



Security Industry Authority

Approved Contractor Scheme (ACS) Get Approved Clarifications

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Purpose

A breach of our ACS conditions may lead to withdrawal of ACS approval. However, we will seek to work with you to obtain conformance whenever this can be achieved without undermining the credibility of our ACS.

This document provides clarification and further information on ACS eligibility, and the fit and proper conditions set out in [Get Approved](#).

For clarity, some sections from Get Approved are duplicated below in **bold**.

Only those aspects of Get Approved that require further explanation are covered in this document.

Eligibility

Most businesses that provide licensable individuals under a contract to supply security industry services in the United Kingdom will be eligible to join the ACS.

Eligibility is based on the facts of a business, and so a business is either eligible or not, and in the main (see exceptions below) we do not expect to exercise any discretion in relation to this. There is no right of appeal in relation to the eligibility requirements as we are not making an approval decision in relation to eligibility. If we do not believe you are eligible, we will offer advice about what you need to do to become eligible, and/or give you the opportunity to provide further information.

Requirement: Supply security industry service in the United Kingdom

Some applicants and approved contractors deliver part of their private security industry services from overseas that would otherwise be licensable if based in the UK. As an approved contractor you may use suppliers or services that are based overseas, but this will not be part of your ACS approval. We will add a statement on the Register of Approved Contractors to reflect the fact that part of the service you provide is delivered by overseas resource and is not part of your ACS approval. Please see separate guidance for further detail.

Requirement: Supply individuals under contract

Supply licensable individuals under a contract for security industry services.

If you operate for the sole purpose of providing individuals to other businesses, [i.e. supply of one or more individual/s to another company to enable them to deliver their customer contract], you are not eligible to join the ACS. We refer to these types of business as labour providers. Labour provision does not fall within the scope of the ACS. See glossary in the [ACS self-assessment workbook](#) for a definition of labour provision.

Note: As an eligible security business, or an approved contractor, you may as part of your overall service, also operate as a labour provider. In this circumstance, you must be able to demonstrate that you meet our eligibility requirements for those aspects of the business that fall within the scope of the approved contractor scheme. The activity of providing labour falls outside the scope of

ACS approval, but we may consider it (along with other services provided) as relevant to our fit and proper checks.

If you operate on the basis that you only deliver licensable activity as a sub-contractor to other ACS businesses and you do not have any direct contracts of your own (where you have the contract with your customer) you are still eligible to be an approved contractor providing you meet our requirements.

Requirement: 2 licensable operatives

Be a business that supplies at least 2 licensable operatives, under a contract for security industry services and in each of the sectors for which you are applying.

The eligibility requirements apply at all times - at the time of application, approval decision, and throughout the approval period.

Operatives do not need to be your direct employees but could be individuals supplied to you from other businesses e.g. as external labour resource.

There must be 2 licensable operatives for each of the sectors for which you seek approval, except where the same individuals are able to carry out the roles in all approved sectors.

Example 1:

You seek approval for 2 sectors: door supervision and security guarding:

- You could have 2 individuals, each licensed for door supervision, or
- You require 2 individuals licensed for security guarding, and 2 individuals licensed for door supervision.

Example 2:

You seek approval for 2 sectors: security guarding and key holding:

- You require 2 individuals, with a front-line licence, or
- You could have one individual with a security guarding licence and one individual with a non-front- line licence.

Example 3:

You seek approval for 2 sectors: door supervision and public space surveillance (CCTV):

- You require 2 individuals licensed for door supervision and 2 licensed individuals licensed for public space surveillance (CCTV)

You must be able to justify the need to supply 2 operatives, as opposed to one, to effectively service a contract.

Examples might include where it is in the interests of business continuity, and/or different customer requirements (e.g., different skill set for different roles).

We will not accept the following examples:

- i. It would not be acceptable for you to contrive the contracted hours/shifts between more than one licensable individual for the sole purpose of meeting the ACS eligibility requirement.

- ii. It would not be acceptable for you to deliberately employ multiple individuals for a minimum number of hours simply to stay below any National Insurance threshold, and/or to enable those individuals to continue to claim benefits.
- iii. A non-front-line licence holder, such as a director or manager, does not count as one of the 2 licensable operatives supplied under a contract for security industry services, except where they undertake keyholding.
- iv. A director or manager, who holds a front-line licence, does not count as one of the 2 licensable operatives except where they are contracted to deliver front-line activities of a security operative under a contract for security industry services.

It is acceptable for you to sub-contract the work to another supplier. The eligibility requirements still apply, and you must demonstrate that you, through the sub-contract, are eligible.

Exception

For approved contractors: the situation where you were previously eligible but have since lost operatives or contracts. Please refer to [G024 Absence of designated security service contracts](#) (PDF, 90kb).

Note: this would not be acceptable for a new applicant.

If you are no longer eligible, we will take steps to withdraw your approval.

Requirement: at least one contract in place for 12 months

Hold at least one current contract for the supply for security industry services;

and

Have been supplying security industry services for at least 12 months at the time of application.

Our eligibility requirements apply at all times - at the time of application, approval decision, and throughout the approval period.

You must be able to demonstrate that you hold a legitimate contract.

You must be able to demonstrate supplying security industry services for at least 12 months i.e. be able to provide evidence of having delivered security industry services under contract to a customer. Evidence might include documented customer confirmation, terms and conditions, timeframes, invoices for 12 months, corresponding payslips.

The services must have been continuous, although not necessarily with the same customer.

Evidence should include contracts covering the whole 12-month period.

Where a contract is terminated or comes to an end, and results in an absence of any service delivery, then the absence must be for no longer than:

- i. one month between contracts, or
- ii. three months over the course of the year where there are successive contracts.

Regardless of whether (i) or (ii) apply, you must be able to demonstrate that any termination of the contract was not because of poor service.

Additional sectors

We may by exception accept applications where there is less than 12 months history of operation in the additional sector for which you apply. However, we would normally expect you to have been delivering services in that additional sector for at least 3 months prior to application to ensure they

you have sufficient evidence to demonstrate conformance at your assessment. We will make our final decision on the additional sector following a successful assessment for that sector.

Exceptions:

If you make an application and you do not meet our eligibility requirements your application will not be accepted other than in exceptional circumstances.

Exceptional circumstances include where you can demonstrate to us that it is in the public interest that your business should be an approved, and include the following scenarios:

- i. If you are an approved contractor, where you previously met this requirement, but have since lost all your contracts: In this circumstance, please refer to [G024 Absence of designated security service contracts](#) (PDF, 90kb). Note: this would not be acceptable for a new applicant
- ii. Mergers, acquisitions and buyouts that result in a new legal entity may be considered as an exception, including where two approved contractors merge to form a new legal entity.
- iii. Where your business is a wholly owned subsidiary, and your approval is transferred to your parent organisation.

Note: these are foreseeable scenarios, the list is not exhaustive, nor does it mean we will accept them.

Category of approval

The head count, or number of licensable individuals you use to calculate the size of your business, should include all those you deploy, including those employed directly or indirectly (e.g. labour provided from other sources) and any legitimate self-employed individuals.

Annual return

This was previously referred to as annual reverification.

Fit and proper conditions

Identity

Supporting information to be provided

If you are a subsidiary company, or a parent company with subsidiary companies that provide security industry services, you should provide a clear explanation of the company structure and the relationship between the different legal entities. An organisational chart is usually the simplest and clearest way to do this. We will seek to verify the information you provide, so it is important that the organisational relationships you describe reflect publicly available information sources such as at Companies House or Experian.

If you have a different structure, e.g. you operate as a partnership or franchise/franchisee, then a description outlining how this operates and the relationship between relevant entities is required.

If you are unsure about which legal entity to obtain approval for, please ask to discuss this with us. We can provide guidance on how approval works for different types of organisational structures.

Financial probity

The SIA will take into consideration any relevant financial and other circumstances of the business and any of its controlling minds.

In doing this, we will take into account whether all licensable individuals supplied by the business are employees other than in exceptional circumstances.

Employment requirements and prohibition of personal service companies

This is linked to the eligibility requirement for all those undertaking licensable activities to be employees or employees for tax purposes, and the indicator requirement that prohibits the use of operatives working through their own intermediaries, commonly referred to as personal service companies.

What this means if you are a Director

The following refers to directors of approved contractors who are also shareholders, not a worker working through their own intermediary.

All directors (including those that are also shareholders) are considered under the Companies Act 2006 to be office holders for tax and National Insurance purposes. Payments in respect of office holders' duties are subject to PAYE and National Insurance.

As a director that is a shareholder, you may receive dividends in respect of your shareholding. It is important to distinguish between a payment for your directorship and a payment in respect of your shareholding and the appropriate tax and National Insurance consequences. An exemption from PAYE and National Insurance applies in relation to your shareholding payments.

There will be circumstances where you, in addition to your role as a statutory director, also carry out a separate role (such as frontline licensable activities), in which case that part of your role should be as an employee and subject to PAYE.

Examples:

1. Where you are a statutory director and a shareholder, are non-frontline licensable, and your only payment is as dividends:

PAYE/NI does not need to be operated on dividends.

2. Where you are a director that is working through your own company, and a shareholder, and you undertake regular frontline licensable activity and take a salary in addition to dividends through that company:

You would not be exempt (from PAYE/NI) for the work undertaken as a frontline operative and should be considered an employee. Operating through your own personal service company is prohibited under the ACS scheme.

3. Where you are an office holder but not a shareholder and undertake regular frontline licensable activity:

You would not be exempt (from PAYE/NI) for the work undertaken as a frontline operative and should be considered an employee. PAYE would apply for your director's duties in addition to frontline licensable activities.

4. Where you are a director that is also a shareholder that receives payment in respect of your directorship:

Payments in respect of your directorship are subject to tax and NI.

PAYE/NI would not operate for any payments in respect of your shareholding.

Integrity

The SIA will take into consideration the integrity of the business and its controlling minds: In doing so, we will take into account any intelligence held which indicates the business or its controlling minds are not complying with the Private Security Industry Act 2001, any current or recent (within the last 12 months) compliance activity, enforcement action, and/or prosecution of the business or its controlling minds taken by the SIA, under the Private Security Industry Act 2001.

We will consider our current and previous action/s (whether disposed of or where sanctions are in force). Whilst these may not on their own be the basis for a refusal decision, they will give us an indication of the risk your business might pose, and this would inform our decisions.

Approval conditions

A new applicant will not be approved unless they meet our eligibility requirements. If during the course of your approval you cease to meet our eligibility requirements, we will withdraw approval because you are no longer eligible.

Approval condition 1: Once approved, if you continue to meet our eligibility requirements for one or more sectors, but cease to meet our eligibility requirements for another sector, we will withdraw approval for that sector.

Approval condition 7-8: Where we require **access to staff, records and premises** we mean the premises where you conduct your business from. This includes any domestic property if this is where you run your business from and/or carry out business activities. If the home is the actual office or operational base, and if activities associated with the running of organisation's business are conducted there, then that facility should be accessible to us; customer premises if this is

where your staff are based or work from; any virtual office¹; any online locations/applications where you hold records that relate to your business.

Approval condition 12: **You must 'comply with all guidance issued in relation to the ACS regime...'**

By exception, where you apply via the passport route, and we have agreed an alternative approach with your passport scheme provider, different guidance may apply. In the absence of agreed passport scheme guidance, our standard route guidance will apply.

Related Documents

- [Get Approved](#)
- [The ACS interactive Self-Assessment Workbook and other published guidance](#)
- [The ACS Licence Management Agreement](#)

¹We consider a virtual office to include: providing a professional business address to help improve an organisation's image, access to fully equipped offices and training rooms on an as-needs basis, or a customised phone reception service with phones answered in the organisation's name.