

Consultation Options Assessment

Title: Manchester Arena Inquiry Monitored Recommendations 7 and 8

Type of measure: Primary legislation

Department or agency: Home Office

OA number: HO COA 1026

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1. Summary of proposal

1. This consultation is focussed on the Manchester Arena Inquiry (MAI) Monitored Recommendations (MR) 7 and 8. MR7 states “The requirement that only those monitoring CCTV under a contract for services need to hold an SIA licence should be reviewed.” and MR8 states “Consideration should be given to whether contractors who carried out security services should be required to be licenced.”¹

Monitored Recommendation 7

2. MR7 recommended that the requirement that only those monitoring CCTV under a contract for services need to hold a Security Industry Authority (SIA) licence should be reviewed. While the MAI only suggested licensing of in-house CCTV operatives, the same logic applies to extending licensing to other in-house operatives (see table 1 below for detail on SIA licence categories). These operatives can also be in positions of responsibility, interacting with vulnerable individuals, as well as first responders to major or terrorist incidents. Extending licensing to these categories of in-house security operatives would standardise vetting and training requirements for them.
3. Proposals prepared by the Home Office and the SIA to implement MR7 include extending SIA licensing to other categories of in-house operatives, with views sought in the consultation on which categories should be licenced (see section 6 for detail on shortlisted options). These options would impose requirements on in-house security

¹ Manchester Arena Inquiry - Volume 1: Security for the Arena:
https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=173

operatives to obtain the relevant SIA security licence (as detailed in table 1 below). Licensing consists of the SIA conducting a series of background checks, including a standard DBS criminal record check, and ensuring the applicant has successfully obtained any necessary licence-linked qualification.

4. Operatives are required to renew their licence every three years, and some categories must undergo refresher training as part of the licence renewal process (Door Supervision, Close Protection and Security Guarding). Through this statutory licensing function, the SIA ensures that security operatives are ‘fit and proper’² individuals who can maintain public safety. All SIA licences currently cost £184³ with licence linked qualifications, provided by private sector training providers, costing between £220 to £350 for all the licence categories except for Close Protection. Close Protection training can cost up to £2,000.
5. Within the options on which the consultation is seeking views, the Home Office is considering whether any exemptions would help ensure that regulation through licensing remains proportionate.
6. The current position in relation to licensed security operatives is that certain activities are exempted or excluded from regulation to keep licensing proportionate. Those exemptions and exclusions that might be relevant for in-house security operatives, amongst other examples, include some security activities that are incidental to a non-security role, and security activity in situations where other regulatory requirements already apply, for example in prisons or aviation security.
7. The exclusion for incidental activities ensures that those employees who are not wholly or mainly security operatives but might complete a small amount of “security activity” do not require SIA licenses. The consultation seeks views on any further exemptions that should be considered.
8. Please see section 6 (shortlisted options) of this Consultation Options Assessment for detail on small and micro business mitigations.

Monitored Recommendation 8

9. The MAI also noted that the current regulatory regime does not allow the SIA the oversight of security companies required to ensure that they are ‘fit and proper’ businesses who comply with requirements under the Private Security Industry Act 2001 (PSIA 2001) and the SIA licensing regime. The Chair recommended that “consideration is given to amending the SIA legislation to require that companies which carry out security work which may include a counter-terrorism (CT) element are required to be licensed”⁴. MR8 recommended “Consideration should be given to whether contractors who carried out security services should be required to be licensed”.
10. Proposals in this consultation options assessment (OA), developed by the Home Office and the SIA, seek to improve the SIA’s oversight of security businesses.

² [SIA: Get Licensed - GOV.UK](https://www.gov.uk/get-sia-licensed)

³ The statutory fee is £204, but due to a rebate the applicant current pays £184. This rebate is due to finish at the of 2025 / 2026 financial year

⁴ Manchester Arena Inquiry - Volume 1: Security for the Arena:
https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=164 (see paragraph 8.106)

11. The Home Office have not in this consultation or consultation options assessment proposed any exemptions for Monitored Recommendation 8. Micro, small or medium sized business are used by larger and medium sized firms in supply chains and contracting, and are also sometimes phoenixed (the practice of companies dissolving and reappearing to hide fraud). Micro, small and medium businesses also makeup approximately 99 per cent of the private security, leading to a risk that if they were exempt, then the options set out in the consultation would be ineffective when implemented. The consultation does, however, look to stress test this by seeking views on whether exemptions should be considered, and how they could be structured to reduce impact on micro, small or medium businesses while ensuring the chosen option is effective.
12. For both MR7 and MR8, the government does not have a preferred policy option. The government is keen that decisions are made informed by views from industry and the public on the different options, their costs, benefits and effectiveness, impact on different sectors and who should be exempted from any changes.

2. Strategic case for proposed regulation

Monitored Recommendation 7

Problem

13. The SIA currently licenses individuals who perform certain security roles for a contract for service as specified in schedule 2 of the PSIA 2001⁵ (see table 1 below). The exceptions to this are Door Supervisors and Vehicle Immobilisers, who are always licensed regardless of employment type. This licence consists of the SIA conducting a series of background checks, including a standard DBS criminal record check, and ensuring the applicant has successfully obtained a licence-linked qualification (for example, SIA Door Supervisor licence qualification).
14. The SIA's statutory functions also include the inspections of security operatives. If the SIA identifies breaches of the licensing regime, it can take appropriate civil and criminal action. The SIA conducts criminal investigations and brings prosecutions⁶ for offences which undermine the regulatory regime.
15. Except for Door Supervisors and Vehicle Immobilisers, there are currently no mandatory minimum requirements for the licensing of in-house security operatives, unlike contracted out security which always require an SIA licence. This results in discrepancies in training and vetting provided by in-house employers. While some employers set high standards of training, others can provide poor or no training at all.
16. In-house employers are also only able to request basic DBS checks, which is lower than the Standard DBS check conducted as part of the SIA licence application. A Basic check does not show spent convictions, unlike the Standard DBS check. This means even those employers who seek high standards cannot vet their employees to the same level as those with an SIA licence. Meanwhile some employers do not conduct any

⁵ Private Security Industry Act 2001, schedule 2: <https://www.legislation.gov.uk/ukpga/2001/12/schedule/2>

⁶ SIA active prosecution cases - GOV.UK: <https://www.gov.uk/government/publications/active-sia-prosecution-cases/sia-active-prosecution-cases> <https://www.gov.uk/government/publications/active-sia-prosecution-cases/sia-active-prosecution-cases>

background checks on their in-house security operatives, as there is no legal requirement to do so.

17. This means that employers may not be aware, or may wilfully ignore, that in-house operatives with a history of serious criminal offending are in positions of responsibility, interacting with vulnerable individuals. It is also possible that those without appropriate training could be first responders to major or terrorist incidents. This leads to inconsistent standards in the security industry and creates a risk to public safety.

Table 1: SIA licence categories	
Close Protection	Guarding people against physical assault or injury.
Door Supervision	Guarding licensed premises against damage, theft, unauthorised access, or disorderly behaviour
Security Guarding	Guarding premises or property against damage, theft, unauthorised access, or disorderly behaviour.
Cash and Valuables in Transit	Guarding property against damage or theft and transporting it in a vehicle designed for secure transportation.
Public Space Surveillance (CCTV)	Operating CCTV equipment and monitoring footage to prevent threats to people or property and report these.
Key Holding	Keeping or controlling access to any key or device for operating a lock.
Vehicle Immobilisation (Northern Ireland Only)	Preventing or restricting the movement of a vehicle, or removing it, and then charging the owner to release it. Use of a wheel clamp.

Evidence

18. The MAI noted that two CCTV operators were not vetted or trained to the same level, because one was hired in-house, so was exempt from SIA licensing, while the other was an external contractor and subject to SIA licensing requirements, even though both were performing the same role. The MAI noted that this distinction was odd and should be removed, but did not link the failings at the arena to it ⁷.
19. The Chair noted that the approach to the training of those who were responsible for continuous CCTV monitoring at the Arena was deficient⁸. The Inquiry heard evidence of in-house CCTV operatives requesting training but not being provided any by the company employing them⁹. This highlights the issue of poor training standards in the in-house sector, and the difficulty of ensuring uniform training standards.

⁷ Para 3.37, Manchester Arena Inquiry - Volume 1: Security for the Arena: https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=58

⁸ Para 6.208, Manchester Arena Inquiry - Volume 1: Security for the Arena: https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=58

⁹ Para 8.104, Manchester Arena Inquiry - Volume 1: Security for the Arena: https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=58

20. The Chair noted that SIA CCTV licence training included content designed to assist identification of a person who may be carrying an Improvised Explosive Device (IED)¹⁰. He concluded that there was no persuasive reason why a licence should not be mandatory for those operating CCTV inhouse¹¹. MR7 recommended that “The requirement that only those monitoring CCTV under a contract for services need to hold an SIA licence should be reviewed”.
21. The consultation seeks views from respondents to build this evidential picture and understand the impact of licensing in-house operatives in terms of:
 - a. Improved training and vetting levels.
 - b. Improved protective security.
 - c. Reduced VAWG risk.
 - d. Improving public safety.
 - e. Cost to business; and
 - f. How costs can be mitigated.

Necessity

22. Government action is necessary to raise levels of vetting and training of the in-house security sector by setting minimum legal requirements.
23. Extending licensing would address inconsistencies in training requirements by ensuring operatives, whether in-house or contracted, receive the same base level of training. This would include an element of counter terrorism training, which is included in the SIA licence-linked qualification. Licensing would also mean operatives would be subject to requirements for refresher training where relevant.
24. Extending licensing to in-house operatives would provide a base level of vetting, ensuring only ‘fit and proper’ individuals who have been subject to an identity and criminal record check can be security operatives. It would also enable the SIA to revoke licences of in-house operatives where necessary, helping to remove unfit operatives from the industry, including ensuring that individuals whose licences are revoked in contracted roles do not move into in-house roles instead.
25. A lack of intervention could mean that some security businesses could continue to employ in-house operatives without appropriate training and or sufficient vetting. This could undermine public safety, especially in the Night-Time Economy (NTE), given that security operatives can hold positions of responsibility and may frequently interact with vulnerable individuals. While this risk is mitigated by most operatives in the NTE being Door Supervisors, who are always licensed regardless of type of employment and so vetted and trained, there are still some other categories of operatives who do present some risk.

¹⁰ Para 3.35, Manchester Arena Inquiry - Volume 1: Security for the Arena:
https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=58

¹¹ Para 8.104, Manchester Arena Inquiry - Volume 1: Security for the Arena:
https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=58

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Problem

26. The SIA currently oversees businesses via:
- a. The mandatory licensing of all partners, directors, managers and supervisors of security companies through requiring them to hold a non-frontline licence. This includes running criminal record and other checks to ensure that they are 'fit and proper' to hold a license and gives the SIA inspections and enforcement powers. This includes being able to revoke someone's licence if evidence comes to light that they no longer meet the standards set out by the SIA in its published criteria (for example, if they receive certain criminal convictions).
 - b. Administering the **Approved Contractor Scheme (ACS)**, soon to be iteratively **updated and renamed the Business Approval Scheme (BAS)**, a voluntary quality scheme designed to raise professional standards and give customers confidence that the services they are buying are from reputable businesses that have been subject to quality and integrity checks. The 85 largest ACS businesses account for around 65 per cent of the total UK private security market.
27. Security businesses have identified concerns relating to business fraud, tax evasion, training fraud and illegal employment practices by rogue firms which undercut reputable firms and drive down standards, but the SIA does not have the full range of tools under the PSIA 2001 to take enforcement action. This is due to the current legislation not giving the SIA the provisions to maintain necessary and appropriate oversight of security companies or individuals that lead them (that is, partners, directors supervisors and managers) and only being able to take enforcement action against individuals, rather than businesses, for company failings.
28. The intention of the PSIA 2001 when it was introduced was to eliminate criminality from the supply of private security, and increasingly the priority has become appropriate oversight of security businesses to prevent criminality by businesses, improve standards, and ensure CT preparedness and public safety. These restrictions in the current system can lead to breaches of the PSIA 2001 by businesses. This leads to poor standards and risks public safety as security operatives can be in positions of responsibility interacting with vulnerable individuals, especially in the NTE, as well as be first responders to major or terrorist incidents.

Evidence

29. The MAI found that two security companies at the Arena had been in breach of the PSIA 2001, with one deploying unlicensed individuals and the other not licensing any staff due to being mistakenly seen as an in-house employer. The MAI found that the security company which had used unlicensed staff, had been aware that this was a breach as this had been raised by its head of training and confirmed by the SIA. Despite this, the use of unlicensed staff to check bags was continuing at the date of the Attack. The Chair noted that this “demonstrates the lack of effective enforcement measures to ensure that the requirements of the 2001 Act are carried out, despite the fact that breaches of the 2001 Act are criminal offences which carry maximum sentences of imprisonment”¹².
30. The Chair noted that while the ACS provides assurance that a security company is ‘fit and proper’ and the SIA uses this to promote good practice, there is no compulsion to be part of the ACS and anyone can set up a company to provide security services.
31. The Chair recommended that “consideration is given to amending the SIA legislation to require that companies which carry out security work which may include a CT element are required to be licensed”¹³. MR8 recommended that “consideration should be given to whether contractors who carry out security services should be required to be licensed”¹⁴. This was with the view to ensuring security companies are ‘fit and proper’, are aware of risk of terrorism and take protective security measures against these risks.
32. It is the Home Office’s view that the current regulatory regime does not give the SIA the legislative framework, powers or tools needed to have the oversight of security businesses that is required to ensure companies are ‘fit and proper’, deliver high quality security, prioritise protective security and ensure compliance with the PSIA 2001. The original legislation was not drafted with this intention in mind; it was drafted to eliminate criminality from the supply of private security and bring in professional standards to security provision.
33. The government has also heard significant concerns from industry about tax fraud, phoenixing (when the same business or directors trade successively through a series of companies which liquidate or dissolve leaving debts unpaid), labour exploitation and the resulting poor standards. A large amount of correspondence from MPs, security businesses, industry groups and government departments, and PQs^{15,16} have asked for implementation of mandatory business licensing to address these issues.
34. The consultation seeks views from respondents to build this evidential picture further and understand the benefits and impact of various options proposed (see section 6) to improve SIA oversight of security companies and deliver improved public safety.

¹² Manchester Arena Inquiry - Volume 1: Security for the Arena:
https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=58

¹³ Manchester Arena Inquiry - Volume 1: Security for the Arena:
https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=173

¹⁴ Manchester Arena Inquiry - Volume 1: Security for the Arena:
https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=173

¹⁵ Written questions and answers - Written questions, answers and statements - UK Parliament (UIN 51600):
<https://questions-statements.parliament.uk/written-questions/detail/2025-05-12/51600>

¹⁶ Written questions and answers - Written questions, answers and statements - UK Parliament (UIN 44340):
<https://questions-statements.parliament.uk/written-questions/detail/2025-04-04/44340>

Necessity

35. Government action is needed to strengthen SIA oversight of firms and provide it with tools to remove rogue actors.
36. Enabling the SIA to take action against organisations as well as individuals would help deal with security businesses that continue to engage in fraudulent or other inappropriate activity and ensure a consistent security standard that will provide assurance for the buyer and the public. This would improve employee welfare, professionalism in the industry, tax revenue and ultimately public safety.

3. SMART objectives for intervention

What are the policy objectives of the action or intervention and the intended effects?

Monitored Recommendation 7

37. Objectives:

- Bring uniformity of vetting and training standards to the in-house security sector within two years of the implementation of potential measures.
- Ensure in-house security operatives are 'fit and proper' individuals with appropriate training to perform their roles.

38. Intended effects:

- Levels of training among in-house security operatives improves.
- Levels of vetting of in-house security operatives improves.
- In-house security operatives presenting public safety risk due to poor vetting and training removed from the industry.
- Improved public safety and confidence

Monitored Recommendation 8

39. Objectives:

- Strengthen the SIA's oversight of security companies over the next five years to promote high standards and deal with malpractice and criminality.
- Enhance the SIA's intelligence capability in respect of companies involved in the industry, who controls them and who they supply, thereby enabling the SIA to more effectively identify and address public safety risks.
- Give the SIA the increased ability to take enforcement action against problematic businesses, remove rogue actors from the industry and raise standards.

40. Intended effects:

- Compliance with PSIA 2001.
- Fraud and malpractice prevented.
- Standards of security training, employee welfare and professionalism raised.
- Improve public safety.

- Further SIA's contributions to key policing and government priorities, including tax avoidance, modern slavery, safety in the NTE and reducing violence against women and girls (VAWG).

SMART objectives

41. Monitored Recommendation 7:

Specific – Ensuring higher and more consistent standards of training and vetting of in-house security operatives to improve confidence in them being 'fit and proper' individuals and preventing public protection risk.

Measurable – Minimising the extent of non-compliance with any new requirement if in-house licensing were expanded to additional licensable categories. For example, evidence that a high percentage of people performing the newly licensable activity of in-house CCTV monitoring have obtained a licence (whilst those who have not are committing a criminal offence).

Achievable – The SIA already licences half a million security operatives as well as those that lead security companies (that is, partners, directors, managers and supervisors). Home Office is confident the SIA would be able to extend licensing to in-house operatives as this would require the same systems and organisational knowledge. These objectives are also considered as achievable for the individuals who would be licensed, as these standards are not onerous considering these individuals' responsibilities, as reflected by their effective application to the existing licence holder population.

Relevant – This aligns with the SIA's wider organisational goal of prioritising public protection through its regulation. This also furthers the government's manifesto commitment to prevent VAWG, and the cross-government safer streets mission¹⁷.

Time bound – The Home Office estimates a two-year timeline for changes to come into force, depending on the feedback of the consultation and the subsequent options progressed, and whether those options require primary legislation.

42. Monitored Recommendation 8:

Specific - Improving the SIA's oversight of security companies would enable the SIA to get better intelligence about the industry to encourage businesses into compliance with the licensing requirements and remove rogue actors where necessary.

Measurable – Improved oversight of the security industry and its companies would enable the SIA to oversee the industry and challenge malpractice in the industry more effectively. This would enable the SIA to take more effective enforcement action where required.

Achievable – The SIA already licences half a million security operatives as well as those that lead security companies (that is, partners, directors, managers and supervisors). It has been operating for over 20 years and is due to be the regulator for Martyn's Law¹⁸. Under these proposed changes, the SIA would have greater oversight of security companies to promote high standards and deal with malpractice and criminality.

¹⁷ Safer Streets - GOV.UK: <https://www.gov.uk/missions/safer-streets>

¹⁸ Officially known as the Terrorism (Protection of Premises) Act 2025

Relevant – This aligns with the SIA’s wider organisational goal of prioritising public protection through its regulation. This also furthers the government’s manifesto commitment to prevent VAWG, and the cross-government safer streets mission.

Time bound – The Home Office is estimating a timeline of up to five years for changes to come fully into force, depending on the feedback of the consultation and the subsequent options progressed, and whether those options require primary legislation.

43. The policy options within this Consultation OA align with the government’s objectives to prevent VAWG risk, ensure public safety, and counter tax evasion.

4. Description of proposed intervention options and explanation of the logical change process whereby this achieves SMART objectives

Monitored Recommendation 7

44. The shortlisted options for MR7 are as follows: (see Section 6 for detail):

Option 0. ‘Do nothing’

Option 1. Encourage voluntary take up of better training and vetting practices

Option 2. Extend SIA licensing to in-house CCTV operatives

Option 3. Extend SIA licensing to in-house CCTV operatives and Security Guards

Option 4. Extend SIA licensing to in-house CCTV operatives, Security Guards and Close Protection Officers (CPOs)

Option 5. Extend SIA licensing to in-house CCTV operatives, Security Guards, Close Protection Officers (CPOs), Key Holding operatives and Cash Valuables in Transit operatives

45. The proposed options aim to improve public safety by extending SIA Licensing to other categories of in-house operatives, a logic model is presented below:

- Outcome 1: Greater public confidence in in-house security operatives

Increasing the number of in-house security operatives that are SIA licensed will provide the public with greater confidence in the standards of the private security industry, as there will be increased vetting and minimum training standards.

- Outcome 2: Reduced public safety risks at venues and events

Increasing the number of in-house security operatives that are SIA licensed will ensure that more security operatives are ‘fit and proper’ individuals who can maintain public safety. This will also ensure that security operatives have the most up to date training, as operatives are required to renew their licence every three years and some categories must undergo refresher training as part of the licence renewal process.

- Outcome 3: contribution to broader public protection goals, including VAWG prevention¹⁹ and safer streets²⁰

Increasing the number of in-house security operatives that are SIA licensed would ensure that security operatives, in their various categories, can be 'fit and proper' individuals who have been minimum standards of trained and have vetting, ensuring safe and qualified security operatives are improving public safety.

¹⁹ Violence against women and girls in 2025: <https://commonslibrary.parliament.uk/violence-against-women-and-girls-in-2025/>

²⁰ Safer Streets - GOV.UK: <https://www.gov.uk/missions/safer-streets>

Theory of Change – MR7

Inputs	Activities	Outputs	Outcomes (Short to Medium Term)	Impact (Long Term)
Data on current in-house security workforce	Monitor and evaluate compliance by security operatives and employers and the impact of licensing on levels of training and vetting.	Communication materials and guidance for employers and operatives	Improved vetting of in-house operatives	Greater public confidence in in-house security operatives
Funding to be allocated for expansion of SIA licensing, inspections and enforcement systems, and to facilitate communications campaign to make stakeholders aware of changes.	Allow the SIA to remove rogue actors from the (currently unlicensed) in-house security workforce by refusing them SIA licences or suspending/ revoking their licences. Revoke/suspend licences and remove rogue actors.	Published training and vetting standards	Removal of unfit individuals from the in-house security workforce	Reduced public safety risks at venues and events
Stakeholder engagement (with industry, public bodies, etc.)	Expand the scope of the existing licensing system for minimum training and vetting standards to include CCTV and Security Guards.	Increased number of licensed in-house operatives	Improved consistency across the security sector (in-house and contracted)	Contribution to broader public protection goals, including VAWG prevention and safer streets
Government support and potential legislative changes	Expand the scope of the existing licensing framework to include CCTV and Security Guards	New licensing requirements for in-house CCTV and Security Guards	Improved Public safety	
			Improved training among in-house security operatives where necessary	

Monitored Recommendation 8

46. The shortlisted options for MR8 are as follows: (see Section 6 for detail)

Option 0. 'Do nothing'

Option 1. Improve SIA oversight of security firms through regulatory reform of the current licensing of directors, partners, supervisors and managers.

Option 2. Improve regulatory compliance and standards, and increase public confidence, through encouraging voluntary take-up of a redesigned Approved Contractor Scheme (ACS), soon to be iteratively updated and called the Business Approval Scheme (BAS).

Option 3. Business licensing with businesses having to undergo a 'fit and proper' test consisting of identity, criminality, integrity, financial probity, and competence checks.

Option 4. Business licensing with businesses having to undergo a 'fit and proper' test consisting of identity, criminality checks.

47. The proposed options aim to improve public safety by considering reform, regulatory or otherwise, of the licensing of private security industry, a logic model is presented below:

- Outcome 1: Stronger public trust in the security industry

Reforming, regulatory or otherwise, licensing of the security industry will lead to stronger public trust in the security industry as the public will have improved confidence in the oversight and accountability mechanisms of the industry.

- Outcome 2: Safer public spaces through improved oversight and accountability.

Reforming, regulatory or otherwise, licensing of the security industry will lead to safer public spaces as the SIA will have greater information on the security operatives and organisations and will be able to hold them further to account by monitoring standards and taking enforcement action where necessary.

- Outcome 3: contribution to broader public protection goals, including VAWG prevention²¹ and safer streets²².

Reforming, regulatory or otherwise, licensing of the security industry will contribute to broader public protection goals by improving standards of conduct and ensuring CT preparedness and public safety, particularly in situations where security operatives are first responders to major terrorist incidents.

²¹ Violence against women and girls in 2025: <https://commonslibrary.parliament.uk/violence-against-women-and-girls-in-2025/>

²² Safer Streets - GOV.UK: <https://www.gov.uk/missions/safer-streets>

Theory of Change – MR8

Inputs	Activities	Outputs	Outcomes (Short to Medium Term)	Impact (Long Term)
Existing SIA regulatory infrastructure and experience	SIA and Home Office to develop and implement a business licensing regime for security companies	Operational register of licensed security companies	Improved oversight of businesses and individuals that lead companies (partners, directors, managers and supervisors).	Stronger public trust in the private security industry
Legislative support (if required)	SIA to design and apply a simplified 'fit and proper' test focused on identity and criminality	'Fit and proper' test criteria and processes	Enhanced compliance with PSIA 2001	Safer public spaces through improved oversight and accountability.
Stakeholder engagement (industry, government, public)	SIA to establish and maintain a central register of licensed security companies	Increased legal compliance	Reduction in fraud and malpractice	Contribution to national priorities such as VAWG prevention and the Safer Streets initiative
Resources for system development and implementation	Home Office to enable the SIA to collect information about companies, individuals that lead companies (partners, directors, managers and supervisors) and deployments of operatives.	Improved data on company ownership and practices around the deployment of security operatives	Better employee welfare and training standards	

Theory of Change – MR8 continued

Inputs	Activities	Outputs	Outcomes (Short to Medium Term)	Impact (Long Term)
SIA, Companies House and HMRC data on existing security companies and individuals that lead them (partners, directors, managers and supervisors)	Home Office to allow the SIA to revoke/suspend licences and remove rogue actors.	Enforcement actions against non-compliant or rogue companies	Improved levels of training, competence and quality of security provision.	
	Home Office to create offences for breaches of the regulatory regime.	Removal of rogue operators from the market.	Improved public safety	
	SIA to communicate new requirements and provide guidance to businesses			
	SIA to monitor and evaluate compliance by security operatives and employers and the impact of licensing on levels of training and vetting.			

5. Summary of long-list and alternatives

Discarded alternatives from the long-list

Monitored Recommendation 7

Option 7 - Giving in-house employers access to higher level criminal record checks.

48. This is not being taken forward as, while higher level checks will improve the information employers have to make judgements about the risk presented by their employees, this assumes that the higher level checks will be used. The Home Office have found that there is currently an issue with certain employers having very high standards, but others not doing enough. This option will not address that issue.

Option 8 - Prohibiting use of in-house security operatives.

49. This option would mean businesses are only able to employ SIA licensed security operatives through a security firm. It would ensure all operatives are vetting and trained to the minimum SIA standard. Businesses need to have the choice to hire security directly and train individuals according to their own needs and standards, rather than having to buy through a third party.

Monitored Recommendation 8

Option 6 - Making Approved Contractor Scheme mandatory.

50. This would require secondary legislation to make the ACS mandatory rather than voluntary and the SIA could expand its current systems. This option would be likely to be very costly and burdensome for firms as the current ACS entail significant approvals and fees on an annual basis, which would be likely to cost a significant of resource and financing. This option is also focused on regulatory compliance to recognise quality, rather than ensuring a minimum standard of companies and ensuring they are 'fit and proper'. This may not be best focused to raising public protection standards across the industry, which is a critical objective.

Option 7 - Register of companies

51. This option would entail the SIA keeping a register of companies, without conducting any 'fit and proper' checks. It would allow the SIA to hold information on security businesses, and revoke licences upon noncompliance, and so would help remove rogue actors. This would have a significantly lower impact and cost for businesses. This, however, leaves the risk of rogue companies being SIA approved on the register as they would not have to go through a 'fit and proper' assessment process before registration.

Option 8 - Licensing of companies involved in counter-terrorism only

52. This would entail mandatory business licensing limited in scope to only those companies involved in CT-related work, as recommended by the body of the MAI report (as opposed to the MR8). This would ensure only well managed companies providing high quality security provide security at high-risk events. There is the difficulty of assessing which companies are involved in CT work at what time, and this is likely to change on a relative basis. This also would not address wider issues of fraud, malpractice and poor standards in the industry.

6. Description of shortlisted policy options being carried forward

Monitored Recommendation 7

Option 0. 'Do nothing' - Continuation of current regulatory regime.

- 53. Most in-house employers will continue to not be licenced, and issues of inconsistency in training and vetting standards will remain.
- 54. The government would be failing to act to ensure quality of security is improved and risk from in-house employers is further mitigated.
- 55. The SIA also cannot stop someone whose licence it has revoked from going on to work in an in-house security role, where they may be a real public safety risk. Doing nothing would allow this to continue.

Option 1. Encourage voluntary take up of better training and vetting practices (non-regulatory option)

- 56. This would entail encouraging in-house employers to raise levels of training and take up improved vetting practices. This would be done through a comms campaign raising awareness of the risk of poor training and vetting.
- 57. Home Office engagement with stakeholders suggests that voluntary encouragement will have limited impact as companies which currently have poor standards will have no incentive or requirement to improve.

Option 2. Extend SIA licensing to in-house CCTV operatives

- 58. This would entail licensing all in-house CCTV operatives, as MR7 recommended. This would mean anyone wanting to work as an in-house security operative will be required to hold an SIA licence, which entails training and vetting.

Option 3. Extend SIA licensing to in-house CCTV operatives and security guards

- 59. This would ensure that the three largest categories of in-house operatives – Door Supervisors (already licensed), Security Guards and CCTV operators – are subject to the same 'fit and proper' test as contracted out security.
- 60. Extending licensing to these two categories would ensure mandatory minimum training and vetting standards are introduced for the three biggest categories of in-house operatives (Door Supervisors (already licensed), Security Guards and CCTV operators).
- 61. This would ensure that most of the in-house operatives who have contact with the public or impact large gatherings (in the case of CCTV operatives) are subject to the same 'fit and proper' test as contracted out security.
- 62. This would ensure operatives who do not have contact with the public (that is, Key Holders), or those who are highly trained with military or police backgrounds (that is, CPOs), are not subject to a potentially undue burden.

Option 4. Extend SIA licensing to in-house CCTV operatives, Security Guards and Close Protection Officers

63. While some are highly trained due to past military or police experience, CPOs do have close contact with families and children when protecting them. CPOs being subject to the same 'fit and proper' test as contracted out security would be beneficial and mitigate risk to public safety. Although the Home Office needs to understand more about how CPOs are hired, who employs them, whether licensing would be beneficial and if there are any unintended consequences.

Option 5. Extend SIA licensing to in-house CCTV operatives, Security Guards, Close Protection Officers, Key Holding operatives and Cash Valuables in Transit operatives

64. This option is suggested to test views on whether all categories of in-house operatives should be licences for simplicity. Under the above proposal for MR7, SIA licensing would be extended as it is to in-house operatives.

Monitored Recommendation 8

Option 0. 'Do nothing' - Continuation of current regulatory regime.

Option 1. Improve SIA oversight of security firms through regulatory reform of the current licensing of directors, partners, supervisors and managers.

65. There are two types of SIA licences: **front line** (for security operatives who personally perform licensable conduct), and **non-front line** (for directors, partners, managers and supervisors of firms). Currently, the PSIA 2001 allows frontline licence holders to also be directors, partners, managers and supervisors, and they do not have to inform the SIA of this (that is, when they become director of a company). This dilutes the SIA's oversight of security companies.

66. Reform could consist of:

- Removing the ability of frontline licence holders to become partners, directors, managers or supervisors without having to also obtain a non-frontline licence.
- Requiring partners, directors, managers or supervisors to provide company information (for example, company name and address) as a non-frontline licence condition.
- Placing a duty on 'partners, directors, managers or supervisors to ensure the requirements of the PSIA 2001 and the SIA's licensing criteria are complied with (for example, deploying appropriately licenced staff).

Option 2. Improve regulatory compliance and standards, and increase public confidence, through encouraging voluntary take-up of a redesigned Approved Contractor Scheme (ACS), soon to be iteratively updated and called the Business Approval Scheme (BAS).

67. The ACS is already being redesigned as the BAS with a focus on raising public protection standards. Measures to encourage participation on and the robustness of the Scheme in line with the intent set out above could include:

- A tiered scheme to recognise different levels of security provision quality.
- Limiting sub-contracting to only other ACS companies.

- Limiting ad-hoc labour supply to only through other ACS companies.
- Effective enforcement through unannounced and more frequent checks by the SIA to ensure better compliance with the requirements of the ACS by firms participating in it.

Option 3. Introducing business licensing with businesses having to undergo a comprehensive ‘fit and proper’ test consisting of identity, criminality, integrity, financial probity, and competence checks.

68. This would consist of:

- A register of licensed companies.
- Businesses having to undergo a ‘fit and proper’ test consisting of identity, criminality, integrity, financial probity, and competence checks.
- Continued inspections to check compliance and civil and criminal enforcement for breaches of the licencing regime.

69. A register of companies would give the SIA information about who is active in the industry and allow it to remove registration from companies that fail to meet the ‘fit and proper’ test standards.

70. A ‘fit and proper’ test would ensure vetting of companies before they are granted licences.

71. The SIA would continue to have the lever of revoking individual licences of partners, directors, managers or supervisors in cases of individual wrongdoing.

Option 4. Introducing business licensing with businesses having to undergo a focused ‘fit and proper’ test limited to identity and criminality checks.

72. This would consist of:

- A register of companies.
- Businesses having to undergo a ‘fit and proper’ test consisting of only identity and criminality checks, similar to individual licensing.
- Continued inspections to check compliance and civil and criminal enforcement for breaches of the licencing regime.

73. As in Option 3 the register of companies would give the SIA information about who is active in the industry and allow it to remove registration from individuals that fail to meet the ‘fit and proper’ test standards as set out in Get Licensed²³.

74. A ‘fit and proper’ test focused on conducting checks on businesses in two areas (identity and criminality) rather than five (identity, criminality, integrity, financial probity and competence) would reduce cost and bureaucratic burdens for companies, make the process quicker. It would also ensure the assessment is focused on what would improve public safety.

75. The SIA would continue to have the lever of revoking individual licences of partners, directors, managers or supervisors in cases of individual wrongdoing.

²³ SIA: Get Licensed - GOV.UK: <https://www.gov.uk/government/publications/sia-get-licensed>

76. Home Office is also considering the benefits and impact of including some or all of the following aspects within Options 4 and 5:

- Individual licensing of directors, partners, supervisors and managers being replaced with business licensing. These would undergo checks on identity and criminality as part of business licensing.
- Individual licensing of partners, directors, managers or supervisors to continue as it is, but reformed as set out in Option 1
- Requiring companies to submit information on all partners, directors, managers and supervisors.
- Requiring companies to submit information on all operatives deployed.
- Prohibiting sub-contracting.
- Prohibiting ad-hoc labour supply.
- Prohibiting self-employment of operatives.
- Improved regulatory and criminal enforcement by the SIA.
- Increased unannounced inspections by the SIA.

Introducing a buyers offence, for anyone buying security from unlicensed businesses.

Small and micro business assessment and medium-sized business impact

77. MR7: Our assessment is that small and micro businesses are no more likely to hire in-house operatives than larger businesses, so MR7 proposals will not have a disproportionate impact on them. Small and micro businesses are more likely to have staff who perform security functions as part of their roles. There is an exemption for these employees (see next section).

78. MR8: According to the SIA, 99 per cent of security firms in the industry are Small to Medium-sized Enterprises (SMEs) and would be impacted by the new business licensing fees and admin demand of business licensing. The consultation seeks to understand the views of these businesses on business licensing, what impact it would have on them and how this could be mitigated.

Small and micro business assessment and medium-sized business mitigations

Summary of mitigations:

79. Clear and easy to understand resources: The SIA would ensure licensing is straightforward and provide accessible resources (for example, webpages, videos) tailored to help small businesses understand and comply with requirements.
80. Single-person businesses: Businesses with only one employee or self-employed individuals who do not contract directly with buyers would be exempt from business licensing, if that were the preferred option but they would still need individual SIA licences. The Home Office are proposing single person business exemption to avoid these businesses experiencing something akin to double regulation. Exemption means that they would not have to get both an individual and a business licence, avoiding having to pay fees for both licences and removing the administrative burden of applying for both licences.

81. Transition support: The SIA would launch a dedicated communications campaign to support the transition to business licensing.
82. Support for new entrants: New entrants—mostly micro, small, and medium businesses — would receive bespoke support via a dedicated SIA team. Assistance would be available online, by phone, and in person, tailored to each business’s needs.
83. This consultation seeks views on any exemptions that should be considered for MR8.

Further detail

84. The SIA is committed to ensuring the impact of regulation on smaller businesses is proportionate. The SIA anticipates that the main costs that smaller private security businesses would face if business licensing were identified as the preferred option would be licence fees, familiarisation, administration costs associated with applying for licences and (for a relatively small number) any corrective steps necessary to meet the business licensing ‘fit and proper’ standards. Only some of these cost areas can be reasonably mitigated.
85. In line with government rules, the licence fee would be set on a full cost recovery basis.²⁴ The ‘fit and proper’ standards would be set to ensure public safety and broader legal compliance. The SIA believes that incurring costs to meet such standards is reasonable.
86. The SIA has no evidence that smaller businesses in the private security industry are less of a risk to public safety than either the industry average or bigger businesses in the industry. Without such evidence, government would be reluctant to suggest that smaller businesses should face fewer or weaker checks on whether they are ‘fit and proper’ to provide private security services. Should evidence emerge that smaller businesses are indeed less of a public safety risk than larger businesses, then government would be willing to consider revising its business licensing proposals to apply different checks based on business size.
87. There would be familiarisation and administration costs for applications. These costs may be disproportionately higher for smaller businesses that do not have dedicated compliance functions (including staff). The SIA would seek to provide information, guidance and other support it can reasonably provide to smaller businesses to manage these costs. Essentially, the SIA would look to support these businesses so that the time they take to familiarise themselves with the regulatory requirements and to manage applications is reduced, so reducing their costs. This could include, for example, tailored support for businesses to assist them throughout the application process, including a dedicated helpline.
88. It is also worth noting that the SIA is proposing that businesses that already hold ACS (soon to be called BAS) could be assimilated into business licensing. While some administrative steps could be required of these businesses (for example, registering with a new online portal, confirming that the company or contact details held are still correct), these businesses would not be subject to full ‘fit and proper’ checks at their first application as they would already have been checked via the Approved Contractor

²⁴ Managing public money - GOV.UK: <https://www.gov.uk/government/publications/managing-public-money>

Scheme process. This would considerably reduce the costs for these businesses. Some smaller businesses do hold ACS accreditation and so would benefit from this approach.

Assessment of why medium, small and micro businesses could not be exempt

MR7

89. In-house employees engaging in security activity as a minor part of their job would be exempted from regulation to ensure licensing is proportionate, in line with the SIA's licensing regime. Schedule 2, Part 1, Para. 2(6) of the PSIA refers to the incidental activities exclusion. This removes from the scope of licensing "...the activities of a person who, incidentally to the carrying out of activities which (disregarding this sub-paragraph) are not wholly or mainly the activities of a security operative, responds to a sudden or unexpected occurrence."
90. This would ensure employees whose jobs are not wholly or mainly security operatives but do involve a small amount of CCTV monitoring or Security Guarding activities, would not require SIA licences. This is targeted towards ensuring small businesses without substantive security employees would not have to come under undue regulation.
91. The proposed options are targeted to where regulation is most needed and proportionate, with appropriate exemptions and exceptions, as under the PSIA currently which are in line with the Regulators Code.

MR8

92. Exempting medium, small and micro businesses **from any of these options** would mean the problem of fraud and non-compliance by security firms continues. 99 per cent of the firms in the industry are medium, small or micro enterprises and to be effective, the options in the consultation need to cover these. Some of these medium, small and micro businesses are firms that engage in fraud and malpractice, potentially working with brokers to cut corners and drive down standards. For these options and changes to be meaningful and impactful in the industry they must also be included.

7. Monitoring and evaluation

93. An initial basic plan for monitoring and evaluation is detailed below highlighting types of data collection by the SIA. **Home Office Analysis and Insight will develop a fuller evaluation plan for the Options Assessment and Impact Assessment** if required.

Evaluation of Key Questions on MR7				
Question	How It Will Be Answered	Data Required	Frequency	Success Criteria
1. Has licensing been successfully extended to in-house CCTV and Security Guards within two years?	Track the number and percentage of in-house CCTV and Security Guards who have obtained SIA licences. Compare against estimated total workforce.	- Number of in-house operatives licensed - Estimated total in-house workforce	Quarterly	90 per cent of in-house CCTV and Security Guards licensed by end of Year 2
2. Have training and vetting standards improved across in-house operatives?	Monitor completion rates of mandatory training and vetting checks. Compare with pre-licensing baseline.	- Training completion records - Vetting pass/fail rates - Audit reports	Quarterly	100 per cent of licensed operatives meet minimum training and vetting standards
3. Are unfit or poorly trained operatives being identified and removed from the industry?	Track the number of licence denials, suspensions, and revocations due to failed vetting or training.	- Enforcement and compliance logs - Licence revocation/denial data	Quarterly	Year-on-year increase in identification and removal of unfit operatives
4. Has public confidence in in-house security improved?	Conduct annual public perception surveys and compare results over time.	- Public confidence survey results - Stakeholder feedback	Annually	Positive trend in public trust and satisfaction with in-house security
5. Has the initiative contributed to improved public safety at venues and events?	Analyse incident reports and safety-related complaints involving in-house operatives.	- Incident reports - Complaints data - Police referrals	Bi-annually	Reduction in public safety incidents involving in-house operatives

Evaluation of Key Questions on MR8				
Question	How It Will Be Answered	Data Required	Frequency	Success Criteria
1. Has the SIA successfully implemented a business licensing regime within the five year timeline?	Track progress against implementation milestones and registration targets.	Number of companies registered Implementation timeline milestones	Quarterly	90 per cent of active companies registered by Year 5
2. Has the ‘fit and proper’ test improved the quality and integrity of security companies?	Compare pre- and post-implementation data on compliance, enforcement actions, and stakeholder feedback.	Number of companies failing the test Number of enforcement actions Stakeholder feedback	Annually	Improved compliance data; positive stakeholder feedback
3. Has the initiative led to a measurable reduction in malpractice and criminality?	Monitor trends in complaints, fraud reports, and de-registrations.	Complaints data Law enforcement reports Deregistration records	Bi-annually	30 per cent reduction in malpractice/ fraud incidents
4. Has public safety and confidence in the private security industry improved?	Conduct public perception surveys and analyse trends.	Survey results Public safety incident reports	Annually	Positive trend in public confidence; fewer safety incidents

Evaluation Timeline for MR7			
Phase	Year	Activities	Deliverables
Baseline Assessment	Year 1	- Map in-house workforce - Establish baseline data - Design M&E tools	Baseline Report
Mid-Term Review	Year 1.5	- Assess licensing uptake - Identify implementation barriers	Mid-Term Review
Final Evaluation	Year 2	- Evaluate full implementation - Assess impact on standards and safety	Final Evaluation Report Policy Recommendations
Post Implementation Review	Year 3	- Full review of the impact of the change, including any unintended consequences - Full review of progress of policy recommendations	Post implementation report
Evaluation Timeline for MR8			
Phase	Year	Activities	Deliverables
Baseline Assessment	Year 1	- Map current companies - Establish baseline data - Design M&E tools	Baseline Report
Mid-Term Review	Year 3	- Assess implementation progress - Identify gaps and adjust strategy	Mid-Term Evaluation Report
Final Evaluation	Year 5*	- Full impact assessment - Stakeholder consultations - Lessons learned	Final Evaluation Report Policy Recommendations
Post Implementation review		- Full review of the impact of the change, including any unintended consequence - Full review of progress of policy recommendations	Post implementation report

*This is the Home Office rough estimate of how long business licensing implementation would take to implement fully.

External factors impacting success (MR7 and MR8)

- 94. Engagement and understanding from the private security industry, individuals and businesses as to what the changes mean, how to implement them and how they will be monitored.
- 95. The ability of the SIA to support and undergo these changes.
- 96. Parliamentary timeline to progress those measures that are legislative.
- 97. Broader government commitments and agendas that may intersect.
- 98. Changing landscape of the industry, also known as the labour market, retention and recruitment.

Assessment of original objectives

- 99. The monitoring and evaluation plan at current is based on the assumption that the Home Office will assess the measures of success based on the original objectives of these proposed changes. Whilst not expected or our intention, if the objectives of the proposed changes are deemed to be required to change, the Home Office will do so in a formal manner. Any new objectives will be communicated to industry and will be signed off by the minister.

8. Minimising administrative and compliance costs

- 100. The SIA would ensure licensing, if identified as the preferred option, is straightforward and provide accessible resources (for example, webpages, videos) tailored to help businesses and people understand and comply with new requirements.
- 101. The SIA would seek to launch a dedicated communications campaign to support the transition to new proposals.
- 102. New entrants, especially micro, small, and medium businesses, would receive bespoke support via a dedicated SIA team. Assistance would be available online, by phone, and in person, tailored to each business's needs.

Declaration

Department: Home Office

Contact details for enquiries:

PSIAmailbox@homeoffice.gov.uk

Minister responsible: Security Minister, Dan Jarvis MP

I have read the Consultation Options Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed:



Date: 12/12/2025

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Summary: Analysis and evidence

Price base year: 2026/27

PV base year: 2026/27

Monitored Recommendation 7 ²⁵ : The requirement that only those monitoring CCTV under a contract for services need to hold an SIA licence should be reviewed						
	In-house Licensing Option 0 'Do nothing': Continuation of current regulatory regime	In-house Licensing Option 1: Encourage voluntary take up of better training and vetting practices (Non-regulatory option)	In-house Licensing Option 2: CCTV in-house licensing only	In-house Licensing Option 3: CCTV and Security Guarding in-house licensing	In-house Licensing Option 4: CCTV, Security Guarding and Close Protection in-house licensing	In-house Licensing Option 5: CCTV, Security Guarding, Close Protection, Key Holding, and Cash Valuables in Transit in-house licensing
Net present social value (NPSV)	NPSV: N/A	NPSV: N/A <i>Familiarisation</i> costs, time taken to read the required guidance, are expected in the first year for the SIA, organisations that use in-house security and security operatives who work	NPSV: -£63.85 million to -£114.37 million, central estimate -£88.10 million. The following costs are included in the calculation for the NPSV: <i>SIA licence fees for incumbent in-house</i>	NPSV: -£118.78 million to -£255.25 million, central estimate -£187.12 million. The following costs are included in the calculation for the NPSV: <i>SIA licence fees for incumbent in-house</i>	NPSV: -£263.99 million to -£420.45 million, central estimate -£331.83 million. The following costs are included in the calculation for the NPSV: <i>SIA licence fees for incumbent in-house</i>	NPSV: -£269.98 million to -£430.67 million, central estimate -£339.87 million. The following costs are included in the calculation for the NPSV: <i>SIA licence fees for incumbent in-house</i>

²⁵ Manchester Arena Inquiry - Volume 1: Security for the Arena: https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=173

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		in-house. This is currently not monetised. The SIA has indicated that detailed work on updates to guidance will commence once in-house licensing is approved. These costs are expected to be minimal and are not anticipated to materially affect the appraisal. The Home Office is working with the SIA to monetise this for the Options Assessment.	<i>staff.</i> This is estimated to cost between £7.87 million to £9.18 million, with a central estimate of £8.52 million. <i>SIA licence fees for new security operatives and renewal fees for existing personnel.</i> This is estimated to cost between £24.52 million to £28.61 million, with a central estimate of £26.57 million. <i>In-house operative time spent on filling out SIA applications and training prior to licensing</i> is estimated to cost between £37.31 million to £60.37 million, with a central estimate of £48.24 million. The cost of training courses, paid to training providers by households and businesses, is	<i>staff.</i> This is estimated to cost between £15.77 million to £18.39 million, with a central estimate of £17.08 million. <i>SIA licence fees for new security operatives and renewal fees for existing personnel.</i> This is estimated to cost between £41.57 million to £66.27 million, with a central estimate of £61.54 million. <i>In-house operative time spent on filling out SIA applications and training prior to licensing</i> is the key, currently monetised, driver behind the NPSV, and estimated to cost between £85.70 million and £136.18 million, with a central estimate of £109.65 million. The cost of training courses, paid to	<i>staff.</i> This is estimated to cost between £17.26 million to £20.14 million, with a central estimate of £18.70 million. <i>SIA licence fees for new security operatives and renewal fees for existing personnel.</i> This is estimated to cost between £62.20 million to £72.57 million, with a central estimate of £67.38 million. <i>In-house operative time spent on filling out SIA applications and training prior to licensing</i> is the key, currently monetised, driver behind the NPSV, and estimated to cost between £163.72 million and £230.50 million, with a central estimate of £195.70 million. The cost of training courses, paid to	<i>staff.</i> This is estimated to cost between £18.04 million to £21.05 million, with a central estimate of £19.54 million. <i>SIA licence fees for new security operatives and renewal fees for existing personnel.</i> This is estimated to cost between £65.00 million to £75.83 million, with a central estimate of £70.41 million. <i>In-house operative time spent on filling out SIA applications and training prior to licensing</i> is the key, currently monetised, driver behind the NPSV, and estimated to cost between £167.71 million and £2235.88 million, with a central estimate of £200.36 million. The cost of training courses, paid to
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			estimated to cost between £31.94 million to £48.60 million, with a central estimate of £39.87 million. <i>Familiarisation</i> costs, time taken to read the required guidance, are expected in the first year for the SIA, organisations that use in-house security and security operatives who work in-house. This is currently not monetised. The SIA has indicated that detailed work on updates to guidance will commence once in-house licensing is approved. These costs are expected to be minimal and are not anticipated to materially affect the appraisal. The Home Office is working with the SIA to monetise	training providers by households and businesses, is estimated to cost between £60.41 million to £91.73 million, with a central estimate of £77.47 million. <i>Familiarisation</i> costs, time taken to read the required guidance, are expected in the first year for the SIA, organisations that use in-house security and security operatives who work in-house. This is currently not monetised. The SIA has indicated that detailed work on updates to guidance will commence once in-house licensing is approved. These costs are expected to be minimal and are not anticipated to materially affect the appraisal. The Home	training providers by households and businesses, is estimated to cost between £113.51 million to £176.71 million, with a central estimate of £136.13 million. <i>Familiarisation</i> costs, time taken to read the required guidance, are expected in the first year for the SIA, organisations that use in-house security and security operatives who work in-house. This is currently not monetised. The SIA has indicated that detailed work on updates to guidance will commence once in-house licensing is approved. These costs are expected to be minimal and are not anticipated to materially affect the appraisal. The Home	training providers by households and businesses, is estimated to cost between £116.12 million to £180.95 million, with a central estimate of £139.51 million. <i>Familiarisation</i> costs, time taken to read the required guidance, are expected in the first year for the SIA, organisations that use in-house security and security operatives who work in-house. This is currently not monetised. The SIA has indicated that detailed work on updates to guidance will commence once in-house licensing is approved. These costs are expected to be minimal and are not anticipated to materially affect the appraisal. The Home
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			this for the Impact Assessment. The following benefits are included in the calculation for the NPSV: <i>Licence fee payment received by the SIA from businesses for existing personnel.</i> This is estimated to cost between £7.87 million to £9.18 million, with a central estimate of £8.52 million. <i>Licence fee payment received by the SIA from new security operatives and renewal fees for existing personnel.</i> This is estimated to cost between £24.52 million to £28.61 million, with a central estimate of £26.57 million.	Office is working with the SIA to monetise this for the Impact Assessment. The following benefits are included in the calculation for the NPSV: <i>Licence fee payment received by the SIA from businesses for existing personnel.</i> This is estimated to cost between £15.77 million to £18.39 million, with a central estimate of £17.08 million. <i>Licence fee payment received by the SIA from new security operatives and renewal fees for existing personnel.</i> This is estimated to cost between £41.57 million to £66.27 million, with a central estimate of £61.54 million.	Office is working with the SIA to monetise this for the Impact Assessment. The following benefits are included in the calculation for the NPSV: <i>Licence fee payment received by the SIA from businesses for existing personnel.</i> This is estimated to cost between £17.26 million to £20.14 million, with a central estimate of £18.70 million. <i>Licence fee payment received by the SIA from new security operatives and renewal fees for existing personnel.</i> This is estimated to cost between £62.20 million to £72.57 million, with a central estimate of £67.38 million.	Office is working with the SIA to monetise this for the Impact Assessment. The following benefits are included in the calculation for the NPSV: <i>Licence fee payment received by the SIA from businesses for existing personnel.</i> This is estimated to cost between £18.04 million to £21.05 million, with a central estimate of £19.54 million. <i>Licence fee payment received by the SIA from new security operatives and renewal fees for existing personnel.</i> This is estimated to cost between £65.00 million to £75.83 million, with a central estimate of £70.41 million.
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Public sector financial costs	N/A	There will be an additional burden to the SIA to process applications, review complaints/appeals, and take any relevant enforcement action. This will be fully recovered through license fees and borne by households and businesses, so the public sector financial cost is expected to be £0.	There will be an additional burden to the SIA to process applications, review complaints/appeals, and take any relevant enforcement action. This will be fully recovered through license fees and borne by households and businesses, so the public sector financial cost is expected to be £0.	There will be an additional burden to the SIA to process applications, review complaints/appeals, and take any relevant enforcement action. This will be fully recovered through license fees and borne by households and businesses, so the public sector financial cost is expected to be £0.	There will be an additional burden to the SIA to process applications, review complaints/appeals, and take any relevant enforcement action. This will be fully recovered through license fees and borne by households and businesses, so the public sector financial cost is expected to be £0.	There will be an additional burden to the SIA to process applications, review complaints/appeals, and take any relevant enforcement action. This will be fully recovered through license fees and borne by households and businesses, so the public sector financial cost is expected to be £0.
Significant un-quantified benefits and costs	N/A	A proportion of the non-monetised impacts from Option 3, 4, 5, and 6 are accrued in Option 2, however this proportion is dependent on businesses responding to the SIA promotion of voluntary take-up of better training and vetting practices.	Minimal increased burden on the Criminal Justice System if more operatives overseen by the SIA. Improved quality of CCTV operations and resultant safety of the public. Improved vetting of CCTV operatives to ensure individuals with relevant criminal convictions are not in positions to protect people, property, and premises.	All non-monetised impacts from Option 3 are accrued in Option 4. These will be greater in each case than the non-monetised benefits in Option 3, as Security Guards have a key role in detecting dangerous or potentially terrorist activity and ensuring it is appropriately reported. There is currently no supporting evidence	All non-monetised impacts from Option 3 and 4 are accrued in Option 5. Additional benefits from Close Protection operatives receiving licences are likely to be minimal due to insignificant contact with the public or protection of publicly accessible locations (PALs). There is currently no supporting evidence	All non-monetised impacts from Option 3, 4, and 5 are accrued in Option 5. Additional benefits from Close Protection, Key Holding, and Cash and Valuables in Transit operatives receiving licences are likely to be minimal due to insignificant contact with the public or protection of publicly accessible locations (PALs).

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			CCTV operatives receiving SIA licences will receive CT training, increasing their ability to recognise threats and respond appropriately. There is currently no supporting evidence behind the expected benefits of in-house licensing. The policy is to be evaluated once in delivery. See Section 7: Monitoring and evaluation for further details.	behind the expected benefits of in-house licensing. The policy is to be evaluated once in delivery. See Section 7: Monitoring and evaluation for further details.	behind the expected benefits of in-house licensing. The policy is to be evaluated once in delivery. See Section 7: Monitoring and evaluation for further details.	There is currently no supporting evidence behind the expected benefits of in-house licensing. The policy is to be evaluated once in delivery. See Section 7: Monitoring and evaluation for further details.
Key risks	N/A	A key risk to the analysis is the uncertainty to what degree businesses will respond to the SIA promotion of voluntary take-up of better training and vetting practices.	A key risk to the analysis arises through uncertainty around the number of in-house security personnel, and the turnover rate of in-house operatives. It is assumed in-house security staff turnover is reflective of the wider security industry. This has a significant impact on	A key risk to the analysis arises through uncertainty around the number of in-house security personnel, and the turnover rate of in-house operatives. It is assumed in-house security staff turnover is reflective of the wider security industry. This has a significant impact on	A key risk to the analysis arises through uncertainty around the number of in-house security personnel, and the turnover rate of in-house operatives. It is assumed in-house security staff turnover is reflective of the wider security industry. This has a significant impact on	A key risk to the analysis arises through uncertainty around the number of in-house security personnel, and the turnover rate of in-house operatives. It is assumed in-house security staff turnover is reflective of the wider security industry. This has a significant impact on

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			licensing and training costs. There is also a risk that arises from uncertainty around who pays for licence fees and training costs. It is currently assumed that business pay for all incumbent staff in year 0, and individuals pay for themselves thereafter. This has a significant impact on the expected costs to businesses and households. This assumption will be updated based on results from the consultation. The final risk if around whether licensing of in-house staff results in the expected benefits of increased quality of security and counter-terrorism contributions.	licensing and training costs. There is also a risk that arises from uncertainty around who pays for licence fees and training costs. It is currently assumed that business pay for all incumbent staff in year 0, and individuals pay for themselves thereafter. This has a significant impact on the expected costs to businesses and households. This assumption will be updated based on results from the consultation. The final risk if around whether licensing of in-house staff results in the expected benefits of increased quality of security and counter-terrorism contributions.	licensing and training costs. There is also a risk that arises from uncertainty around who pays for licence fees and training costs. It is currently assumed that business pay for all incumbent staff in year 0, and individuals pay for themselves thereafter. This has a significant impact on the expected costs to businesses and households. This assumption will be updated based on results from the consultation. The final risk if around whether licensing of in-house staff results in the expected benefits of increased quality of security and counter-terrorism contributions.	licensing and training costs. There is also a risk that arises from uncertainty around who pays for licence fees and training costs. It is currently assumed that business pay for all incumbent staff in year 0, and individuals pay for themselves thereafter. This has a significant impact on the expected costs to businesses and households. This assumption will be updated based on results from the consultation. The final risk if around whether licensing of in-house staff results in the expected benefits of increased quality of security and counter-terrorism contributions.
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Results of sensitivity analysis	N/A	N/A	Sensitivity analysis is conducted on the turnover rate of in-house security operatives. This analysis considers that as in-house operatives are directly appointed by businesses in sectors such as retail and financial services, they may take on the behaviour of employees in the industry of their company, not the wider security industry. The results of applying staff turnover rates from <i>Retail and Finance</i> are presented in Table 5 below.	Sensitivity analysis is conducted on the turnover rate of in-house security operatives. This analysis considers that as in-house operatives are directly appointed by businesses in sectors such as retail and financial services, they may take on the behaviour of employees in the industry of their company, not the wider security industry. The results of applying staff turnover rates from <i>Retail and Finance</i> are presented in Table 5 below.	Sensitivity analysis is conducted on the turnover rate of in-house security operatives. This analysis considers that as in-house operatives are directly appointed by businesses in sectors such as retail and financial services, they may take on the behaviour of employees in the industry of their company, not the wider security industry. The results of applying staff turnover rates from <i>Retail and Finance</i> are presented in Table 5 below.	Sensitivity analysis is conducted on the turnover rate of in-house security operatives. This analysis considers that as in-house operatives are directly appointed by businesses in sectors such as retail and financial services, they may take on the behaviour of employees in the industry of their company, not the wider security industry. The results of applying staff turnover rates from <i>Retail and Finance</i> are presented in Table 5 below.
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Monitored Recommendation 8²⁶: Consideration should be given to whether contractors who carried out security services should be required to be licenced					
	Business Licensing Option 0: 'Do nothing': Continuation of current regulatory regime	Business Licensing Option 1: Reform of current non-frontline licensing of company partners, directors, managers or supervisors	Business Licensing Option 2: Encouraging voluntary take up of a redesigned Approved Contractor Scheme, soon to be called the Business Approval Scheme (Non-regulatory option)	Business Licensing Option 3: Introducing business licensing with businesses having to undergo identity, criminality, integrity, financial probity, and competence checks before being issued a licence	Business Licensing Option 4: Introducing business licensing with businesses having to undergo identity and criminality checks before being issued a licence.
Net present social value	N/A	N/A	N/A	N/A	N/A
Public sector financial costs	N/A	N/A	N/A	There will be an additional burden to the SIA to process applications, undertake 'fit and proper' tests, review complaints/appeals, and take any relevant enforcement action. This will be fully recovered through license fees and borne by businesses, so the public sector financial cost is expected to be £0.	There will be an additional burden to the SIA to process applications, undertake 'fit and proper' tests, review complaints/appeals, and take any relevant enforcement action. This will be fully recovered through license fees and borne by businesses, so the public sector financial cost is expected to be £0.

²⁶ Manchester Arena Inquiry - Volume 1: Security for the Arena: https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=173

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Significant un-quantified benefits and costs	N/A	N/A	There will be costs to the SIA to promote take-up of the BAS, although how this looks at this stage is unclear. Take-up of the BAS by businesses is discretionary under this option. There will be associated costs to the SIA to process new applications and costs to businesses to apply to the BAS. Although this cannot be quantified without information around how many businesses will participate. Benefits accrued will be similar to Options 4 and 5, although on a smaller scale as accreditation by the SIA will not be mandatory.	As the SIA operates on a full cost recovery basis, it is expected that the additional burden to them will be borne by businesses through the license fees businesses pay. This is expected to cost businesses the range of £39.3 million to £51.2 million over the 10-year appraisal period, with a central estimate of £45.2 million; see risks below. The proposed shift from individual licensing for partners, directors, managers or supervisors to business licensing could save administrative cost to the SIA of between £4.4 million to £5.6 million over the 10-year appraisal period, with a central estimate of £5.0 million. Businesses and individuals would save the same amount in licence fees assuming the SIA operates on a full cost recovery basis. Business licensing would also strengthen financial integrity through stricter checks on entry to the sector and every three years, helping to eliminate rogue operators, and improve security quality by ensuring only competent firms are licensed, ultimately enhancing public safety and industry standards. These	As the SIA operates on a full cost recovery basis, it is expected that the additional burden to them will be borne by businesses through the license fees businesses pay. This is expected to cost businesses in the range of £20.4 million to £29.7 million over the 10-year appraisal period, with a central estimate of £25.1 million; see risks below. The proposed shift from individual licensing for partners, directors, managers or supervisors to business licensing could save administrative cost to the SIA of between £4.4 million to £5.6 million over the 10-year appraisal period, with a central estimate of £5.0 million. Businesses and individuals would save the same amount in licence fees assuming the SIA operates on a full cost recovery basis. Business licensing would also strengthen financial integrity through stricter checks on entry to the sector and every three years, helping to eliminate rogue operators, and improve security quality by ensuring only competent firms are licensed, ultimately enhancing public safety and industry standards.
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				benefits will be greater than those accrued under Option 5 as the proposed 'fit and proper' checks are more thorough, consisting of further checks before a business may receive a licence.	
Key risks	N/A	N/A	N/A	N/A	N/A
Results of sensitivity analysis	N/A	N/A	N/A	N/A	N/A

Annex

A. Evidence Base

MR7: In-house Licensing

MR7 General Assumptions and Data

1. All costs and benefits are:
 - estimated over a 10-year appraisal period. The first year of the appraisal period, 2026/27, is referred to as year 0 and this is when the set-up costs and benefits are estimated to take place. Legislation, and legal requirements, to follow in-house licensing, are assumed to be in place from year 1 onwards, 2027/28;
 - assessed against **Option 0: 'Do nothing'**;
 - inflated to 2026/27 prices using Office for Budget Responsibility Gross Domestic Product (GDP) deflators for June 2025²⁷; and
 - discounted according to the 3.5 per cent rate in line with the HM Treasury Green Book²⁸. The present value base year is 2026/27.

A1 – In-house security operatives' breakdown

2. The estimated number of in-house security operatives requiring SIA licences is derived from 2021 Home Office commissioned desk research, which provides a benchmark for the proportion of the security workforce holding an SIA licence. This proportion is applied to 2025 SIA licence data²⁹ to estimate the number of in-house operatives to be between 144,000 and 168,000, with a central estimate of 156,000 operatives.
3. The number of in-house operatives who do not currently hold an SIA licence is derived based on estimates from the SIA to be between 98,000 and 114,000, with a central estimate of 106,000 operatives.
4. The breakdown of job roles between in-house security operatives is informed by an assumption provided by the SIA and is set equal to the breakdown in SIA licensed operatives³⁰.

A2 – Average licence cost per operative

5. Security operatives can hold multiple SIA licences. The current fee for the first licence is £184, and subsequent licences cost £92; all licences last for three years from the point of award³¹.

²⁷ GDP deflators at market prices, and money GDP; September 2025 – Office for Budget Responsibility, 2024

<https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>

The Green Book: appraisal and evaluation in central government – GOV.UK:

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

²⁹ SIA licence holder demographics: September 2025 – Security Industry Authority, 2025

<https://www.gov.uk/government/statistical-data-sets/sia-licence-holders>

³⁰ SIA licence holder demographics: September 2025 – Security Industry Authority, 2025

<https://www.gov.uk/government/statistical-data-sets/sia-licence-holders>

³¹ Guidance: Apply for an SIA Licence – Security Industry Authority, 2025

<https://www.gov.uk/guidance/apply-for-an-sia-licence>

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6. Based on SIA licence data, operatives hold an average of 1.13 SIA licences³².
7. It is assumed that in-house security staff may take on multiple roles and require an average of 1.13 SIA licences.
8. This means that the average licensing fee for an in-house security operative is equal to 1 initial licence, and 0.13 subsequent licences, equal to £195.58.

A3 – Estimating labour costs

9. The Security guards and related occupations median wage is used as an estimate for in-house security operatives and is from the 2024 Annual Survey of Hours and Earnings (ASHE), four-digit occupational coding (SOC) table³³.
10. An additional non-wage uplift of 13 per cent is applied on top of the median wage to account for other labour costs, such as pension and national insurance employer contributions. This uplift is derived from the Office for National Statistics (ONS) Index of Labour Costs per Hour³⁴ for Wholesaling, Retailing, Hotels and Restaurants occupations.
11. The median labour cost for a security operative is estimated to be £15.77 per hour.

A4 – In-house operative employment turnover

12. Due to an absence of more granular data on the security industry, the number of employees working in Admin and support services who do not remain in their job role from one year to the next is 34.8 per cent. This is taken from CIPD analysis of the ONS Annual Population Survey³⁵.
13. The Total Jobs' Career Change Tracker³⁶ provides data on those moving jobs within security, or moving out of security, between 2015 and 2022. Of these two types of job move, 52.2 per cent of employees moved out of security.
14. The product of these proportions yields an estimate of 18.2 per cent for the proportion of the security industry that leaves the sector per year. This means that 81.8 per cent of the in-house security workforce is estimated to remain in the industry from year to year. This is assumed to apply for in-house operatives.
15. The estimated 2025 to 2035 industry employment growth for the security industry from the Department of Education's Labour market and skills projections data³⁷ is used to estimate the overall growth of the number of in-house security operatives.
16. These inputs are combined to produce an estimate for the number of in-house security operatives in employment in each year over the appraisal period, as shown in **Table 2**.

³² SIA licence holder demographics: September 2025 – Security Industry Authority, 2025

<https://www.gov.uk/government/statistical-data-sets/sia-licence-holders>

³³ Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14, Table 14.5a, Datasets – Office for National Statistics, 2024

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbypublicandprivatesectorashtable25>

³⁴ Index of Labour Costs per Hour: level (£) by sector, seasonally adjusted – Office for National Statistics, 2020

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/indexoflabourcostsperhourilchseasonallyadjusted>

³⁵ Benchmarking employee turnover: What are the latest trends and insights? – CIPD, 2024

<https://www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/benchmarking-employee-turnover/>

³⁶ Career Change Tracker – TotalJobs, 2022

<https://www.totaljobs.com/insidejob/career-change-tracker/industry/>

³⁷ Labour market and skills projections: 2020 to 2035 – Department of Education, 2024

<https://www.gov.uk/government/publications/labour-market-and-skills-projections-2020-to-2035>

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Table 2 The estimated number of in-house security operatives in the UK over the 10-year appraisal period, in thousands.

Year in appraisal period		0	1	2	3	4	5	6	7	8	9
Number of in-house security operatives	Low	98.0	98.7	99.4	100.1	100.8	101.5	102.1	102.9	103.6	104.3
	Central	106.2	106.9	107.7	108.4	109.2	109.9	110.7	111.4	112.2	113.0
	High	114.4	115.2	115.9	116.7	117.6	118.4	119.2	120.0	120.8	121.7
Number of new in-house security operatives from previous year	Low	0.0	18.5	18.6	18.7	18.9	19.0	19.1	19.3	19.4	19.5
	Central	0.0	20.0	20.2	20.3	20.4	20.6	20.7	20.9	21.0	21.2
	High	0.0	21.6	21.7	21.9	22.0	22.2	22.3	22.5	22.6	22.8

Source: Home Office internal estimates

MR7 Monetised impacts

MR7 Costs

MR7 Set-up Costs

MR7 Set-up Cost 1: SIA licence fees for incumbent in-house staff

17. It is currently unclear the breakdown to which this cost will impact **businesses** and **households**. This would depend on who covers the licence fee. For the purposes of this consultation, it is assumed that businesses cover the full cost of licensing incumbent staff in year 0, but households cover the full cost of subsequent renewals and first-time licences for those entering the security market. **This assumption will be updated based on the results of this consultation.**
18. As businesses will be committing an offence by continuing to have in-house security operatives employed without an SIA licence, it is assumed that businesses will incur the full cost of paying the licence fees to the SIA for incumbent staff in the first year. These occur in the first year only. This criminal offence will need to be created. Although the SIA does license in-house Door Supervisors and Vehicle Immobilisers, there is no criminal offence of directly employing (as opposed to deploying) an unlicensed Door Supervisor or vehicle immobiliser. **This assumption is to be revisited and updated dependent on the results of the consultation.**
19. This average licence fee per person, as calculated in assumption **A3**, is multiplied by the number of staff requiring licences. The total set-up licensing cost, by option, is displayed in **Table 3**. The range is driven by the number of in-house staff in scope of requiring licences.
20. This cost directly impacts the private sector and is included in the Business Net Present Value (BNPV). It is included in the Total Costs estimate and the Net Present Social Value (NPSV).

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Table 3: Initial licence fee paid to the SIA by businesses in the first year under in-house licensing (MR7), by option, £ millions, 2026/27 prices

	Option 0	Option 1	Option 2	Option 3	Option 4	Option 5
Low	0	0	7.87	15.77	17.26	18.04
Central	0	0	8.52	17.08	18.70	19.54
High	0	0	9.18	18.39	20.14	21.05

Source: Home Office internal estimate

MR7 Ongoing Costs**MR7 Ongoing Cost 1:** SIA licence fees for new security operatives and renewal fees for existing personnel

21. It is currently unclear the breakdown to which this cost will impact **businesses** and **households**. This would depend on who covers the licence fee. For the purposes of this consultation, it is assumed that businesses cover the full cost of licensing incumbent staff in year 0 (**Set-up cost 1**), but households cover the full cost of subsequent renewals and first-time licences for those entering the security market. **This assumption is to be revisited and updated dependent on the results of the consultation.**
22. It is assumed, for the purposes of this assessment, that new entrants to the security labour market, as well as existing staff approaching their 3-year renewal, will be expected to pay their SIA licence fees. This assumption will be revisited for the purposes of the Impact Assessment.
23. The average licence fee, as calculated in assumption **A3**, is multiplied by the number of individuals requiring licences and renewals. The total licensing cost, by option, is displayed in **Table 4**. The range is driven by the number of in-house staff in scope of requiring licences.
24. This cost directly impacts households and is included in the Household Net Present Value (HNPV). It is included in the Total Costs estimate and the Net Present Social Value (NPSV).

Table 4: Ongoing licence fees paid to the SIA by households over the 10-year appraisal period under in-house licensing (MR7), by option, £ millions, 2026/27 prices

	Option 0	Option 1	Option 2	Option 3	Option 4	Option 5
Low	0	0	24.52	41.57	62.20	65.00
Central	0	0	26.57	61.54	67.38	70.41
High	0	0	28.61	66.27	72.57	75.83

Source: Home Office internal estimates

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25. Sensitivity analysis has been conducted on assumption **A4**, considering different proportions of operatives who do not remain in their job role from one year to the next, as taken from CIPD analysis of the ONS *Annual Population Survey*³⁸.
26. As in-house security operatives are directly appointed by companies in industries such as retail and financial services, this sensitivity analysis assumes that in-house operative activity is more reflective of the industry in which they are employed, as opposed to the wider security industry.
27. Table 5 provides sensitivity analysis on the ongoing licence fees paid to the SIA over the 10-year appraisal period, considering the following two sectors:
 - The number of employees working in Wholesale, retail, repair of vehicles who do not remain in their job role from one year to the next is 41.6 per cent. This is taken from CIPD analysis of the ONS *Annual Population Survey*³⁹. From the TotalJobs' Career Change Tracker⁴⁰, between 2015 and 2022, 44.7 per cent of employees moving jobs in *Retail* left the sector. The product of these proportions yields an estimate of 18.6 per cent for the proportion of the security industry that leaves the sector per year.
 - The number of employees working in Financial and insurance activities who do not remain in their job role from one year to the next is 26.9 per cent. This is taken from CIPD analysis of the ONS *Annual Population Survey*⁴¹. From the TotalJobs' Career Change Tracker⁴², between 2015 and 2022, 39.1 per cent of employees moving jobs in Finance left the sector. The product of these proportions yields an estimate of 9.6 per cent for the proportion of the security industry that leaves the sector per year.
 - In-house security will also be deployed at a wide range of different sites, including museums, amusement parks and factories, so may operate in other sectors.
 - Implementing different staff turnover rates for in-house security operatives has little effect on the total cost of ongoing SIA licence fees.
 - Since the SIA operates on a full cost-recovery basis, changes in staff turnover do not generate additional income for the agency. The individual licence fee remains fixed, regardless of whether more or fewer operatives require licences.

³⁸ Benchmarking employee turnover: What are the latest trends and insights? – CIPD, 2024

<https://www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/benchmarking-employee-turnover/>

³⁹ Benchmarking employee turnover: What are the latest trends and insights? – CIPD, 2024

<https://www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/benchmarking-employee-turnover/>

⁴⁰ Career Change Tracker – TotalJobs, 2022

<https://www.totaljobs.com/insidejob/career-change-tracker/industry/>

⁴¹ Benchmarking employee turnover: What are the latest trends and insights? – CIPD, 2024

<https://www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/benchmarking-employee-turnover/>

⁴² Career Change Tracker – TotalJobs, 2022

<https://www.totaljobs.com/insidejob/career-change-tracker/industry/>

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Table 5: Sensitivity analysis on the ongoing licence fees paid to the SIA over the 10-year appraisal period under in-house licensing (MR7), considering different staff turnover rates, by option, £ millions, 2026/27 prices

	Option 0	Option 1	Option 2	Option 3	Option 4	Option 5
Staff turnover assuming in-house operatives act like staff in Wholesale, retail, repair of vehicles						
Low	0	0	24.67	41.88	62.54	65.35
Central	0	0	26.72	61.87	67.75	70.80
High	0	0	28.78	66.63	72.96	76.25
Staff turnover assuming in-house operatives act like staff in Financial and insurance activities						
Low	0	0	21.96	35.27	55.30	57.79
Central	0	0	23.79	54.71	59.91	62.61
High	0	0	25.62	58.92	64.52	67.42

Source: Home Office internal estimates

MR7 Ongoing Cost 2: Time spent by individuals on SIA licence applications and training

28. Prospective operatives must hold specific 'licence-linked' qualifications before applying for frontline SIA licences. This requires undertaking courses from SIA-approved training providers to ensure they have the skills and knowledge required to hold a licence⁴³.
29. Licences (with the exception of Vehicle Immobilisers) last a maximum of three years at which point they require renewal. Operatives holding Security Guarding, Door Supervision, or Close Protection licences, must complete refresher training prior to licence renewal.
30. Licence applicants must collate and provide evidence such as identity documents, address history, and right to work during the application process⁴⁴. A range of 0.5 to 1 hours has been assumed for the length of time needed for an individual to complete this application. This is added to the training time required per licence.
31. **Table 6** shows the length of time needed to complete an application and relevant training per licence type and broken down between initial training and refresher training prior to three-year renewals.

⁴³ Check what training you need to get an SIA licence – Security Industry Authority, 2025
<https://www.gov.uk/guidance/check-what-training-you-need-to-get-an-sia-licence>

⁴⁴ Apply for an SIA licence – Security Industry Authority, 2025
<https://www.gov.uk/guidance/apply-for-an-sia-licence#check-you-have-the-right-document>

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Table 6: Number of hours required per applicant to complete applications and required SIA-linked training by SIA licence type

		Close Protection	Public Space Surveillance (CCTV)	Security Guarding	Cash and Valuables in Transit	Key Holding
Low	Initial	194.5	22.5	30.5	24.5	0.5
Central		194.75	26.75	34.75	26.25	0.75
High		195	31	39	28	1
Low	Refresher	20.4	0.5	4.48	0.5	0.5
Central		28.61	0.75	6.72	0.75	0.75
High		36.82	1	8.96	1	1

Source: Home Office internal estimates, Security Industry Authority⁴⁵

32. The initial training is applied to incumbent in-house operatives and new in-house security operatives, and the refresher training is applied to those undertaking their 3-year licence renewal.
33. **Table 7** displays the total cost of the time taken for in-house security operatives to complete applications and required licence-linked training. This is multiplied by the labour cost calculated in **A3**.

Table 7: Time spent by individuals on SIA licence applications and training, monetised by average hourly labour cost of security operatives, over the 10-year appraisal period under in-house licensing (MR7), by option, £ millions, 2026/27 prices

	Option 0	Option 1	Option 2	Option 3	Option 4	Option 5
Low	0	0	37.31	85.70	163.72	167.71
Central	0	0	48.24	109.65	195.70	200.36
High	0	0	60.37	136.18	230.50	235.88

Source: Home Office internal estimates

MR7 Ongoing Cost 3: Licence-linked Training Cost

34. A range for the costs per licence-linked qualification training, per licence type, is estimated based on a sample of available courses from the training providers found through the SIA's *Search for a training provider* tool⁴⁶
35. The training cost differs by licensable activity, and if for initial or refresher training.
36. Relevant training costs are multiplied by the number of individuals requiring licences and renewals. The total licensing cost, by option, is displayed in **Table 8**. The range is driven by the number of in-house staff in scope of requiring licences.

⁴⁵ Changes to SIA licence-linked training – Security Industry Authority, 2025
<https://www.gov.uk/government/publications/changes-to-sia-licence-linked-training-your-questions-answered/changes-to-sia-licence-linked-training#refresher-training>

⁴⁶ Search for a training provider – Security Industry Authority, 2025
<https://www.services.sia.homeoffice.gov.uk/Pages/training-ApprovedTrainingProviders.aspx>

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37. This cost may be an overestimate. It is currently assumed, as with **Ongoing Cost 1**, that businesses pay for training costs for incumbent staff in the first year, but individuals pay this cost for future renewals and initial training for those joining the industry in subsequent years. **This assumption is to be revisited and updated dependent on the results of the consultation.**
38. **Table 8: Training costs for SIA licence-linked qualifications to households and businesses over the 10-year appraisal period under in-house licensing (MR7), by option, £ millions, 2026/27 prices**

Businesses	Low	0	0	9.84	17.02	32.26	33.06
	Central	0	0	12.28	21.29	37.80	38.84
	High	0	0	14.97	25.12	49.23	50.54
Total	Low	0	0	31.94	60.41	113.51	116.11
	Central	0	0	39.87	77.47	136.13	139.51
	High	0	0	48.60	91.73	176.71	180.95

Source: Home Office internal estimates

MR7 Monetised Benefits

MR7 Monetised Benefit 1: Licence fee payment received by the SIA from businesses for existing personnel

39. As outlined in Set-up Cost 1, for those incumbent in-house staff that are required to be licenced as a result of MR7, a payment will be made to the SIA in the form of a licence fee for each of these new licences.
40. As outlined in Set-up Cost 1, it is assumed that businesses will incur the full cost of paying the licence fees to the SIA for incumbent staff in the first year.
41. Therefore, while Set-up Cost 1 will be a cost to businesses, it will be a benefit to the SIA in the form of the payment they receive for these licence fees.
42. **Table 9** below displays the total licence fee benefit to the SIA from business payment of licence fees. All of this benefit is received in the first year of the appraisal period given that businesses are assumed to pay the licence fee to incumbent staff in the first year only. This benefit is included in the Total Benefits estimate and the NPSV.

Table 9: Licence fee benefit to the SIA received from businesses in the first year under in-house licensing (MR7), by option, £ millions, 2026/27 prices

	Option 0	Option 1	Option 2	Option 3	Option 4	Option 5
Low	0	0	7.87	15.77	17.26	18.04

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Central	0	0	8.52	17.08	18.70	19.54
High	0	0	9.18	18.39	20.14	21.05

Source: Home Office internal estimate

MR7 Monetised Benefit 2: Licence fee payment received by the SIA from new security operatives and renewal fees for existing personnel

43. As outlined in MR7 Ongoing Cost 1, licence fee payments will need to be made to the SIA for new security operatives who fall under MR7 options, as well as renewal fee payments for existing personnel who fall under MR7 options.
44. As outlined in MR7 Ongoing Cost 1, it is assumed that households will bear this cost. Therefore, while Ongoing Cost 1 will be a cost to households, it will be a benefit to the SIA in the form of the payment they receive for these licence fees.
45. **Table 10** below displays the total licence fee benefit to the SIA from household payment of licence fees over the 10-year appraisal period. This benefit is included in the Total Benefits estimate and the NPSV.

Table 10: Licence fee benefit to the SIA received from households over the 10-year appraisal period under in-house licensing (MR7), by option, £ millions, 2026/27 prices

	Option 0	Option 1	Option 2	Option 3	Option 4	Option 5
Low	0	0	24.52	41.57	62.20	65.00
Central	0	0	26.57	61.54	67.38	70.41
High	0	0	28.61	66.27	72.57	75.83

Source: Home Office internal estimates

MR7 Overall

46. **Tables 11 to 16** display the following across In-house Licensing (MR7) options 0 to 5:
- **Monetised costs:** costs to society as a result of the legislation over the 10-year appraisal period, expressed in present value terms, discounted by 3.5 per cent in line with the HM Treasury Green Book to the 2026/27 base year.
 - **Monetised benefits:** benefits to society as a result of the legislation over the 10-year appraisal period, expressed in present value terms, discounted by 3.5 per cent in line with the HM Treasury Green Book⁴⁷ to the 2026/27 base year.
 - **Net Present Social Value (NPSV):** the total net benefit to society of in-house licensing over the 10-year appraisal period, expressed in present value terms. It includes all monetised impacts, costs and benefits, discounted by 3.5 per cent in

⁴⁷ The Green Book: appraisal and evaluation in central government – GOV.UK:
<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

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line with the HM Treasury Green Book⁴⁸ to the 2026/27 base year. The NPSV is the key metric for determining whether an option delivers overall social value. A negative NPSV presents an overall cost to society as a result of the legislation, although it is important to note that no benefits have been able to be monetised at this stage. For the Low NPSV estimate, High total costs are subtracted from Low total benefits; for the Central NPSV estimate, Central total costs are subtracted from Central total benefits; and for the High NPSV estimate, Low total costs are subtracted from High total benefits. This gives the full NPSV ranges that are presented in the tables below.

- **Business Net Present Value (BNPV):** the total net benefit to businesses over the 10-year appraisal period, expressed in present value terms. It includes all monetised impacts, costs and benefits impacting businesses only, discounted by 3.5 per cent in line with the HM Treasury Green Book⁴⁹ to the 2026/27 base year.
- **Estimated Annual Net Direct Cost to Business (EANDCB):** The average annualised cost to businesses of complying with the regulation, calculated over the appraisal period and expressed in present value terms.
- **Household Net Present Value (HNPV):** the total net benefit to households (for example, individual workers) over the appraisal period, discounted to present value.
- **Estimated Annual Net Direct Cost to Households (EANDCH):** the annualised cost to households of complying with the regulation.

Table 11: Summary costs, benefits, NPSV, BNPV, EANDCB, HNPV, and EANDCH for In-house Licensing (MR7) Option 0 ‘Do nothing’, £ million, 2026/27 prices

	Low	Central	High
Total Costs	0.00	0.00	0.00
Total Benefits	0.00	0.00	0.00
NPSV	0.00	0.00	0.00
BNPV	0.00	0.00	0.00
EANDCB	0.00	0.00	0.00
HNPV	0.00	0.00	0.00
EANDCH	0.00	0.00	0.00

Source: Home Office internal estimates

Table 12: Summary costs, benefits, NPSV, BNPV, EANDCB, HNPV, and EANDCH for In-house Licensing (MR7) Option 1: Promotion of voluntary take-up of better training and vetting practices, £ million, 2026/27 prices

	Low	Central	High
Total Costs	0.00	0.00	0.00

⁴⁸ The Green Book: appraisal and evaluation in central government – GOV.UK:

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

⁴⁹ The Green Book: appraisal and evaluation in central government – GOV.UK:

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

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Total Benefits	0.00	0.00	0.00
NPSV	0.00	0.00	0.00
BNPV	0.00	0.00	0.00
EANDCB	0.00	0.00	0.00
HNPV	0.00	0.00	0.00
EANDCH	0.00	0.00	0.00

Source: Home Office internal estimates

Table 13: Summary costs, benefits, NPSV, BNPV, EANDCB, HNPV, and EANDCH for In-house Licensing (MR7) Option 2: CCTV in-house licensing only, £ million, 2026/27 prices

	Low		Central	High
Total Costs	101.64		123.19	146.76
Total Benefits	32.39		35.09	37.79
NPSV	-114.37	-88.10	-63.85	
BNPV	-17.70		-20.80	-24.15
EANDCB	-1.77		-2.08	-2.41
HNPV	-83.94		-102.39	-122.61
EANDCH	-8.39		-10.24	-12.26

Source: Home Office internal estimates

Table 14: Summary costs, benefits, NPSV, BNPV, EANDCB, HNPV, and EANDCH for In-house Licensing (MR7) Option 3: CCTV and Security Guarding in-house licensing, £ million, 2026/27 prices

	Low		Central	High
Total Costs	203.45		265.74	312.58
Total Benefits	57.34		78.62	84.67
NPSV	-255.25	-187.12	-118.78	
BNPV	-32.79		-38.37	-43.51
EANDCB	-3.28		-3.84	-4.35
HNPV	-170.66		-227.37	-269.07
EANDCH	-17.07		-22.74	-26.91

Source: Home Office internal estimates

Table 15: Summary costs, benefits, NPSV, BNPV, EANDCB, HNPV, and EANDCH for In-house Licensing (MR7) Option 4: CCTV, Security Guarding and Close Protection in-house licensing, £ million, 2026/27 prices

	Low		Central	High
Total Costs	356.70		417.92	499.92

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Total Benefits	79.46		86.09	92.71
NPSV	-420.45	-331.83	-263.99	
BNPV	-49.52		-56.50	-69.37
EANDCB	-4.95		-5.65	-6.94
HNPV	-307.18		-361.42	-430.54
EANDCH	-30.72		-36.14	-43.05

Source: Home Office internal estimates

Table 16: Summary costs, benefits, NPSV, BNPV, EANDCB, HNPV, and EANDCH for In-house Licensing (MR7) Option 5: CCTV, Security Guarding, Close Protection, Cash and Valuables in Transit, and Key Holding in-house licensing, £ million, 2026/27 prices

	Low		Central	High
Total Costs	366.86		429.82	513.71
Total Benefits	83.04		89.96	96.88
NPSV	-430.67	-339.87	-269.98	
BNPV	-51.10		-58.38	-71.59
EANDCB	-5.11		-5.84	-7.16
HNPV	-315.76		-371.45	-442.12
EANDCH	-31.58		-37.14	-44.21

Source: Home Office internal estimates

MR7 Non-monetised Impacts

MR7 Non-monetised Costs

MR7 Non-monetised Cost 1: Familiarisation Costs

47. There will be transitional familiarisation costs whereby relevant stakeholders will need to become aware of any updated legislation. This is calculated to consider the opportunity cost for an individual spending time reading, comprehending, and becoming familiar with a policy change.
48. There are three groups requiring familiarisation:
 - Relevant SIA colleagues
 - Organisations that use in-house security
 - The security operatives who work in-house (dependent on type of role)
49. There are two types of material that some, or all, of these groups would be required to read:
 - *Get Licensed* (the SIA's existing licensing criteria for individual licensing)
 - Guidance on the regulatory requirements of in-house licensing.

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50. The level of familiarisation cost will differ per scenario. It will be dependent on which in-house job roles require an SIA licence. Only the security operatives who work in-house for the relevant roles, as well as businesses hiring said operatives, will be required to read the relevant guidance.
51. The SIA has indicated that detailed work on updates to guidance would commence once in-house licensing were approved, if identified as the preferred option. **Familiarisation costs are unmonetised at this stage, but will be monetised in the subsequent Options Assessments and Impact Assessment. These costs are expected to be minimal and are not anticipated to materially affect the appraisal.**

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MR7 Non-monetised Cost 2: Additional burden on the Criminal Justice System (CJS)

52. There is expected to be an additional burden on the CJS if more operatives are being overseen by the SIA due to in-house licensing becoming a requirement.
53. With more operatives being regulated by the SIA, with each MR7 option presented, there will be more operatives who can be potentially prosecuted by the SIA for relevant offences. If there are more SIA prosecutions as a result of MR7, then it can be expected that costs on the CJS – through an increased burden on the Crown Courts, Magistrates Court and prisons and probation service – will increase.
54. In the 12 months leading to September 2025 there were 25 SIA prosecutions, with 12 resulting in fines, 2 conditional orders, 7 community sentences, 4 suspended sentences, and no immediate custody⁵⁰.
55. In each case, the person or business had been ordered to pay legal costs to the SIA as a result of proceedings. It is unclear whether this is on a full cost recovery basis.
56. However, there is no evidence to assume the number of SIA prosecutions will increase directly proportionally to the number of operatives overseen. Furthermore, it has not been possible to estimate the CJS cost of an SIA prosecution.
57. It is for these reasons that the additional burden on the CJS is included as a non-monetised, rather than monetised, cost of MR7.

MR7 Non-monetised Benefits

MR7 Non-monetised Benefit 1: Improved quality of security

58. The mandatory training associated with licensing will provide in-house operatives (some of whose training is currently lower than the SIA's training standards) with specialised skills relating to their specific in-house security role. This is predicted to increase the effectiveness of the security being provided in-house, as well as the treatment of the public.

MR7 Non-monetised Benefit 2: Improved vetting of security operatives and removal of rogue actors

59. The introduction of mandatory licensing will ensure that the security operatives getting licences are appropriately vetted. This will improve public safety by removing the possibility that individuals with relevant, and potentially serious, criminal convictions will be put into positions protecting people, property, and premises.

Non-monetised Benefit 3: Contributions to counter terrorism

60. The MAI identified that the in-house training of CCTV operators for the event did not include any significant CCTV counterterrorism training.
61. The mandatory training associated with licensing will provide security operatives with counterterrorism training. This is predicted to increase their ability to recognise a threat and respond appropriately. Due to the complexity of the influence security licensing has

⁵⁰ SIA prosecutions – Security Industry Authority, 2025
<https://www.gov.uk/government/publications/sia-prosecutions>

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on counterterrorism, data was not available to determine the direct counterterrorism benefits of licensing in-house CCTV operators.

62. In addition, the contributions to counterterrorism are greater in Option 4 than Option 3. This is because the reforms extend further than In-house Licensing (reform to CCTV operatives only) by extending licensing requirements to in-house Security Guards. Security guards have a key role in detecting potential terrorist activity (for example, hostile reconnaissance) and other illegality and ensuring that this is appropriately reported. Security guards may be on site during and after a terrorist attack and so have a role in providing an initial response (for example, directing members of the public).
63. All non-monetised benefits from Option 3 are accrued in Options 4 and 5. The additional contribution to counterterrorism from in-house Close Protection, Cash and Valuables in Transit and key-holding is likely to be minimal. This is partly because their contact with the public is unlikely to be significant, and they are unlikely to be guarding members of the public and/or Publicly Accessible Locations (PALs). Their contribution to public safety is likely to be minimal.

MR7 Expected overall impacts

64. The proposed regulation is expected to generate social benefits by improving public safety through enhanced vetting and mandatory training for in-house security operatives. This will reduce the likelihood of unsuitable individuals being deployed in roles that involve protecting people, property, and publicly accessible locations, and will strengthen counterterrorism preparedness. These measures are anticipated to raise standards of professionalism and accountability across the security sector, contributing to greater public confidence.
65. The regulation will impose additional costs on businesses employing in-house security, including licence fees, training expenditure, and familiarisation. These costs are likely to be proportionally higher for small and medium-sized enterprises, which make up the majority of the sector, and may lead some businesses to outsource security services rather than maintain in-house teams.
66. For households, individual operatives may bear some, or all, of the costs of licensing and training, which could represent a large share of income for lower-paid workers.
67. Other impacts include increased demand for training providers and a minimal additional burden on the criminal justice system associated with enforcement activity.

MR7 Distributional Impacts

68. In-house licensing may affect many sectors as businesses operating in sectors such as retail, healthcare and manufacturing may hire teams of in-house security.
69. Training providers will benefit from the additional business brought about by more individuals being required to undertake the training courses that they already offer. This benefit will differ in each option dependent on the number of activities requiring licences in-house.
70. An impact to take into consideration will be to current in-house security operatives who may be expected by their employer to pay for the appropriate training and licence fee.

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The Security guards and related occupations hourly pay from the 2024 ASHE⁵¹ inflated to 2026/27 prices using OBR GDP deflators for June 2025⁵² is used for in-house security operatives and is estimated to be £13.98. Requiring individuals to cover their own licence fee and training costs would constitute a considerable portion of their income. This is what is currently required of contracted security, and of in-house Door Supervisors and Vehicle Immobilisers

71. This measure may also have impacts on SMEs, as these businesses may choose to contract out security rather than going through licensing for incumbent in-house staff. It is currently unknown exactly which companies hire in-house staff, but it is assumed for the purposes of this appraisal that these are predominantly large enterprises. The impact of in-house licensing on SMEs is expected to be minimal.

MR7 Impacts on wider government priorities

72. These proposals are in response to the 2022 Manchester Arena Inquiry Independent Review Monitored Recommendation 7⁵³.

MR7 Business Environment

73. Extending SIA licensing to in-house operatives seeks to raise standards of vetting and training, improving public safety and creating consistency across the security sector. This is expected to increase confidence in UK venues and events.
74. All of these measures will introduce additional compliance requirements for businesses employing in-house security, which may increase costs and lead some firms to outsource rather than maintain in-house teams. Clear guidance and transition support aim to minimise disproportionate impacts on SMEs.

MR7 International Considerations

75. The legislation is not expected to have any impact on international trade and investment.

MR7 Natural capital and Decarbonisation

76. These measures are not anticipated to lead to a significant impact on natural capital and decarbonisation.

MR8: Business Licensing

MR8 General Assumptions and Data

77. The process to design the exact details of business licensing is still ongoing and subject to the outcome of this consultation. The SIA has provided the Home Office with preliminary estimates for application, complaint/appeal and enforcement⁵⁴ costs they

⁵¹ Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14, Table 14.5a, Datasets – Office for National Statistics, 2024

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbypublicandprivatesectorashtable25>

⁵² GDP deflators at market prices, and money GDP; September 2025 – Office for Budget Responsibility, 2024

<https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>

⁵³ Manchester Arena Inquiry - Volume 1: Security for the Arena:

https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=173

⁵⁴ Enforcement cost estimates are indicative only and based on assumptions from the current Approved Contractor Scheme, which differ from mandatory business licensing. Actual costs will vary with compliance behaviour, complexity of applications, and the final design of enforcement tools; figures should not be treated as definitive.

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may face for the average security business under business licensing Option 3 and Option 4. These estimates are used to inform the increased burden on the SIA as a result of these measures and the likely cost to business assuming full cost recovery⁵⁵.

78. **These costs are purely indicative as a comparator of one option to another, and the SIA does not commit to these being the true costs once business licensing is in operation.** All costs displayed are:

- estimated over a 10-year appraisal period. The first year of the appraisal period, 2026/27, is referred to as year 0 and this is when the set-up costs and benefits are estimated to take place. Legislation and legal requirements, to follow in-house licensing, are assumed to be in place from year 1 onwards, 2027/28;
- assessed against **Option 0 ‘Do nothing’**;
- inflated to 2026/27 prices using Office for Budget Responsibility Gross Domestic Product (GDP) deflators for June 2025⁵⁶; and
- discounted according to the 3.5 per cent rate in line with the HM Treasury Green Book⁵⁷. The present value base year is 2026/27.

A5 – Number of security businesses in scope

79. In the absence of more granular data, the Business administration and support services business birth and death rates from the 2023 ONS Business Demography, UK dataset⁵⁸ is used to establish estimates for the growth of the security sector over the 10-year appraisal period. Birth and death rates are assumed to be 14.2 per cent and 12.8 per cent respectively, indicating a business growth rate of 1.4 per cent.
80. The business growth rate is applied to the March 2025 number of businesses operating under the *Private security activities* Standard Industrial Classification (SIC) class from the ONS’ UK business: activity, size and location data⁵⁹. This is used to estimate the number of active security businesses in 2026/27 (Year 0) onwards.
81. The ‘number of businesses new to the sector’ in **Table 15** accounts for the ‘death’ rate of businesses from one year to another to calculate the total number of new entrants to the sector.

⁵⁵ Security Industry Authority: Public Body Review 2025 – Gov.uk, 2025
<https://www.gov.uk/government/publications/security-industry-authority-public-body-review-2025/security-industry-authority-public-body-review-2025>

⁵⁶ GDP deflators at market prices, and money GDP; September 2025 – Office for Budget Responsibility, 2024
<https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>

⁵⁷ The Green Book: appraisal and evaluation in central government – GOV.UK:
<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

⁵⁸ Business demography, UK – Office for National Statistics, 2023
<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2023>

⁵⁹ UK business: activity, size and location – Office for National Statistics, 2025
<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

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Table 17: The estimated number of security businesses in operation per year over the 10-year appraisal period.

Year in appraisal period	0	1	2	3	4	5	6	7	8	9
Number of security businesses	7,078	7,177	7,277	7,379	7,482	7,587	7,693	7,801	7,910	8,021
Number of business new to the sector	0	1,005	1,019	1,033	1,048	1,063	1,077	1,092	1,108	1,123

Source: Home Office internal estimates

A6 – Security Industry Authority inputs

82. All costs and benefits for this measure will be treated as unmonetised and analysis will be qualitative for the purpose of this document, so the appraisal will not provide an NPSV for business licensing.
83. Estimates based on SIA inputs and assumption **A5** will be included throughout as preliminary costings, but these are purely indicative. An optimism bias uplift of 20 per cent has been applied to preliminary cost estimates for business licensing, in line with HM Treasury Green Book guidance⁶⁰ for Outsourcing⁶¹ projects. This reflects the high uncertainty and complexity of implementing new licensing and enforcement systems.
84. **The Home Office will work with the SIA to better understand the costs of the business licensing reform, and subsequent fees levied on regulated businesses.**

MR8 Monetised impacts**MR8 Monetised costs**

85. See assumption **A6**; preliminary costs have been provided by the SIA and included in the 'unmonetised costs' section of the Business Licensing appraisal as an indicative estimate of the cost of the options against one another.
86. **The SIA does not commit to these costs.** Further work is being carried out to assess the economic costs of Business Licensing to the SIA, business, and individuals for the purposes of any Impact Assessment.

MR8 Monetised Benefits

87. There are no monetised benefits due to the difficulty in monetising the benefits accrued by society from an improvement in security.

MR8 Overall

88. All costs and benefits for this measure are unmonetised for the purpose of this document, so the appraisal does not provide an NPSV, BNPV, or HNPV for business

⁶⁰ Supplementary Green Book Guidance: Optimism Bias – HM Treasury Green Book, 2013
<https://www.gov.uk/government/publications/green-book-supplementary-guidance-optimism-bias>

⁶¹ Outsourcing projects are those that are concerned with the provision of hard and soft facilities management services, for example, ICT services, facilities management or maintenance projects. The midpoint for the standard range of optimism bias for Outsourcing projects is used as a proxy for Business Licensing as both involve ongoing operational costs and similar levels of uncertainty.

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licensing. Estimates based on SIA inputs and assumption **A5** are included in the **Non-monetised Impacts** section below.

MR8 Non-monetised Impacts

MR8 Non-monetised Costs

MR8 Non-monetised Cost 1: Familiarisation Costs

89. There would be transitional familiarisation costs whereby relevant stakeholders will need to become aware of any updated legislation. This is calculated to consider the opportunity cost for an individual spending time reading, comprehending, and becoming familiar with a policy change.
90. There would be three groups requiring familiarisation:
 - Private security businesses that would need to get a business licence
 - Businesses that buy security services under a contract for services (that is, buyers of private security businesses' services).
 - Relevant SIA colleagues.
91. There are two types of material that some, or all, of these groups would be required to read:
 - Guidance on the regulatory requirements of business licensing.
 - Business licensing criteria
92. The level of familiarisation cost will differ per scenario.
93. The SIA has indicated that detailed work on updates to guidance would commence if in-house licensing were identified as the preferred option, **familiarisation costs are unmonetised at this stage, but would be monetised in the subsequent Impact Assessment. These costs are expected to be minimal and are not anticipated to materially affect the appraisal.**

MR8 Non-monetised Cost 2: SIA business licence fees for new security businesses and renewal fees for existing businesses

94. Assumption **A5** sets out the estimated total number of security businesses in operation in each year of the appraisal period, as well as the expected number of new entrants to the sector each year.
95. It is assumed that all businesses in year 0 would require a business licence, as well as all new entrants to the market in subsequent years.
96. In addition, it is assumed based on the current system of individual licensing that a business licence will last three years from date of issue.
97. The SIA is funded by fee payers on full cost recovery basis⁶². This informs the assumption that the cost paid by businesses to the SIA, as detailed in the preliminary costs under assumption **A6**, is equal to the cost to the SIA of all activity relating to business licensing.

⁶² Security Industry Authority: Public Body Review 2025 – Gov.uk, 2025
<https://www.gov.uk/government/publications/security-industry-authority-public-body-review-2025/security-industry-authority-public-body-review-2025>

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98. The additional cost to businesses in the form of business licence fees paid to the SIA over the 10-year appraisal period are below. These costs are based on immature assumptions around the additional burden of business licensing, and are not included in a BNPV (see page 41) for business licensing (MR8):

- **Business Licensing Option 3:** between £40.1 million to £52.2 million, with a central estimate of £46.2 million.
- **Business Licensing Option 4:** between £20.8 million to £30.3 million, with a central estimate of £25.6 million.

MR8 Non-monetised Cost 3: Time taken to apply for business licences and prepare for review

99. The partners, directors, managers or supervisors of security businesses will need to apply for business licences and prepare the business for review for the BAS (formally called the ACS) under Option 3 or relevant 'fit and proper' test under Option 4 or Option 5.
100. Under Option 3, BAS take-up by businesses will be discretionary the number of businesses in scope is unclear; this cost is unmonetised.
101. It is unclear at this stage what the process will look like for companies to apply for business licensing and prepare for 'fit and proper' tests under Option 4 and Option 5. This cost is currently unmonetised, but work is being done to review this for the Impact Assessment.

MR8 Non-monetised Cost 4: Additional burden on the CJS

102. There is expected to be an additional burden on the CJS if a legal requirement is in place for security businesses to be licensed under, and overseen by, the SIA.
103. Of the 25 SIA prosecutions in the 12 months leading to September 2025, only one was against a security company for the supply of unlicensed operatives, resulting in a fine⁶³.
104. In this case, the business was also ordered to cover legal costs to the SIA as a result of the proceedings; it is unclear if this was on a full cost recovery basis.
105. The SIA is to conduct 'fit and proper' tests prior to licensing businesses, and criminality is included in these tests under both Option 4 and Option 5. The impact on the CJS is unclear, as it may depend on the effectiveness of criminality checks. Business licensing may allow the SIA to remove rogue incumbent businesses or exclude potential rogue businesses from the security market at point of entry. The rate of prosecution of businesses for failing business licensing requirements is hard to predict. This is likely to be higher in the initial years of the operation of business licensing before dropping to a stable state.

MR8 Non-monetised Cost 5: Promotion of the BAS (formerly called the ACS) under business licensing: Option 3

106. Under business licensing Option 3, the SIA is to encourage voluntary business take-up of the Business Approval Scheme (BAS).
107. There will be an associated cost for the SIA to promote take-up; it is currently unclear what this will look like to the SIA, so this cost is unmonetised.

⁶³ SIA prosecutions – Security Industry Authority, 2025
<https://www.gov.uk/government/publications/sia-prosecutions>

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108. There is also expected to be an additional burden to the SIA of potential increases BAS applications, as well as additional cost to businesses undertaking the process, under this measure. As BAS take-up will be discretionary under Option 2, the number of businesses opting in is unclear, so these costs are unmonetised.

MR8 Non-monetised Benefits

MR8 Non-monetised Benefit 1: Removal of individual licensing of partners, directors, managers or supervisors.

109. Depending on the views received from the Home Office consultation on business licensing, individual licensing of partners, directors, managers or supervisors through Non-frontline SIA licences may be discontinued and replaced by business licensing under **Option 3** and **Option 4**.
110. An individual SIA licence currently costs £184⁶⁴ to the applicant regardless of licence type. The SIA operates on a full cost recovery basis⁶⁵, so it is assumed that all actions that are required to review an application, carry out necessary checks, and enforce the terms of licence add a burden to the SIA equal to the licence cost of an operative.
111. This cannot be broken down granularly depending on licence type, so it may be that some licences impose less of a burden on the SIA than others, but for the purposes of this appraisal it is assumed that all licensable activities impose the same cost on the SIA.
112. Using the most recent data for numbers of security businesses in March 2025 and the number of Non-frontline SIA licences in the same period, there are an average of 1.28 Non-frontline SIA licences per security business. This is assumed to remain constant over the appraisal period.
113. It is important to note that not all non-frontline licensees are partners, directors, managers or supervisors of the business⁶⁶. Due to this a range of 1 to 1.28 controlling minds per security business is assumed, with the midpoint taken as a central estimate – 1.14.
114. This is applied to the number of security businesses calculated under assumption **A5**. The employment turnover rate of partners, directors, managers or supervisors is applied; this is assumed to be consistent with the security sector from the TotalJobs' Career Change Tracker⁶⁷.
115. It is estimated that removing the need for partners, directors, managers or supervisors could reduce the burden on the SIA by between £4.3 million to £5.6 million over the 10-year appraisal period, with a central estimate of £5.0 million.
116. This will also pose a benefit to businesses and households of the reduced Non-frontline SIA licence cost of an amount equal to the reduced burden on the SIA. It is unclear at this stage what proportion of this saving can be allocated to businesses and households

⁶⁴ Guidance: Apply for an SIA Licence – Security Industry Authority, 2025
<https://www.gov.uk/guidance/apply-for-an-sia-licence>

⁶⁵ Security Industry Authority: Public Body Review 2025 – Gov.uk, 2025
<https://www.gov.uk/government/publications/security-industry-authority-public-body-review-2025/security-industry-authority-public-body-review-2025>

⁶⁶ Find out if you need an SIA licence – Security Industry Authority, 2024
<https://www.gov.uk/guidance/find-out-if-you-need-an-sia-licence>

⁶⁷ Career Change Tracker – TotalJobs, 2022
<https://www.totaljobs.com/insidejob/career-change-tracker/industry/>

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without a breakdown of who pays for the licence fee. This will be explored further for the purposes of the Impact Assessment.

117. Regulating non-frontline roles through business licensing may have the added benefit of ensuring that all aspects of how a business is operated are regulated through one licensing scheme.

MR8 Non-monetised Benefit 3: Increased financial integrity

118. As part of the 'fit and proper' tests, criminality is investigated in the full and light options, and criminality and financial probity is explored in the full.
119. It may contribute to improved tax compliance within the security sector if the SIA is able to remove rogue actors upon entry to the industry, and ensure financial integrity is maintained every three years upon licence renewal.
120. This, in turn, could support higher tax revenue collection.
121. Business licensing may enable the SIA to have further power to investigate businesses potentially engaging in fraudulent or otherwise inappropriate activity and remove these rogue actors from the industry.
122. This would allow for higher standards to be upheld in the industry, with the potential for a positive consequence of increased employee welfare and professionalism with the security sector.

MR8 Non-monetised Benefit 4: Improved quality of security

123. As part of the **Option 3** business licensing 'fit and proper' checks, businesses will have their 'competency' reviewed prior to attaining a licence.
124. It is predicted that if the SIA is only to licence firms with an appropriate level of competency this will increase the effectiveness of the security being provided.
125. This may ensure that security firms, especially those who supply operatives to work in PALs and oversee the safety of the public, are held to a high standard, improving the safety of the public.

MR8 Non-monetised Benefit 5: Business licence fees paid to SIA for new security businesses and renewal fees for existing businesses

126. The MR8 Non-monetised Cost 2 outlined above will be a benefit to the SIA. This is because the SIA will benefit from the payment that they receive from businesses from in the form of these licence fees.
127. This benefit to the SIA will be equal to the cost discussed in MR8 Non-monetised Cost 2.

MR8 Expected overall impacts

128. The proposed regulation is expected to generate societal benefits through the improvement in the oversight and regulation of security firms by the SIA. This allows the SIA further powers to investigate businesses engaging in potentially fraudulent or criminal activity. The SIA may disallow those with criminal backgrounds from operating in the industry.

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129. There is also expected to be a benefit to society through an improved quality of security services, and a resultant improved safety of the public. This benefit is highest in business licensing **Option 3**, where the SIA conducts ‘competency’ checks as part of the ‘fit and proper’ tests conducted during licence applications.
130. There is the potential benefit of reduced burden on the SIA and reduced cost to businesses and households if individual non-frontline licensing is discontinued under **Option 3** and **Option 4**, although this is expected to be outweighed by the increased burden and cost of business licensing to the SIA and to businesses.
131. Costs to business include the licence fee paid to the SIA, along with employee time taken to collate and submit relevant information for applications and familiarisation costs.

MR8 Distributional Impacts

132. There is no disproportionate regional effect anticipated; security businesses are widely distributed across the UK.
133. 99 per cent of firms in the industry are SMEs⁶⁸ and would be impacted by the new business licensing fees and bureaucratic burden of business licensing. The Home Office will ensure mitigations are in place to ease this transition (see **Section 6** above).

MR8 Impacts on wider government priorities

134. These proposals are in response to the 2022 Manchester Arena Inquiry Independent Review Monitored Recommendation 8⁶⁹.

MR8 Business Environment

135. The introduction of mandatory business licensing would be expected to raise professional standards and improve market integrity, reducing fraud and malpractice that currently undermine reputable firms. This may enhance the attractiveness of the UK security market for compliant operators and buyers of security services.
136. Options 4 and 5 would introduce additional compliance requirements for new entrants, which could increase barriers to entry for SMEs due to increased costs to enter the industry. Although these options would introduce new obligations for SMEs and may increase entry costs simplified checks and transition support would aim to minimise disproportionate impacts.

MR8 International Considerations

137. Along with domestic firms, international security companies would need an SIA business licence to operate in the UK under options 4 and 5.
138. Although the total number of international security companies operating in the UK is unknown, Infologue shows that international operators such as G4S (Allied Universal),

⁶⁸ UK business: activity, size and location – Office for National Statistics, 2025
<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

⁶⁹ Manchester Arena Inquiry - Volume 1: Security for the Arena:
https://assets.publishing.service.gov.uk/media/60cc659fe90e07438f7af765/CCS0321126370-002_MAI_Report_Volume_ONE_WebAccessible.pdf#page=173

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Securitas, Bidvest Noonan and OCS Group, were in the top five UK security providers by turnover in 2024⁷⁰.

139. The cost of attaining a business licence is unlikely to be a significant barrier to operation for these companies, however it may disincentivise smaller international operators from expanding to the UK. This is not disproportionate to the cost faced by a domestic firm.

⁷⁰ Infologue Top 100 UK Security Companies 2024 – Infologue, 2024
<https://www.infologue.com/exclusive/top-best-security-companies-uk-2024/>

MR8 Natural capital and Decarbonisation

140. This measure is not anticipated to lead to a significant impact on natural capital and decarbonisation.

B. Statutory Equalities Duty

All Consultation OAs are required to have the Statutory Equalities Duty reviewed by the SRO before signoff.

Mandatory specific impact test - Statutory Equalities Duties	Complete
Statutory Equalities Duties The public sector equality duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations in the course of developing policies and delivering services. [Equality Duty Toolkit] Under Section 149 of the Equality Act 2010, the government is obliged to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and encourage good relations between persons who share a relevant protected characteristic and persons who do not share it. The extension of licensing to in-house security operatives (MR7) as well as business licensing (MR8) would not be expected to directly impact any of the nine protected characteristics. The Home Office assess that there is the potential for indirect impacts on the following protected groups: Age, Disability, Race, Religion and Belief, and Sex. This consultation will seek to gather further data on these groups to better understand the potential impacts on them as a result of these proposed policy options. Following the consultation, proposals for implementing MR7 and MR8 will be considered and developed, and a full Equality Impact Assessment will be completed at that time. The SRO has agreed these summary findings.	Yes