qualifications reviewed and top up to ensure entry level for licensed operatives is fit for purpose. Industry led Skills Board established looking at post entry level training. Get Licensed sets the criteria.	Cautious
Change – Failure to manage change and deliver on our plans effectively	Programme and project governance framework implemented. Further resource planning work underway.	Open
Cyber – Failure to protect SIA systems from cyber-attack.	Renewed information security governance in place. Good results received from assurance checks undertaken by third party in October 2022 – we continue to implement improvement recommendations.	Cautious
Technology – Failure to effectively manage continued provision of our technology systems	Commercial re-procurement plan implemented and various stages in flight.	Cautious

Risk title	Mitigations	Appetite
Financial Health – Failure to ensure effective financial management sufficient income to deliver objectives and spend is effectively managed to approved budget	Three-year efficiency strategy being developed to smooth transition of end of licence fee rebate.	Averse
Third party – Failure to plan for supply chain shortfalls, due diligence, or outright failure	Ensure continued compliance with Government Functional Standard 008 – contract management.	Cautious
People – Failure to attract, retain and develop talent to ensure we have capability and capacity to deliver	Implementation of our new People Strategy.	Cautious
Statutory obligations – Failure to proactively ensure that we comply with Statutory obligations	Implementation of audit recommendations.	Cautious

In addition, there are three standing risks, all with controls and mitigations; these are for health and safety, integrity and Senior Information Risk Owner and information risks.

## Assurance framework

In 2022, we carried out a full assessment against the government's 11 relevant Functional Standards. We met most mandatory 'shall' elements and 'advisory' should elements in our assessment, which is a positive result. Clear action plans and completion deadlines are in place for any pending 'shall' criteria.

During 2022/23 we completed 15 additional "shall" actions. Use of functional standards is now embedded widely across the SIA and compliance against these standards is part of our new Management Assurance Framework.

The SIA operates a thematic Management Assurance Framework aligned to the Functional Standards requirements which outlines requirements for 2nd lines of assurance and compliance checking activity. This framework provides the assurance information relied on by the Accounting Officer.

## Professional standards

In 2022/23, SIA established a central professional standards team which reports into the deputy Integrity lead, the Head of Criminal Investigations. The purpose of the professional standards team is to promote and encourage cultural awareness of integrity related risks and professional standards, acting as a source of best practice, specialist knowledge, advice and guidance.

Through the team's work, the effectiveness of SIA processes to detect and prevent fraud, bribery and corruption is enhanced.

## Declarations of interest

The SIA has a policy and procedure for the declaration and management of interests in place for all staff.

Employees of the SIA are subject to the SIA's code of conduct based on the Model Code for staff of Executive NDPBs. Under the current code, 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 labour. The Code will be reviewed and refreshed in 2023/24.

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. 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 assessments, 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 gov.uk webpages at: [gov.uk/government/organisations/security-industry-authority/about/our-governance](https://www.gov.uk/government/organisations/security-industry-authority/about/our-governance).

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 leads.

## Disaster and contingency planning

The SIA keeps its Business Continuity Plans under regular review. In September 2022, SIA ran a series of business continuity events, facilitated by an external and independent organisation. The events were widely attended by staff at all levels and covered four scenarios:

a media event, a ransomware attack, a terrorist event and a power outage. The external facilitators provided feedback to inform improvements to our systems and next training event. An internal audit review was conducted into SIA business continuity plans and process during quarter 4; the report will be considered at the July 2023 meeting of the Audit and Risk Assurance Committee.

## Fraud and whistleblowing

We have internal controls in place to mitigate risk from fraud, bribery, corruption, and wrongdoing. An executive director-level Integrity Lead, 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 2022/23.

There were two whistleblowing complaints received during the year. Following a detailed review, the first complaint was assessed not to constitute whistleblowing and subsequently progressed in accordance with an alternative policy. The other whistleblowing complaint was assessed to be a protected disclosure; an investigation has been commenced and is ongoing.

## 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 in the budget, 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. The fee review carried out in 2021/22 took effect from April 2023, with the fee payable reduced to £184.

## Programme and project management

Key corporate IT projects delivered in 2022/23 were as follows:

- Strategic Networks
- Strategic Integration
- Common Data Platform minimum viable product
- Customer Relationship Management Upgrade

As part of our continuous improvement on project risk assurance we created a new Project Implementation Framework. This reflects a phased and gated process based on core Prince2 methodology that has supported the SIA in adding much needed rigour to project implementation. The framework is designed to provide succinct guidance for project managers and project officers. The process will be adapted to reflect Agile project implementation if required.

Having a more defined approach supported us to drive up standards with projects implemented in a repeatable phased process.

This ensures a common approach is used and assists in raising standards in the quality of project documentation and reporting. This process is assisted by recording opportunities for improvement as part of every project assurance review.

In addition, updates on IT and key change projects overseen by the Chief Information Officer function are a 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 requirements were reviewed as part of the business planning cycle as part of budget preparation for 2023/24. This included scrutiny

and approval by the business planning team, Finance, HR, executive directors and the Chief Executive. This resulted in some efficiencies, enabling diversion of some resource to new or other priority areas.

The SIA submitted a Recruitment Envelope bid for Contract and Contingent Labour (CCL) and non-front-line recruitment for the financial year 2022/23. The bid was subsequently approved by the Minister. The SIA operated within the recruitment envelope for the year ending 2022/23.

There is a standing 'people matters' item on the agenda at monthly executive director meetings. This year, there were improvements to the presentation and reporting of management information on our workforce, including on recruitment, sickness and wellbeing, turnover and employee relations.

There is some further work underway on improvements to financial and HR controls particularly given financial margins are tighter in the year ahead. A new collection of workforce protected characteristic data also helped inform our approach to EDI matters.

Significant workforce issues are also reported to and scrutinised quarterly at Board level through the People Committee. This year we developed a new People Strategy to support delivery of the Strategic Plan 2023/26.

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 has been further updated and improved this year.

We provide a full programme of mental health awareness and engagement support for our employees, including training of mental health first aiders.

## Equality, diversity, and inclusion

In early 2023, acting on feedback from staff in a project undertaken in 2022, a new EDI vision was set, and the Chief Executive established a new Equality Diversity and Inclusion Committee, which includes representation from Executive Directors, the senior leadership team and staff networks. The purpose of the new Committee is to support the executive in the development of the equality, diversity and inclusion strategy, ensuring there is a robust plan for its implementation and monitoring implementation by those with accountability for doing so. It also champions and promotes the SIA's inclusive culture and vision across the business. All executive directors and members of the senior leadership team have taken specific champion roles including supporting our strong set of staff led networks, which include:

- Mental Health and Wellbeing
- R.A.C.E (Raising Awareness of Culture and Ethnicity)

- Gender
- Pride – our LGBTQI+ network
- Parents and Carers
- Disability

## Information assurance

Over the past year the SIA has made a positive progress on improving the information assurance culture within the organisation (including mitigating cyber threat).

We have created a new Information Assurance Governance Framework in line with the Orange Book, sponsored by the Senior Information Risk Owner (SIRO).

## Incidents reported to the Information Commissioner's Office

The SIA reported no incidents to the Information Commissioners' Office (ICO) between April 2022 and March 2023.

The SIA was made aware of three referrals to the Information Commissioner's Office (ICO) as a result of alleged data protection breaches. One referral was made by a member of public and was rejected by the ICO for not being GDPR related. The second referral was made by an employee but later withdrawn by them, and the third referral was made in relation to our

withholding of information to a Freedom of Information request. A Decision Notice from the ICO was received on this matter. Their findings were that, on the balance of probabilities, the SIA did not hold the information in question or did not need to provide it. They therefore supported our decision and did not require us to take any remedial action.

All staff completed annual mandatory Data Protection training in April 2022 and Information Security Training in March 2023.

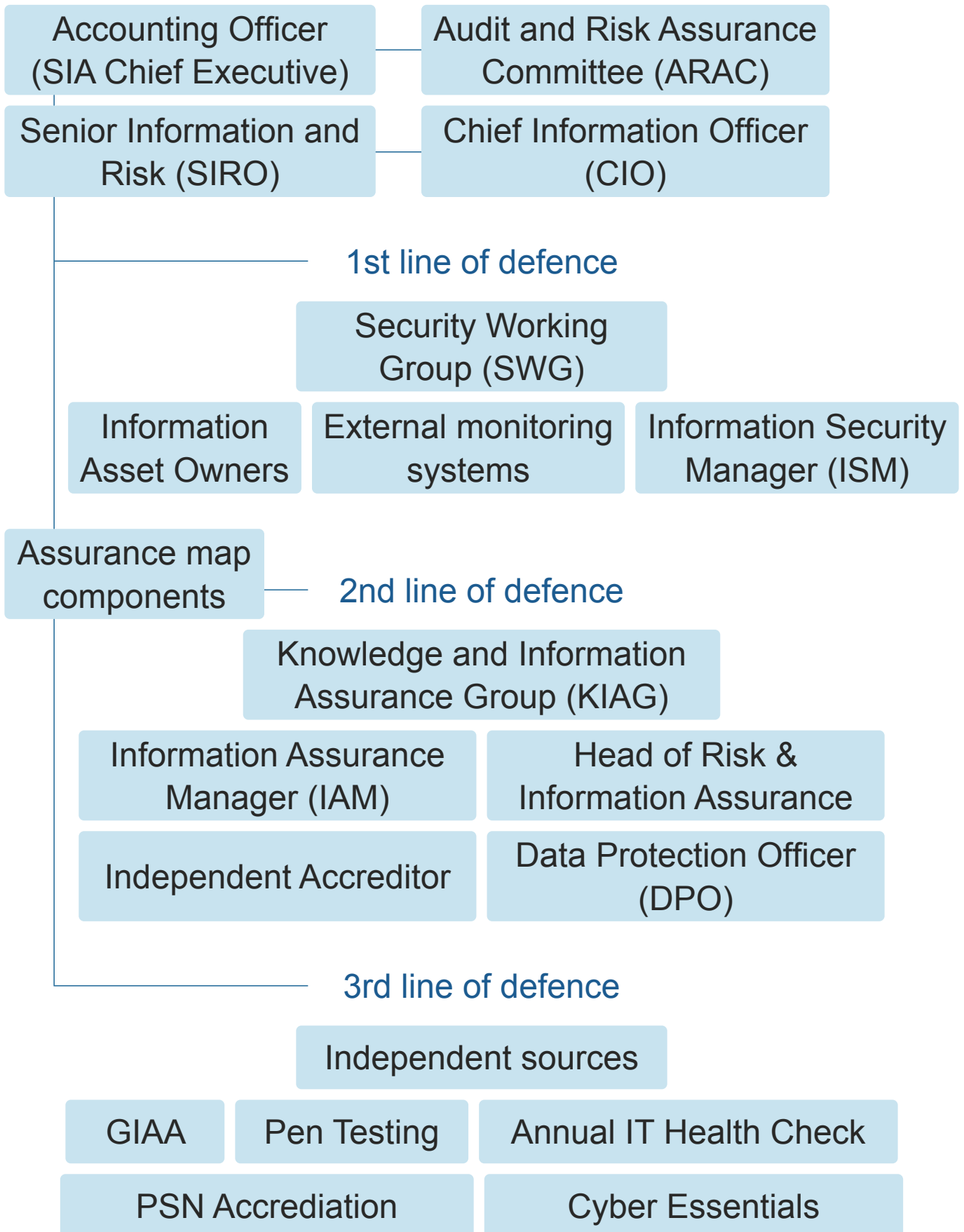
## Information management

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 data protection regulations.

The DPO provides a monthly update to the Senior Information Risk Owner (SIRO) within the Knowledge and Information Assurance Group and is responsible for reporting any serious information incidents to the Information Commissioner's Office as well as to the SIA's SIRO, Chair and Chief Executive, where necessary. The DPO provides an annual report to the Audit Risk and Assurance Committee.



Figure 6: Information Assurance Governance Framework



## Internal audit

The GIAA provides an independent audit service to the SIA. The 2022/23 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 ARAC.

Four internal audit reviews were planned in 2022/2023: SIA Approved Contractor Scheme Assurance Framework, SIA Key Supplier Resilience, SIA Public Sector Equality Duty and Business Continuity. All audits received a moderate rating. We will continue to work closely with GIAA and track internally progress, and report on that progress at each Audit and Risk Assurance Committee.

The senior audit lead's annual report to ARAC in 2022/23 provided a moderate opinion in respect of the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. 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.

## 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 2022/23.



**Michelle Russell**

Chief Executive and Accounting Officer

Security Industry Authority

14 July 2023

# Remuneration and staff report

## Executive

Although senior executives within non-departmental public bodies (including the Chief Executive) are not members of the Senior Civil Service and not in scope of the Senior Salaries Review Board's Remit, the SIA follows public sector pay policy and benchmarking in setting pay for senior executives and in any annual pay increase. This is also considered should non-consolidated performance related bonuses be awarded to directors.

The Chief Executive makes recommendations for the executive directors' salaries and annual pay award. These are considered by the People Committee who provide advice as per their terms of reference.

The Chair makes recommendations for the Chief Executive's salary and annual pay award, which is reviewed by People Committee as per their terms of reference.

## Remuneration

In July 2022, the terms of reference for the Remuneration Committee were revised and the Committee was renamed the People Committee.

The role of the People Committee in remuneration is to support the Board and the Chief Executive in discharging their responsibilities. It has a specific responsibility for considering staff annual pay and reward proposals.

As part of their terms of reference, the Committee also reviews the ongoing appropriateness and relevance of the organisation's remuneration policy and other employment-related incentives, and the related trends in strategies and policies in comparable sectors.

They also review and approve staff redundancy pay.

The committee will meet at least two and up to four times a year. In 2022/23, the Committee comprised four non-executive board members: Zoe Billingham (Chair), Alec Wood, Trevor Reaney, Kate Bright (until 2 February 2023) and Caroline Corby (from 19 September 2022).

The executive is represented by the Chief Executive and Executive Director of Corporate Services.

The Committee met 4 times in 2022/23.

## 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 2022/23 was £140k – £145k (2021/22: £140k – £145k). This was 4.2 times (2021/22, 4.1 times) the median remuneration of the workforce, which was £34,000 (2021/22, £34,404). No employees were paid more than the highest paid director.

**Table 11: Remuneration of the highest paid director and the median remuneration of the workforce**

<b>Total pay and benefits</b>		<b>2022/23</b>		<b>2021/22</b>	
Workforce Remuneration	Multiple	£	Multiple	£	£
Median	4.2	34,000	4.1	34,404	
Upper Quartile	3.3	43,491	3.3	42,954	
Lower Quartile	5.1	28,000	5.3	26,787	

<b>Salary component of pay and benefits</b>		<b>2022/23</b>		<b>2021/22</b>	
Workforce Remuneration	Multiple	£	Multiple	£	£
Median	4.2	33,900	4.2	33,225	
Upper Quartile	3.4	41,693	3.4	41,343	
Lower Quartile	5.2	27,322	5.4	25,703	

Remuneration of the highest paid director increased by 2% when compared to the prior year whilst average remuneration for employees taken as a whole increased by 1.2%.

Remuneration ranged from £20k-£25k to £140k-£145k (2021/22, £20k-£25k to £140k-£145k).

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

**Table 12: Remuneration of Executive Directors**

	Salary (£'000)		Performance payment (£,000)		Pension benefits (to nearest £1,000)		Total (£'000)	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
<b>Michelle Russell</b> Chief Executive and Accounting Officer	140-145	130-135 (FYE 140-145)	–	–	40,000	132,000*	180-185	260-265*
<b>Stephen McCormick</b> Director of Licensing and Standards	100-105	100-105	0-5	0-5	–33,000**	14,000	65-70	115-120
<b>Dianne Tranmer</b> Director of Transformation (from Jun 22)	100-105	100-105	0-5	0-5	11,000	29,000	110-115	130-135
<b>Dr Natalie Benton</b> Director of Corporate Services (from Jun 22)	75-80 (FYE 100-105)	–	0-5	–	31,000	–	105-110	–
<b>Ronald Meguaghin</b> Acting Director of Inspections & Enforcement (to May 22)	5-10 (FYE 95-100)	25-30 (FYE 95-100)	0-5	0-5	2,000	6,000	5-10	30-35
<b>Paul Fullwood</b> Director of Inspections & Enforcement	95-100	65-70 (FYE 100-105)	0-5	0.5	17,000	11,000	110-115	75-80
<b>Band of highest paid Director's total remuneration</b>	140-145	140-145						

\* Prior year restated based on data provided from MyCSP.

\*\* Taking account of inflation, the total pension benefits contributions have fallen against that reported in 2021/22.



## 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 £6,000 for the year ending 31 March 2023.

## 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 2022/23 relate to performance in 2021/22 and the comparative payments reported for 2021/22 relate to the performance in 2020/21.

## The Non-Executive Board Members

*(Audited information)*

**Table 13: The remuneration of Non-Executive Board Members in the period ending 31 March 2023**

	Salary (£'000)		Benefits in Kind* (to nearest £100)	
	Salary (£'000)	Benefits in Kind* (to nearest £100)	2021/22	2020/21
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£	£
<b>Heather Baily</b> (Chair)	50-55	40-45 (FYE 50-55)	2,500	2,800
<b>Trevor Reaney</b>	5-10	5-10	3,200	–
<b>Katherine Bright</b> (to Feb 23)	5-10	5-10	100	–
<b>Alexander Wood</b>	5-10	5-10	200	1,000
<b>Zoe Billingham</b>	5-10	0-5 (FYE 5-10)	–	200
<b>Caroline Corby</b> (from Sep 22)	0-5 (FYE 5-10)	–	–	–
<b>Simon James</b> (from Jul 22)	5-10	–	–	–

\* The 2022/23 benefits in kind figures relate to all travel and subsistence incurred on journeys to London.

# Pension benefits

*(Audited information)*

**Table 14: Pension benefits SIA Executive Board Members**

	Accrued pension at 31/3/23 and related lump sum	Real increase in pension and related lump sum	*CETV at 31/3/23	CETV at 31/3/22	Real increase in CETV	Employer contribution to Partnership Pension Account
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Michelle Russell</b> Chief Executive and Accounting Officer	50-55	2.5-5	750	655	16	–
<b>Stephen McCormick</b> Director of Licensing and Standards	35-40	0	753	734	–42**	–
<b>Dianne Tranmer</b> Director of Transformation (from Jun 22)	40-45	0-2.5	658	595	–3**	–
<b>Paul Fullwood</b> Director of Inspections & Enforcement	0-5	0-2.5	13	–	10	–
<b>Ronald Meguaghin</b> Acting Director of Inspections & Enforcement (to May 22)	0-5	0-0.25	57	55	1	–
<b>Dr Natalie Benton</b> Director of Corporate Services (from Jun 22)	10-15	0-2.5	150	127	14	–

\* *Cash equivalent transfer value*

\*\**Taking account of inflation, the CETV funded by the employer has decreased in real terms*

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](https://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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023.

HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures.

## 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.



**Michelle Russell**

Chief Executive and Accounting Officer

14 July 2023



# Staff Report

**Table 15: Staff costs comprise (audited information)**

	2022/23			2021/22		
	Permanent staff	Other staff	Total	Permanent staff	Other staff	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	12,115	1,558	13,673	10,143	773	10,916
Social security costs	1,337	7	1,344	1,063	6	1,069
Other pension costs	2,820	–	2,820	2,348	–	2,348
Redundancy costs	–	126	126	–	108	108
<b>Total costs</b>	<b>16,272</b>	<b>1,690</b>	<b>17,962</b>	<b>13,554</b>	<b>887</b>	<b>14,441</b>

## Consultancy costs

Expenditure on consultancy in 2022/23 was £164,785 (2021/22: £167,350).

## Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require certain public sector employers to publish information on facility time used by trade union representatives. This document

sets out the relevant trade union facility time data for the SIA covering the period 1 April 2022 to 31 March 2023. The information below is based on several assumptions for Public and Commercial Services (PCS) Union facility time. Trade union representatives for the period undertake facility time for no more than 50% of their contracted hours.

5 employees, who were relevant trade union officials during 2022/23, spent 203.5 hours of facility time at a total cost of £4,912 representing 0.03% of the total pay bill.

**Table 16: Trade union facility time and costs**

Number of employees who were relevant union officials during 2022/23	Full-time equivalent employee number (2022/23)	Number of employees who were relevant union officials during 2021/22	Full-time equivalent employee number (2021/22)
5	5	1	1

Percentage of time spent on facility time	Number of employees 2022/23	Number of employees 2021/22
0%	1	–
1-50%	4	1
51-99%	–	–
100%	–	–

	2022/23	2021/22
Total cost of facility time	£4,912	£547
Total pay bill	£17,961,634	£14,441,435
% of pay bill spent on facility time	0.0273%	0.0038%
% 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 of 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at [civilservicepensionscheme.org.uk](http://civilservicepensionscheme.org.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

*(Audited information)*

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

**Table 17: Staff composition (head count) at 31 March 2023**

*(Audited information)*

	2022/23			2021/22		
	Permanent	Other	Total	Permanent	Other	Total
Directly employed	300	–	300	262	–	262

	2022/23			2021/22		
	Female	Male	Total	Female	Male	Total
Other employees	173	159	332	142	138	280
Senior Civil Servant or equivalent	3	2	5	2	2	4
Board	3	3	6	3	2	5
Total	179	164	343	147	142	289

## Off-Payroll engagements

**Table 18: Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater**

<b>No. of existing engagements as of 31 March 2023</b>	<b>6</b>
Of which...	
No. that have existed for less than one year at time of reporting.	5
No. that have existed for between one and two years at time of reporting.	1
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 19: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater

<b>No. of temporary off-payroll workers engaged between 1 April 2021 and 31 March 2022</b>	<b>12</b>
Of which...	
No. not subject to off-payroll legislation	
No. subject to off-payroll legislation and determined as in-scope of IR35	12
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 20: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

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.	11

## Table 21: Reporting of Civil Service and other compensation schemes – exit packages

*(Audited information)*

Exit package cost band	2022/23			2021/22		
	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	–	–	–	–	–	–
£10,000-£25,000	–	–	–	–	–	–
£25,000-£50,000	–	1	1	–	–	–
£50,000-£100,000	–	1	1	1	–	1
£100,000-£150,000	–	–	–	–	–	–
£150,000-£200,000	–	–	–	–	–	–
<b>Total number of exit packages</b>	–	<b>2</b>	<b>2</b>	<b>1</b>	–	<b>1</b>
<b>Total resource cost (£)</b>	–	<b>£114k</b>	<b>£114k</b>	<b>£95K</b>	–	<b>£95K</b>

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.

### **Payment to auditors**

The audit fee for 2022/23 payable to the National Audit Office has been set at £45.6K (2021/22: £42.6K). 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 a low sickness rate. The average absence rate was seven days per employee.

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 (2021/22: Nil).

**Table 22: Fees and charges 2022/23**

Operating segment	Income	Full cost	Surplus/ (deficit)	Fee recovery actual	Fee recovery target
	£000	£000	£000	%	%
Licensing	28,242	(30,077)	(1,835)	94	100
ACS	2,093	(2,937)	(844)	71	100
Total	30,335	(30,014)	(2,680)		

**Table 23: Fees and charges 2021/22**

Operating segment	Income	Full cost	Surplus/ (deficit)	Fee recovery actual	Fee recovery target
	£000	£000	£000	%	%
Licensing	28,450	(24,723)	3,727	115	100
ACS	2,019	(2,548)	(529)	79	100
Total	30,469	(27,271)	3,198		

**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 third year in the cycle.

## Remote contingent liabilities

We had no remote contingent liabilities as at 31 March 2023 (2021/22: Nil).



**Michelle Russell**

Chief Executive and Accounting Officer  
Security Industry Authority

14 July 2023

# 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 2023 under the Private Security Industry Act 2001.

The financial statements comprise the Security Industry Authority's:

- Statement of Financial Position as at 31 March 2023;
- 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 2023 and its net income after tax and interest 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 and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council’s *Revised Ethical*

*Standard 2019.* 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 report.

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 is anticipated that the services which they provide will continue into the future.

## Other Information

The other information comprises the 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.

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 Reports.

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

- 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
- I have not received all of the information and explanations I require for my audit; 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 Office is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Security Industry Authority from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Private Security Industry Act 2001;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Private Security Industry Act 2001; 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, I:

- considered the nature of the sector, control environment and operational performance including the design of the Security Industry Authority’s accounting policies
- inquired 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 on:
  - identifying, evaluating and complying with laws and regulations

- detecting and responding to the risks of 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
- inquired of management, the Government Internal Audit Agency and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations
  - they had knowledge of any actual, suspected, or alleged fraud
- discussed with 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, bias in management estimates and timings of income recognition. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Security Industry Authority's framework of authority and other legal and regulatory frameworks in which the Security Industry Authority operates. I focused 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

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative

of a potential bias; and evaluated 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 communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including 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 expenditure and income 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.

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 I identify during my audit.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**  
Comptroller and Auditor General

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

14 July 2023



# Financial statements

# Statement of comprehensive net income for the year ended 31 March 2023

		2022/23	2021/22
	Note	£'000	£'000
<b>Income</b>			
Income from activities	4	30,335	30,469
<b>Other income</b>			
Other income from activities	4	18	117
Court costs recovered	4	13	21
<b>Total operating income</b>		<b>30,366</b>	<b>30,607</b>
<b>Expenditure</b>			
Staff costs	2	(17,962)	(14,441)
Depreciation	5	(897)	(197)
Amortisation	6	(1,279)	(809)
Other expenditure	3	(13,032)	(12,138)
<b>Total operating expenditure</b>		<b>(33,170)</b>	<b>(27,585)</b>
Finance Expense	13	(59)	0
Net income before tax and interest		(2,863)	3,022

		<b>2022/23</b>	<b>2021/22</b>
	Note	£'000	£'000
Interest receivable	4	124	9
Corporation tax		(2)	(1)
Net income after tax and interest		<b>(2,741)</b>	<b>3,030</b>
<b>Other comprehensive net expenditure</b>			
Net gain on revaluation of intangible assets		33	13
Net income after tax and interest		<b>(2,708)</b>	<b>3,043</b>

The notes on pages 169 to 191 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 2023

	Note	2022/23	2021/22
		£'000	£'000
<b>Non-current assets</b>			
Property, plant and equipment	5	225	296
Right-of-Use assets	5	6,077	
Intangible assets	6	3,082	2,800
<b>Total non-current assets</b>		<b>9,384</b>	<b>3,096</b>
<b>Current assets</b>			
Trade and other receivables	8	1,123	640
Cash and cash equivalents	9	30,029	33,065
<b>Total current assets</b>		<b>31,152</b>	<b>33,705</b>
<b>Total assets</b>		<b>40,536</b>	<b>36,801</b>
<b>Current liabilities</b>			
Trade and other payables	10	(3,834)	(3,509)
Lease Liability	13	(637)	0
<b>Total current liabilities</b>		<b>(4,471)</b>	<b>(3,509)</b>
<b>Non-Current liabilities</b>			
Provisions	11	(903)	(902)

	Note	2022/23	2021/22
		£'000	£'000
Lease Liability	13	(5,479)	0
<b>Total non-current liabilities</b>		<b>(6,382)</b>	<b>(902)</b>
<b>Total liabilities</b>		<b>(10,853)</b>	<b>(4,411)</b>
<b>Total assets less current liabilities</b>		<b>36,065</b>	<b>33,292</b>
<b>Total assets less total liabilities</b>		<b>29,683</b>	<b>32,390</b>
<b>Taxpayers' equity</b>			
Revaluation Reserve		243	210
General reserve		29,440	32,180
<b>Total equity</b>		<b>29,683</b>	<b>32,390</b>

The notes on pages 169 to 191 form part of these accounts.

These financial statements were approved by the Board on the below date and were signed on its behalf by:



**Michelle Russell**

Chief Executive and Accounting Officer

14 July 2023

# Statement of cash flows for the year ended 31 March 2023

	Note	2022/23	2021/22
		£'000	£'000
<b>Cash flows from operating activities</b>			
<b>Net operating surplus for the year</b>	<b>SoCNE</b>	<b>(2,863)</b>	<b>3,022</b>
<b>Adjustments for non-cash transactions</b>			
Amortisation	6	1,279	809
Depreciation - Information Technology	5	235	196
Depreciation – Rights of Use Asset (Building)	5	663	–
Increase in provisions	11	–	–
(Decrease) in provisions	11	–	(14)
Interest on lease liabilities	13	59	–
<b>Changes in working capital</b>			
Decrease in trade and other receivables	8	(482)	(108)
Increase in trade and other payables	10	325	357
Corporation tax paid		(2)	(1)
<b>Net cash outflow from operating activities</b>		<b>(787)</b>	<b>4,261</b>

	Note	2022/23	2021/22
		£'000	£'000
<b>Cash flows from investing activities</b>			
Proceeds from the sale of PPE		0	0
Purchase of property, plant and equipment	5	(164)	(162)
Purchase of intangible assets	6	(1,527)	(1,306)
(Gain)/Loss on disposal of non-current assets		0	0
Interest received		124	9
<b>Net cash outflow from investing activities</b>		<b>(1,566)</b>	<b>(1,459)</b>
<b>Cash flows from financing activities</b>			
Repayments of principal on lease		(683)	–
<b>Net cash outflow from financing activities</b>		<b>(683)</b>	<b>–</b>
<b>Net increase in cash and cash equivalents in the period</b>		<b>(3,036)</b>	<b>2,802</b>
Cash and cash equivalents at the beginning of the year	9	33,065	30,263
Cash and cash equivalents at the end of the year	9	30,029	33,065
	Movement	(3,036)	2,802

The notes on pages 169 to 191 form part of these accounts.

# Statement of changes in taxpayers' equity for the year ended 31 March 2023

	Revaluation Reserve	General Reserve	Taxpayers Equity
	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>	<b>196</b>	<b>29,151</b>	<b>29,347</b>
<b>Changes in Taxpayers' Equity 2021/22</b>			
Comprehensive income for the year	–	3,030	3,030
Net gain on revaluation of STeP	13	–	13
<b>Balance at 31 March 2022</b>	<b>210</b>	<b>32,181</b>	<b>32,390</b>
<b>Changes in Taxpayers' Equity 2022/23</b>			
Comprehensive income for the year	–	(2,741)	(2,741)
Net gain on revaluation of STeP	33	–	33
<b>Balance at 31 March 2023</b>	<b>243</b>	<b>29,440</b>	<b>29,683</b>

Our licensing system, STeP, is an intangible asset and 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.

The General Reserve consists of balances accumulated by the usual operation of the business.

The notes on pages 169 to 191 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 (FReM) issued by H M Treasury.

The accounting policies adopted by the SIA are described below. Where the FReM 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. Leases

The Government Financial Reporting Manual (FReM) mandates the practical expedient that an entity should not reassess whether a contract is, or contains, a lease at the date of initial application. SIA uses the practical expedient detailed in IFRS 16. The lease for our HQ office space, at 10 South Colonnade, falls under the scope of IFRS 16.

The SIA has adopted IFRS 16, as interpreted and adapted in the FReM, with effect from 1 April 2022. In accordance with the FReM, intra-UK government agreements, including the Memorandum of Terms of Occupancy (MOTO) with GPA, are treated as contracts

and therefore within the scope of IFRS 16 where they convey the right to use an asset.

Where a lease has been identified, the SIA recognises a right-of-use asset and a corresponding lease liability, except for short term leases and leases for which the underlying asset is of low value. For such leases, the lease payments are recognised as an expense on a straight line basis over the lease term.

The SIA has not set a specific threshold for identifying assets that are of low value, and applies the guidance in IFRS 16 on a case by case basis. Where the interest rate implicit in a lease cannot be readily determined, the SIA calculates the lease liability using the HM Treasury discount rates promulgated in PES papers as the incremental borrowing rate.

For leases that commence or are remeasured in the 2022 calendar year, this rate is 0.95% (2021: 0.91%). The SIA does not apply IFRS 16 to leases of intangible assets and recognises these in accordance with IAS 38 where appropriate.

### **Right-of-Use Assets & Liabilities**

At the commencement date of any new lease, we measure the lease liability at the present value of the lease payments.

IFRS 16 requires that we also recognise interest payable on the lease payments, based on a discount rate applied to the Lease Liability outstanding balance.

Under IFRS 16, cash repayments of the lease liability are split into a principal portion (which reduces the amount of the balance sheet liability) and a notional interest payable portion (which is chargeable to the Statement of Comprehensive Income).

IFRS 16 requires lessees to separate out rent charges from service charges, where this can be done without unnecessary expense. We have separated out the rent element from the service charge element for our property lease and have capitalised only the rent element. Service charges are expensed separately and treated as running costs.

## 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.

## 1.7. International Financial Reporting Standards (IFRS) not yet effective

IFRS 17 Insurance Contracts is currently applicable for reporting periods beginning from 1 January 2023. The standard is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from

1 April 2025 (with limited options for early adoptions). We expect the introduction of IFRS 17 to be immaterial.

## Accounting policies for expenditure

### 1.8. 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.

### 1.9. 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 2022/23 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:

<b>Leasehold improvements</b>	Fully depreciated in June 2018
<b>Furniture</b>	five years
<b>IT Hardware</b>	three to five years
<b>Software Licences</b>	three years
<b>Approved Contractor Scheme (ACS)</b>	ACS (fully amortised at February 2010)
<b>STeP system</b>	over contract term
<b>Right of use assets</b>	Lifetime of lease



## 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

	2022/23			2021/22		
	Permanently Employed Staff £'000	Others £'000	Total £'000	Permanently Employed Staff £'000	Others £'000	Total £'000
Wages and salaries	12,115	1,558	13,673	10,143	773	10,916
Social security costs	1,337	7	1,344	1,063	6	1,069
Other pension costs	2,820	–	2,820	2,348	–	2,348
Redundancy costs	–	126	126	–	108	108
<b>Total staff Costs</b>	<b>16,271</b>	<b>1,690</b>	<b>17,962</b>	<b>13,554</b>	<b>887</b>	<b>14,441</b>

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

### 3. Other Expenditure

	Note	2022/23	2021/22
		£'000	£'000
<b>Running costs</b>			
Licensing costs		7,407	7,545
Accommodation costs		872	1,475
Travel and subsistence		555	270
Information Technology		2,100	1,155
Office supplies and services		500	420
Legal costs		46	34
Training		237	184
Advertising and publicity		239	164
Recruitment		552	290
Audit fee – internal		0	8
Audit fee – external		46	43
Catering		0	2
Financial costs		2	7
Consultancy		165	167
Home Office recharge		312	365
<b>Non Cash Items</b>			
Increase in provision for bad debts	8	0	23
Decrease in provision for dilapidations	11	0	(14)
Bad and doubtful debts		–	–
(Gain)/Loss on disposal of Non-Current Assets		0	0
<b>Total other expenditure</b>		<b>13,032</b>	<b>12,138</b>

External audit fees for 2022/23 do not include any non-audit work undertaken by the NAO (2021/22 Nil).

## 4. Income

	2022/23	2021/22
	£'000	£'000
<b>Operating Income</b>		
Licensing	31,306	31,506
License Rebate Scheme	(3,065)	(3,055)
Approved Contractors Scheme (ACS)	2,093	2,019
<b>Income from activities</b>	<b>30,335</b>	<b>30,469</b>
<b>Other income</b>		
Other income from activities	18	117
Court costs recovered	13	21
<b>Total operating income</b>	<b>30,366</b>	<b>30,607</b>
<b>Interest receivable on bank deposits</b>	<b>124</b>	<b>9</b>

## 5. Property, plant and equipment

	Information Technology	Right of use asset – Buildings	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 April 2022	1,041	6,426	7,467
Revaluations	0	314	314
Additions	164	0	164
Disposals	0	0	0
<b>At 31 March 2023</b>	<b>1,205</b>	<b>6,740</b>	<b>7,944</b>
<b>Depreciation</b>			
At 1 April 2022	745	0	745
Charged in year	235	663	897
Disposals	0	0	0
<b>At 31 March 2023</b>	<b>980</b>	<b>663</b>	<b>1,643</b>
<b>Net book value at 31 March 2023</b>	<b>225</b>	<b>6,077</b>	<b>6,302</b>
Net book value at 31 March 2022	296	0	296
<b>Asset financing:</b>			
Owned	225	0	225
IFRS16 Lease	0	6,077	6,077

	Information Technology	Right of use asset – Buildings	Total
	£'000	£'000	£'000
<b>Net Book Value at 31 March 2022</b>	<b>225</b>	<b>6,077</b>	<b>6,302</b>
<b>Cost or valuation</b>			
At 1 April 2021	880		880
Additions	162		162
Disposals	(1)		(1)
<b>At 31 March 2022</b>	<b>1,041</b>		<b>1,041</b>
<b>Depreciation</b>			
At 1 April 2021	550		550
Charged in year	196		196
Disposals	(1)		(1)
<b>At 31 March 2022</b>	<b>745</b>		<b>745</b>
<b>Net book value at 31 March 2022</b>	<b>296</b>		<b>296</b>
Net book value at 31 March 2021	330		330
<b>Asset financing:</b>			
Owned	296		296
<b>Net Book Value at 31 March 2021</b>	<b>296</b>		<b>296</b>

## 6. Intangible assets

	Software Licences	STeP	Assets under construction	ACS	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 April 2022	850	10,495	375	1,075	12,795
Impairment	–	–	–	–	–
Additions	–	39	1,488	–	1,527
Transfer	–	0	0	–	–
Disposals	–	–	–	–	–
Revaluation	–	295	–	–	295
<b>At 31 March 2023</b>	<b>850</b>	<b>10,829</b>	<b>1,863</b>	<b>1,075</b>	<b>14,617</b>
<b>Amortisation</b>					
At 1 April 2022	847	8,072	–	1,075	9,994
Charged in year	2	1,276	–	–	1,279
Revaluation	–	262	–	–	262
Disposals	–	–	–	–	–
<b>At 31 March 2023</b>	<b>850</b>	<b>9,610</b>	<b>–</b>	<b>1,075</b>	<b>11,535</b>
<b>Net book value at 31 March 2023</b>	<b>0</b>	<b>1,219</b>	<b>1,863</b>	<b>–</b>	<b>3,082</b>
<b>Asset financing:</b>					
Owned	0	1,219	1,863	–	3,082
Finance leased	–	–	–	–	–
On balance sheet PFI contracts	–	–	–	–	–
<b>Net book value at 31 March 2023</b>	<b>0</b>	<b>1,219</b>	<b>1,863</b>	<b>–</b>	<b>3,082</b>

	<b>Software Licences</b>	<b>STeP</b>	<b>Assets under construction</b>	<b>ACS</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
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
<b>At 31 March 2022</b>	<b>851</b>	<b>10,494</b>	<b>375</b>	<b>1,075</b>	<b>12,795</b>
<b>Amortisation</b>					
At 1 April 2021	844	7,222	–	1,075	9,141
Charged in year	3	806	–	–	809
Revaluation	–	45	–	–	45
Disposals	–	–	–	–	–
<b>At 31 March 2022</b>	<b>847</b>	<b>8,073</b>	<b>–</b>	<b>1,075</b>	<b>9,995</b>
<b>Net book value at 31 March 2022</b>	<b>4</b>	<b>2,421</b>	<b>375</b>	<b>–</b>	<b>2,800</b>
<b>Asset financing:</b>					
Owned	4	2,421	375	–	2,800
Finance leased	–	–	–	–	–
On balance sheet PFI contracts	–	–	–	–	–
<b>Net book value at 31 March 2022</b>	<b>4</b>	<b>2,421</b>	<b>375</b>	<b>–</b>	<b>2,800</b>



## 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

	2022/23	2021/22
	£	£
<b>Amounts falling due within one year:</b>		
Trade receivables	–	–
Other receivables	12	109
Court debts	157	173
Prepayments and accrued income	1,116	521
	<b>1,285</b>	<b>803</b>
Less provision for bad debts	(163)	(163)
	<b>1,123</b>	<b>640</b>

## 9. Cash and cash equivalents

	2022/23	2021/22
	£	£
Balance at 1 April 2022	33,065	30,263
Net change in cash and cash equivalent balances	(3,037)	2,802
Balance at 31 March 2023	30,029	33,065

The following balances at 31 March 2023 were held at:

Barclays bank and cash in hand	30,029	33,065
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With HMT approval, cash reserves are being utilised to subsidise the SIA prescribed licensing fee. This reduces the amount payable from £204 to £184 until 31st March 2026.

## 10. Trade payables and other current liabilities

	2022/23	2021/22
	£	£
<b>Amounts falling due within one year</b>		
Other taxation & social security	459	321
Trade payables	535	1,186
Other payables	33	54
Accruals	1,784	954
Contract Liabilities	1,023	994
	<b>3,834</b>	<b>3,509</b>

# 11. Provisions for liabilities and charges

## Provision for dilapidations

	£'000
Balance at 1 April 2022	903
Provided in the year	–
Provisions written back as not required	0
<b>Balance at 31 March 2023</b>	<b>903</b>
Balance at 1 April 2021	917
Provided in the year	–
Provisions utilised in the year	(14)
<b>Balance at 31 March 2022</b>	<b>903</b>

## 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 2022/23 financial statements at £378,000.

The Government Property Agency has advised that dilapidations will cost £525,000 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 2023.

## 13. Commitments under leases

### 13.1. Lease Liabilities under IFRS 16

	£'000
	Buildings
<b>IAS 17 operating lease commitments at 31 March 2022</b>	<b>7,126</b>
Adjustment for discounting of future cash flows	(865)
<b>IFRS 16 Lease liability at 1 April 2022</b>	<b>6,261</b>
Lease remeasurement 1 July 2022	314
Notional interest expense	59
Rent expenditure related to lease	(518)
<b>IFRS 16 Lease liability at 31 March 2023</b>	<b>6,116</b>
Lease commitments due in under one year	637
Lease commitments due in over one year	5,479
<b>Total</b>	<b>6,116</b>

The lease liabilities are measured at the discounted present value of the the contractual rent payments. IFRS 16 requires that we recognise notional interest payable on the lease payments, based on a discount rate applied to the lease liability outstanding balance. The lease liabilities represent the total value of rent payments for the lease, discounted to present value using the approved HM Treasury's discount rate of 0.95% (Public Expenditure System [PES] paper 2021). This discount rate has been applied for our lease, which transitioned and was remeasured in 2022 under IFRS 16.

Our buildings lease, for 10 South Colonnade, is a 14.25 year agreement from March 2018 to June 2032. The lease liability is based on the whole period, with the lease transitioning to IFRS 16 in April 2022.

The lease agreement included obligations to pay variable service charges, rates and electricity costs.

These costs are shown in the Expenditure section, under Accommodation Costs.

## 14. Contingent Liabilities Disclosed Under IAS 37

The SIA had no contingent liabilities as at 31 March 2023 (2021/22 – Nil).

## 15. Related-party transactions

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

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

No board member, key manager or other related parties 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 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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