

EXPLANATORY MEMORANDUM TO
THE PRIVATE SECURITY INDUSTRY ACT 2001 (LICENCES) (AMENDMENT)
REGULATIONS 2023

2023 No. 193

1. Introduction

- 1.1 This explanatory memorandum has been prepared by Home Office and is laid before Parliament by Command of His Majesty.

2. Purpose of the instrument

- 2.1 The private security industry employs people in a range of roles for which licences are required. These Regulations amend regulations 8(1) and 9 of the Private Security Industry Act 2001 (Licences) Regulations 2007 which set out the fees payable for an individual licence relating to licensable conduct under the Private Security Industry Act 2001. This instrument amends the level of the fees last set from £210 to £204.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 None.

4. Extent and Territorial Application

- 4.1 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales, Scotland and Northern Ireland.
- 4.2 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales, Scotland and Northern Ireland.

5. European Convention on Human Rights

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

- 6.1 The Private Security Industry Act 2001 (the Act) established the Security Industry Authority (SIA) as the regulator of the private security industry in England and Wales. The Act was extended to cover Scotland in 2007 and Northern Ireland in 2009.
- 6.2 Section 8(7) requires a fee to be paid to the SIA on the making of a licence application at a rate prescribed by the Secretary of State. Section 24(1) of the Act enables the Secretary of State to make regulations to set the fee for a licence application.

7. Policy background

What is being done and why?

- 7.1 The Act regulates the private security industry in the UK. Its objectives are to protect the public by preventing unsuitable people from working in the industry, and to improve standards within it. The individual SIA licensing regime covers activities of

security operatives (including security guarding, door supervision, close protection, cash and valuables in transit and public space surveillance using CCTV), key holding and vehicle immobilising (in Northern Ireland only).

- 7.2 In order to adhere to the principles, set out in the HM Treasury publication, “Managing Public Money”, SIA fees should meet the full costs of the service while neither producing a loss nor a surplus. Currently the fee for an individual licence is £210.
- 7.3 Following the introduction of a new digital licensing system, higher volumes of licence applications than forecast and other efficiency saving initiatives, the SIA has continued to achieve savings. This necessitates a reduction to the individual licence fee of £6 to realign income with the lower level of costs and allow consistency of pricing across years. This will ensure that the SIA achieves a full cost recovery in line with HM Treasury rules.
- 7.4 The aim of the fee reduction is to ensure that the SIA can continue to be self-financing for individual licensing on a break-even basis and ensuring that individuals are not overcharged for the licence. This would be beneficial to individual licence payers who tend to be at the lowest end of hourly pay in society, especially in the current economic climate where the cost of living has been impacted by high inflation.
- 7.5 In 2019 the SIA held a surplus of over £20M. HM Treasury advised that this surplus could not be transferred back into consolidated funds so instead a £20 rebate (“industry discount”) was made available to new applicants and those renewing existing licences. It was determined that this industry discount would apply over two licencing cycles, that is a total of 6 years or sooner, if the surplus has been amortised. This commenced in April 2020 (making the cost of the licence £190 - the prescribed fee of £210 minus the industry discount of £20). The department agreed to this scheme as being practical, fair and legally compliant with Managing Public Money in its advice to the Principal Accounting Officer.
- 7.6 On this basis, the reduction of the prescribed fee to £204 (from £210) will mean the actual cost of a licence will be £184 (from £190), taking into account the industry discount of £20.

8. European Union Withdrawal and Future Relationship

- 8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

- 9.1 There is no consolidation of legislation as a result of this instrument.

10. Consultation outcome

- 10.1 The Scottish Ministers, the Department of Justice Northern Ireland and the SIA have been consulted as required under the Act. They support the fee reduction.

11. Guidance

- 11.1 The SIA will inform its customers of the fee reduction via a newsletter, update on its website, Facebook, Twitter, and all other channels of communication open to it.

11.2 All applications received on or after 00.01 on 6th April 2023 will be charged at a prescribed fee of £204 (however, this will mean the actual cost of a licence will be £184, taking into account the previous industry discount of £20).

12. Impact

12.1 The impact on business, charities or voluntary bodies is expected to be favourable due to reduced certificate fees.

12.2 There is no, or no significant, impact on the public sector.

12.3 A full Impact Assessment has not been prepared for this instrument because this order relates to reducing certificate fees.

12.4 An Economic Note is submitted with this memorandum and published alongside the Explanatory Memorandum on the legislation.gov.uk website.

13. Regulating small business

13.1 The legislation applies to activities that are undertaken by small businesses.

13.2 To minimise the impact of the requirements on small businesses (employing up to 50 people), the approach taken is that the fees will apply equally to all those who carry out licensable activity, regardless of the size of the business that they work for. Therefore, any business, regardless of size, will benefit from the reduced fees.

14. Monitoring & review

14.1 The approach to monitoring of this legislation will be carried out by the SIA which will inform the Government of its effectiveness and any future changes to the fee which may be required.

15. Contact

15.1 Hannah McCarthy at the Home Office Sponsorship Unit Telephone: 07785 591 136 or email: Hannah.McCarthy@Homeoffice.gov.uk can be contacted with any queries regarding the instrument.

15.2 Anita Bailey at the Home Office can confirm that this Explanatory Memorandum meets the required standard.

15.3 Sarah Dines MP at the Home Office can confirm that this Explanatory Memorandum meets the required standard.