

SIA response to the consultation on the Growth Duty

About the Security Industry Authority

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. Our purpose is protecting the public through effective regulation of the private security industry and working with partners to raise standards across the sector. Our responsibilities include licensing people who carry out certain activities in the private security industry, and approving private security companies that wish to be part of our Approved Contractor Scheme. We are subject to the Growth Duty.

Our response to the consultation questions

1. The draft revised guidance sets out economic growth as 'Sustainable Economic Growth'. This is in line with the recommendations of the McLean report and the Financial Services and Markets Act. Do you have any views on this definition of economic growth?

We think the definition is helpful. It clarifies the scope of the Growth Duty and the fact that it does not relate to unsustainable short term actions to achieve growth.

2. The draft revised guidance outlines that economic growth has a number of different drivers and behaviours and describes some, but does not attempt to provide an exhaustive list. In this way, is the revised guidance clear on the Government's expectations of regulators on meeting the Growth Duty?

We think it is appropriate to use illustrative rather than exhaustive lists in this guidance, given the wide variety of environments in which regulators subject to the Growth Duty operate, and their varying objectives, powers and resources.

We have two comments on the proposed drivers. First, while some regulators have powers explicitly covering drivers such as competition, others including the SIA do not. Our ability to influence such drivers may therefore be limited to indirect measures, such as minimising barriers to entry in order to facilitate competition. It would be helpful to acknowledge this more explicitly in the updated statutory guidance.

Second, we suggest the Government considers adding a further driver to the guidance around maintaining public confidence in the safety of regulated markets and environments. This can be an important hygiene factor in sustaining and encouraging economic activity and growth. And this is an area where regulators' strategic objectives are likely to align with the Growth Duty.

3. Do you have any examples of behaviour that encapsulate the application of the Growth Duty that the guidance would benefit from using as case studies?

As discussed in our response to question 10, a key component of our Strategic Plan for 2023-26 is the theme of regulating efficiently. Our aim is to minimise avoidable burdens and costs on the individuals and businesses affected by our regulatory regime, such as increases in the licence fees that fund our work. This strategic theme directly supports compliance with the Growth Duty.

4. Is there anything you think the draft revised guidance should or should not reflect?

Please see our comments on the draft guidance on drivers in our response to question 2.

5. Do you consider that the Government should commence the statutory reporting requirement of the Growth Duty in Section 110A of the Deregulation Act 2015?

No. We think a non-statutory approach to reporting by regulators is more appropriate, for the reasons set out in our response to question 6.

6. The consultation document sets out a high-level alternative approach for non-statutory reporting. Would this approach deliver improved outcomes compared to the statutory requirement? Would this approach ensure suitable levels of transparency and accountability? Do you have any other comments?

We think the non-statutory approach to reporting set out in the consultation paper is more appropriate than a statutory approach. This is because the Growth Duty covers such a wide range of regulators, with varied objectives, powers and resources, that it will not be straightforward to compare how they take account of the Duty in their work.

In principle, applying the same statutory reporting requirements to every regulator in scope of the Duty would offer consistency. But in practice such standard requirements would either be inappropriate for some regulators, or would need to be so high-level that they would provide little meaningful comparability. If there are varied statutory reporting requirements depending on the scale and activities of the regulator, that would add complexity while again offering only limited comparability.

A non-statutory approach offers more flexibility and could easily be fine-tuned in the light of experience to provide as much comparability as is useful. It also reduces the risk of regulators incurring unnecessary work and costs by having to report on things that are not relevant to their activities.

We recommend that regulators are given the flexibility to publish any required reporting on compliance with the Growth Duty as part of their existing reporting cycle, for instance in their annual reports. This would be more efficient than producing a dedicated report

and would provide helpful context for readers, by presenting regulators' approach to the Growth Duty as part of the wider picture of how they deliver their regulatory objectives.

7. Considering the plurality of regulators and regulated sectors, which metrics would be effective for regulators to report against, to enable a comparative assessment of their application of the Growth Duty?

We expect that most regulators in scope of the Growth Duty could report on the time taken to make decisions affecting those they regulate. We currently set Key Performance Indicator (KPI) targets on a range of measures affecting the individuals and businesses we regulate, including the timeliness of licensing decisions. We publish our performance against these targets in our annual reports (see for example table 1 in our [2022/23 annual report](#)).

Our KPI targets also cover other work relevant to the Growth Duty, including implementing efficiencies. And they relate to drivers and behaviours in the draft revised statutory guidance on the Duty, including efficiency and productivity, responsiveness, and being consistent, transparent and accountable.

In view of our experience, it seems reasonable for a non-statutory reporting regime to include broadly defined metrics on the timeliness of decisions, and on efficiency and productivity. Some other metrics suggested in the Ministerial letter accompanying the consultation, such as a fast-track service, will not be directly relevant to every regulator in scope of the Growth Duty (see our response to question 8 below).

8. Would the International Fast Track outlined in this consultation help to improve the speed of regulatory decision making? What would you expect the impacts of such a process to be?

In our view a fast-track process “where a product or service has already been authorised by an international counterpart regulatory body in another jurisdiction”, on the lines set out in the consultation paper, would not improve the speed of decision-making in our regime.

The statutory framework for regulation of the private security industry in the UK combines mandatory licensing for individuals and a voluntary approval scheme for businesses.

Our licensing decisions about individuals focus on whether they are fit and proper to hold an SIA licence, taking into account their qualifications, criminal record and right to work in the UK. Where relevant we take into account information from outside the UK, including about overseas qualifications and criminal records. Our individual licensing decisions are generally quick unless an application raises issues such as criminal convictions which require further consideration to ensure public protection. In such cases we are unlikely to have access to any relevant assessment by an overseas body.

Our Approved Contractor Scheme for businesses is a voluntary quality assurance scheme intended to raise standards in the private security industry. It assesses the UK operations of applicant businesses against a wide range of quality-related criteria. It is by design an in-depth assessment of the quality of the applicant's UK operation, so cannot be informed by assessments by overseas bodies.

9. What is your view on the proposed Targets for Regulatory Approvals as outlined within this consultation document? What impact would you see from the enactment of this?

As discussed in our response to question 7, we already set KPIs for the time taken to reach licensing decisions and publish the results in our annual reports.

These KPIs do not relate solely to our internal performance, because our decisions on the more complex licence applications have to take into account information provided by other sources such as DBS checks (and the Scotland and Northern Ireland equivalents) and information from the police. This can lead to delays outside our control. If the evolving Growth Duty regime means that missed targets have financial consequences for regulators, as suggested in the Ministerial letter accompanying the consultation, it may be better to develop alternative KPIs that are focused only on matters within our control, while retaining an appropriate focus on public protection.

10. What is your view on the proposed Productivity lock as outlined in this consultation document? What impact would you see from enactment of this?

We think the productivity lock outlined in the consultation would be unhelpful. It would incentivise regulators to prioritise reducing decision times, whether or not that is the best outcome for the regulated community and for economic growth.

Regulating efficiently is one of the strategic themes of our [2023-26 Strategic Plan](#). Our approach includes providing consistent high-quality service availability for our regulated community, underpinned by futureproofed technology, and minimising the need for increases in the licence fees that fund our activity. We have made significant efficiency gains over time, and we are now processing record numbers of licence applications while the cost of an SIA licence has fallen by around a third in real terms since 2013.

Decision times are not the only measure of a regulator's productivity, and faster decisions may provide only a limited benefit to businesses. This is particularly so in cases where many decisions are already quick, and additional resources may generate diminishing returns in terms of improvements. We therefore suggest that any new productivity-related requirements should focus on appropriate overall measures of efficiency, which may vary between regulators depending on their responsibilities and funding arrangements. As outlined in our response to question 7, we already set efficiency KPIs and report publicly on our progress against them.

11. In your view what would be the best way to monitor the regulatory application of the Growth Duty? Who would best undertake this role? What would be the most effective comparative metrics to assess performance against the Growth Duty?

If new reporting requirements relating to the Growth Duty are introduced, a central government team should be well placed to review the reports produced by each regulator in scope of the Duty. That team could assess the quantitative and qualitative information provided by each regulator, raise any questions about compliance with the Duty, and identify good practice and share it among regulators. If there is flexibility to include reporting on Growth Duty compliance in regulators' annual reports as we suggest in our response to question 6, the National Audit Office may have a role to play in driving good practice on metrics and reporting.

12. Do you have anything else you would like to raise that is relevant to this consultation?

No.