

DELIVERING  
HOME OFFICE  
OBJECTIVES

# Corporate and Business Plan 2009/10 to 2011/12



Security Industry Authority

## Chair's foreword

The SIA, like all UK regulators, faces a challenging future. Against a backdrop of economic downturn and uncertainty the need for effective yet proportionate regulation of the security industry has never been clearer.

Over the past year, I have seen an organisation that continues to stabilise and strengthen following the various problems that occurred during 2007 and 2008. We are, in most regards, now running extremely well and operating as an effective, proportionate regulator striving to improve customer service.

In 2008/09, against a backdrop of increased licence applications (35% more than the previous year) we strengthened right to work checks on licence applicants and existing licence holders, and we will soon extend our remit to Northern Ireland. We have restructured the organisation, redefined our objectives and prioritised our major initiatives for the next three years.

This document lays out our plans for the 2009/10 – 2011/12 period, with specific focus on the targets and financial plans for the current financial year (2009/10).

We need to ensure that our three year plan is stable yet flexible enough to respond to a changing security industry – several commentators cautiously predict industry growth, and one-off events like the Olympics in 2012 will pose specific challenges.

Our biggest strength is undoubtedly our staff. They are energetic, readily welcome change and their attitude is first class. This "people capital" will be required in full measure to meet the major challenges of an uncertain economic environment, the re-tender of our managed service provision in 2009/10, and being ready for the unexpected as well as for anticipated one-off events like the Olympics in 2012.



Security Industry Authority

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## Executive summary

The past two years saw significant change for the SIA. We have responded to a 35% increase in licensing applications and stabilised the processing of right to work checks for applicants from outside the European Economic Area. Our voluntary Approved Contractor Scheme has also grown to over 600 companies and covers approximately 60% of people working in the private security industry. There have been major convictions sending a strong positive message that is welcomed by the vast majority of the private security industry. We have reviewed ways in which extending our remit could further contribute to public protection and will introduce regulation to Northern Ireland within the 2009/10 financial year. We have started planning to regulate Enforcement Agents (Bailiffs) and we are well advanced with plans to regulate those carrying out private investigations. Subject to a Regulatory Impact Assessment, we will develop plans to introduce compulsory business licensing, which should enhance our regulatory impact. We also plan to make use of the new Regulatory Enforcement Sanctions.

We believe that our main regulatory tools are working well and the focus of our licensing framework will be to make our systems more efficient and robust to ensure that only those who deserve to hold a licence do so. We are also considering how to improve our successful Approved Contractor Scheme (ACS). As part of a clarified vision for ACS, we will undertake work in 2009 to ascertain whether there is scope within the ACS to recognise differing levels of excellence.

Our priorities for the next three years will be to:

- take forward proposals to introduce compulsory business licensing which we recognise is likely to significantly change the way we work and how we are organised
- retender the outsourced managed service and transition to a new service provider contract without negatively affecting service levels
- build our capacity to deliver a more consistent level of customer service and improve performance across the licensing process
- invest in our people to support new challenges and higher levels of customer service and professionalism
- manage the change programme to extend to new regions and sectors subject to impact assessments and Parliamentary approval
- maintain and develop our network of compliance and enforcement partnerships to build on recent successes.

These priorities are set within the context of an uncertain economy, strong demand for licences and our support of plans for the Olympics in 2012. We have therefore made building a proactive, dynamic and resilient organisation a priority. Specifically, we will continue to focus on our public protection remit whilst offering better customer service and excellent value for money. We have increased our headline target for the percentage of applications dealt with within 33 days for UK and EEA applications, from 80% to 85%, and the contact centre telephone response time target will be increased to 95% of calls answered in 30 seconds. We plan to achieve this within current fee levels for the 2009/10 financial year by keeping a strong focus on efficiency.

We will maintain our commitment to being a proportionate regulator and continue to consider ways of reducing the administrative burden on the private security industry. For example, we are reviewing the competency requirements and we are looking at ways to improve online licence application arrangements. We will also continue to work with the Home Office and other departments to strengthen the rigour of the identity and right to work checks we undertake and to consider options for efficiency gains through sharing services.



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CORPORATE AND BUSINESS PLAN 2009/10 TO 2011/12

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We will measure success by focusing our attention on the indicators of:

- how well we influence public protection
- how well we serve individuals and companies that apply for a licence or voluntary approval respectively
- how we deliver value
- how we develop our staff and organisation.

## Introduction

This document sets out our three year Corporate and Business Plan from 2009/10 to 2011/12. Our key performance indicators and budgets are set for the 2009/10 financial year, since we recognise the need to review and, if necessary, adjust our key performance indicators on an annual basis, and to reflect changing forecasts of demand in our financial plans.

Our Corporate and Business Plan has seven sections:

1. Who we are
2. Our operational environment
3. What we do
4. What we will achieve and how we will measure success
5. Our key areas of change
6. Financial plans
7. Looking forward



Security Industry Authority

## 1. Who we are

The SIA is responsible for regulating the UK private security industry. We are an independent body established in 2003, reporting to the Home Secretary under the terms of the Private Security Industry Act 2001. As a non-departmental public body sponsored by the Home Office we contribute to the Home Office's purpose of working together to protect the public.

We have two main duties. One is the compulsory licensing of individuals undertaking designated activities within the private security industry; the other is the approval, on a voluntary basis, of security suppliers that meet specified quality standards.

Raising standards is not the sole preserve of the SIA. Whilst we can contribute to this aim, industry associations, individual suppliers and the customers of private security all have a role to play. We aim to work with them to ensure that our joint efforts lead towards high standards.

We establish the competency requirements for individuals to be licensed. This helps to ensure that everyone working in the private security industry has the right skills and knowledge to do their job well. We do this by specifying qualifications and endorsing awarding bodies, which are responsible for approving training providers, overseeing the standard of assessment and awarding qualifications recognised for licensing. We do not deliver training courses, award qualifications or provide funding. It is for individual suppliers to ensure that each operative has all the skills, competencies and experience for the assignments on which they are deployed.

Skills for Security is the standard setting body for the security business sector. It is responsible for setting the industry skills agenda with a view to increasing security related vocational education and training and raising the skills and professionalism of this workforce.

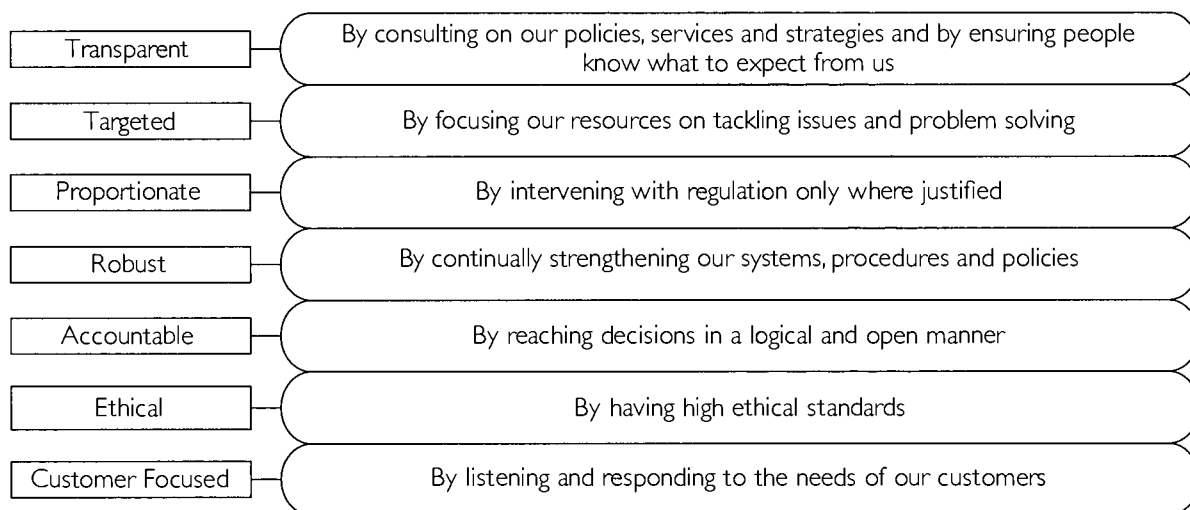


## Mission, Vision, Principles and Values

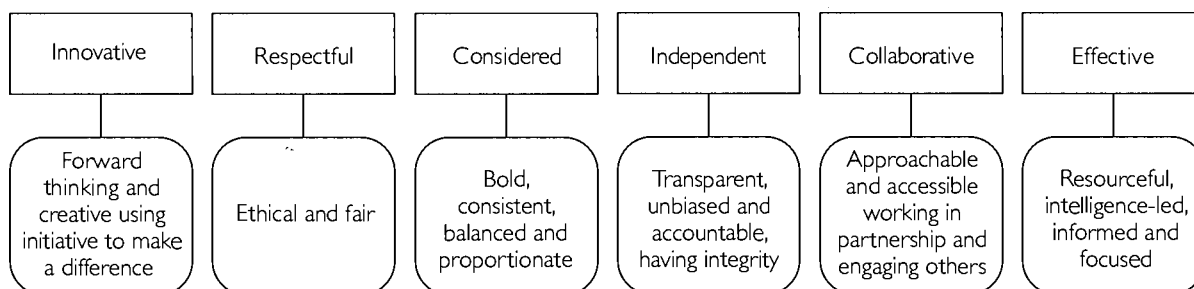
Our mission is to be an effective, fair and efficient regulator of the private security industry.

Our vision is that criminality is reduced and standards are raised in the private security industry so that the public is, and feels safer.

The principles that we abide by mean that we are:



We encourage our staff to live our values by being:



We periodically review our values to ensure that they are well suited to our evolving organisation, and we will be doing this again later in the 2009/10 financial year.

## Our Objectives

Our purpose as derived from the Private Security Industry Act 2001 is to:

- remove from the private security industry those individuals who seek to use their position to pursue criminal activities
- raise standards of competence and professionalism in the industry
- increase public confidence in the industry.

To achieve this, we categorise our objectives under the following headings:

- protecting the public
- customer service
- delivering value; and
- developing our people and organisation.

This ensures that while we strive to meet private security industry regulatory outcomes which can be summarised as protecting the public, we do so in a manner that provides customer service to individuals and companies that are covered by the private security industry regulatory regime. This is paid for by the industry and guaranteed by Government and we are committed to delivering value to our stakeholders. As we are primarily a people business, we recognise that achieving successful outcomes is underpinned by developing our people and organisation.

### Protecting the public

- Ensuring that only fit and proper people and organisations deliver regulated private security services

We contribute towards the Home Office purpose of "working together to protect the public" by helping to ensure the private security industry does not facilitate criminal activity. We do this by rigorously applying our criminality criteria, our Approved Contractor Scheme criteria and by enforcing compliance with the law.

### Customer service

- To deliver services which meet the needs of our customers

We recognise that our customers require quality services delivered in a timely manner. To do this we set and work towards targets which require us to make accurate and timely decisions on applications for licences and company approval, respond accurately and professionally to enquiries and complaints, make our services accessible and ensure that ACS remains attractive to the industry.

### Delivering value

- To ensure we live within our means, obtain and provide best value to our stakeholders

We are required to deliver value for money to our customers and ultimately, to Government. We do this by making full cost recovery for services, developing reliable forecasts of business demand; keeping costs for core services at an acceptable level and making efficiencies to deliver cost reductions over time.

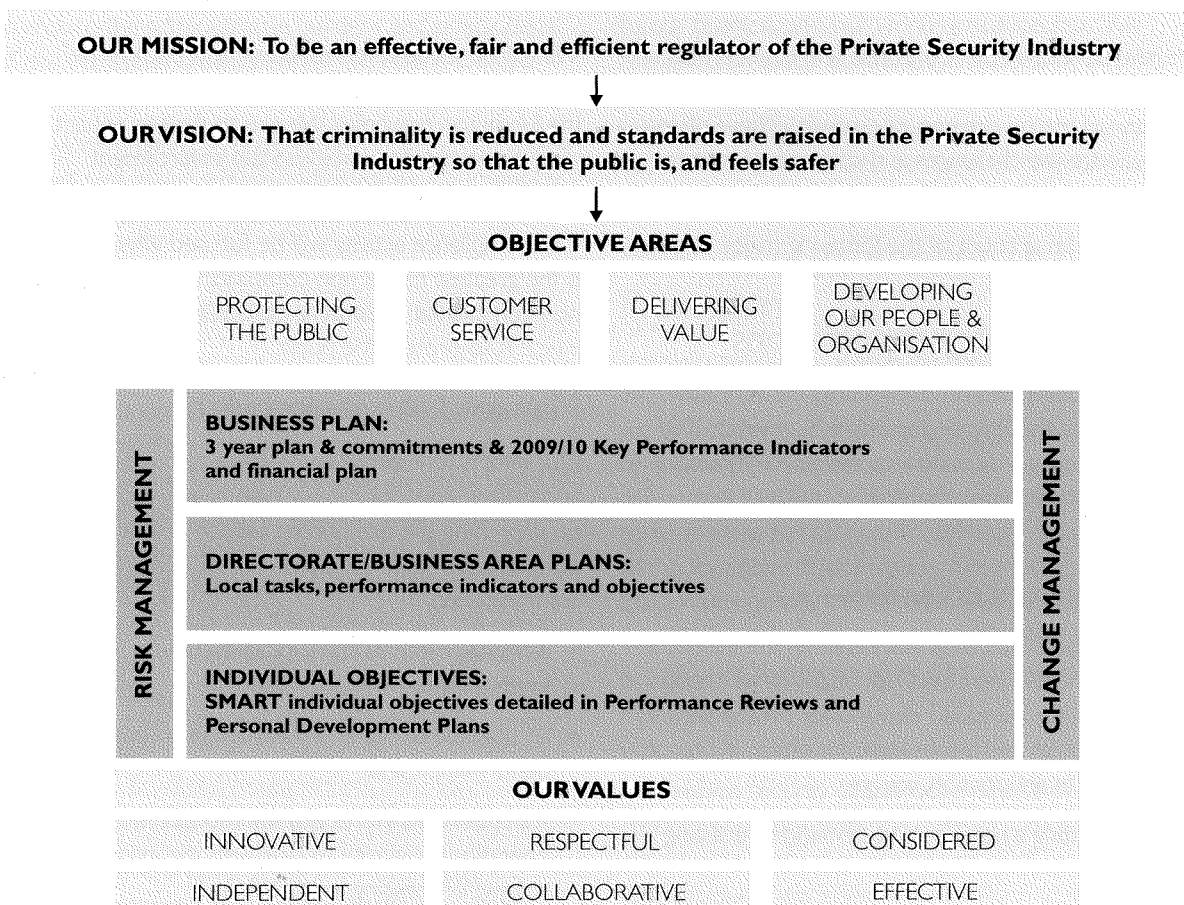
### Developing our people and organisation

- Our staff have the required competencies and skills to perform effectively

To deliver effective services, we need competent and motivated people who are proud to work for us. We want to attract and select the right people for the roles in our organisation, while ensuring our people continue to meet our changing resource requirements. We will also endeavour to maximise our people's potential as a means of improving skills and retaining our staff.

Specific objectives within these categories cascade through to objectives and performance targets for our teams and ultimately, to each member of staff. This formal management framework is underpinned by the values we expect our people to uphold.

The diagram below shows how our objectives are aligned to our mission and vision and how we will review our performance.



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## 2. Our operational environment

We have developed our Corporate and Business Plan to deliver our mission to be an effective, fair and efficient regulator of the private security industry. These plans acknowledge the challenges and operational risks to which we may be exposed over the next three years.

We have taken account of the following major drivers in our plans:

### Meeting industry expectations

Most of the regulated private security industry now complies with the Private Security Industry Act 2001. A key challenge for us is how to develop the optimal mix of communications channels to reach all our stakeholders.

### Economic uncertainty

Due to the possible causal link between the economic downturn and the increased risk of crime, we recognise the potential for increased demand for private security industry services and a subsequent increase in licence applications. In anticipation, we are:

- implementing a more robust demand forecasting model
- increasing our flexible staffing resource to deal with potential surges in licence application demand whilst keeping additional costs to a minimum; and
- continuing to work closely with providers of criminality disclosures (Criminal Records Bureau, Disclosure Scotland and Access NI) and the UK Border Agency to improve the quality and timeliness of criminal records checks and right to work information.

### Better regulation

We welcome the ever-present challenge to ensure that we continue to keep the impact of regulation on the industry proportionate as we extend regulation to new sectors.

We will continue to develop our approach to be targeted, risk-based and proportionate, in line with the Hampton principles. We aim to further enhance working with compliance and law enforcement partners to multiply our capability.

Our compliance activity will be focused where there is the greatest risk of non-compliance and where that non-compliance undermines the purpose of regulation, which is to protect the public.

### Managed service provision

Our efforts to improve our service to customers and deliver value for money have largely focussed on improving the outsourced service delivery from our managed service supplier. We have recently commissioned:

- increased systems capacity to accommodate rising levels of data
- an upgrade of our IT infrastructure to improve performance, and
- improvements in the way we monitor our available operational capacity to deal with the increased volume of licensing applications.

Our current managed service contract is due to expire in 2010. We have therefore initiated a project to procure a new managed service which we anticipate will continue to provide value for money and offer services that will meet the future needs of the industry.

### Preparing for the Olympics

Over the last year we have been supporting the Olympics 2012 planning effort by raising awareness of our role with Olympics key stakeholders, and seeking to minimise the risk of non-compliance with regulation both before and during the games. We are also considering initiatives to support heightened demand for security industry services before and during the games. Going forward we will contribute to the Home Office led Olympic Security Programme, as appropriate, as well as informing the London Organising Committee of the Olympic and Paralympic Games Accreditation Scheme and the 'Bridging the Gap' training initiative.

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## OUR OPERATIONAL ENVIRONMENT

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### Simplification

We are committed to the Government's target to cut red tape by 25% between 2005 and 2010. Our efforts to reduce the administrative burdens and policy costs of our regulation are included in the Home Office's Simplification Plan, which is published annually.

We are committed to continually improving in this area and will be further reducing administrative burdens by introducing an online applications process in the near future.

### Responding to the wider vetting agenda

Various parts of the Home Office are involved in the development of more robust employee vetting and right to work checks<sup>1</sup>. We see this as an opportunity to, over time, share capabilities with organisations like the Independent Safeguarding Authority, UK Border Agency and providers of criminality disclosures. We also see opportunities to improve the rigour of our regulation by taking advantage of new capabilities, as they come on stream, from other organisations like the Identity and Passport Service, charged with improving identity management.

### Using new technology effectively

There are several advances in new technology, for example biometrics, that could support our public protection agenda, improve our efficiency and customer service. We are therefore keeping a watching brief on work by other government organisations like the Identity and Passport Service, UK Border Agency and providers of criminality disclosures in this area.

### Equality and diversity

We are committed to developing an organisation in which fairness and equality of opportunity are central to our business and our working relationships. We recognise the need to address all aspects of diversity and will continue to develop initiatives that comply with legislation whilst addressing diversity and equality of opportunity in the widest terms, as outlined in our joint equality scheme and action plan.

### Freedom of Information and Data Protection

We will continue to follow the requirements of the Information Commissioner's Office to ensure that we proactively publish information regarding our operational performance, conduct and governance. We will ensure that all requests for information continue to be managed in accordance with the requirements of the Freedom of Information Act 2000 and the Data Protection Act 1998. Work will be undertaken to introduce new systems and policies that will assist in improving our responsiveness to requests for information.

We will continue to monitor and improve our information security capabilities in line with recommendations from the Cabinet Office. We will disseminate best practice amongst all of our staff. We will introduce new systems and policies to enhance our existing information security procedures.

<sup>1</sup> Created under the Safeguarding Vulnerable Groups Act 2006, the new Vetting and Barring Scheme will replace existing Disqualification regimes. A new organisation, the Independent Safeguarding Authority (ISA), will decide who is unsuitable to work or volunteer with vulnerable groups. It will base its decisions on pulling together information held by various agencies, government departments and the Criminal Records Bureau. Once the scheme is fully rolled out, it will be illegal to hire someone in regulated activity who is not registered, and has therefore not been checked by, the ISA. The new scheme will cover employees and volunteers in the education, care and health industries, affecting some 11.3 million people.



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### 3. What we do

Our main regulatory tools, licensing and the Approved Contractor Scheme are working well.

#### Licensing

We license those working in specific sectors of the private security industry in England, Wales and Scotland, and we will begin regulating in Northern Ireland from this year.

The licensing operation ensures that those working in the private security industry are appropriately skilled and meet all aspects of the published criteria.

The activities currently subject to licensing are:

- manned guarding, which includes:
  - cash and valuables in transit
  - close protection
  - door supervision
  - public space surveillance (CCTV)
  - security guarding
- immobilisation, restriction and removal of vehicles – which includes wheel clamping
- key holding.

This year we will look to further improve the delivery of our service to our customers by:

- making our systems more efficient and robust to ensure that only those who deserve to hold a licence do so.
- improving customer response times in the contact centre to 95% within 30 seconds
- increasing the number of UK and other EEA citizens' applications processed within 33 days from 80% to 85%; and
- improving our e-services by enabling online applications.

Although we have no legal responsibility to carry out right to work checks, as this obligation falls to the employer, we now work with the UK Border Agency to check the right to work in the United Kingdom of all new SIA licence applications who are non European

Economic Area nationals. We are proud to contribute towards the Government's goal to reduce illegal working in the United Kingdom.

#### The Approved Contractor Scheme (ACS)

We also approve security companies, which meet our published criteria. The objective of the scheme is to raise standards across the private security industry to help protect the public. The scheme is voluntary and gives approved contractors the right to use the ACS accreditation mark which is a recognised hallmark of quality.

This year we will undertake a number of initiatives to establish the full potential of ACS and ways the scheme can be improved. For example, we will assess the viability of differentiating the ACS status of registered companies to recognise increasing levels of excellence.

#### Compliance and enforcement

We expect compliance with the law at all times. Our starting point is to try to help organisations and individuals meet their legal obligations. We take an intelligence-led approach to compliance, working with partners to enforce and, where necessary, prosecute offenders. Our compliance activity will be focused where there is the greatest risk of non-compliance and where that non-compliance undermines the purpose of regulation, which is to contribute to public protection. We will implement new and improved compliance and intelligence systems and continue to maintain and develop our compliance and enforcement partnerships. Next year we intend to make preparations to ensure we benefit from the power to impose further sanctions, which fall short of prosecution, provided by the Regulatory Enforcement Sanctions Act 2008.

#### Partnership Working

We work with many different organisations, sharing information, ideas and knowledge which helps us maintain high standards in the work that we do. We have strong relationships with the Home Office, other government departments such as the Department for

Business, Innovation and Skills, the Association of Chief Police Officers (England, Wales and Northern Ireland), the Association of Chief Police Officers in Scotland, the Local Authorities Coordinator of Regulatory Services, individual local authorities and police forces, the UK Border Agency, the Serious Organised Crime Agency and others.

The SIA can only achieve its mission through working with partners. The following diagram shows our relationship with our various partners.

### Our recent achievements

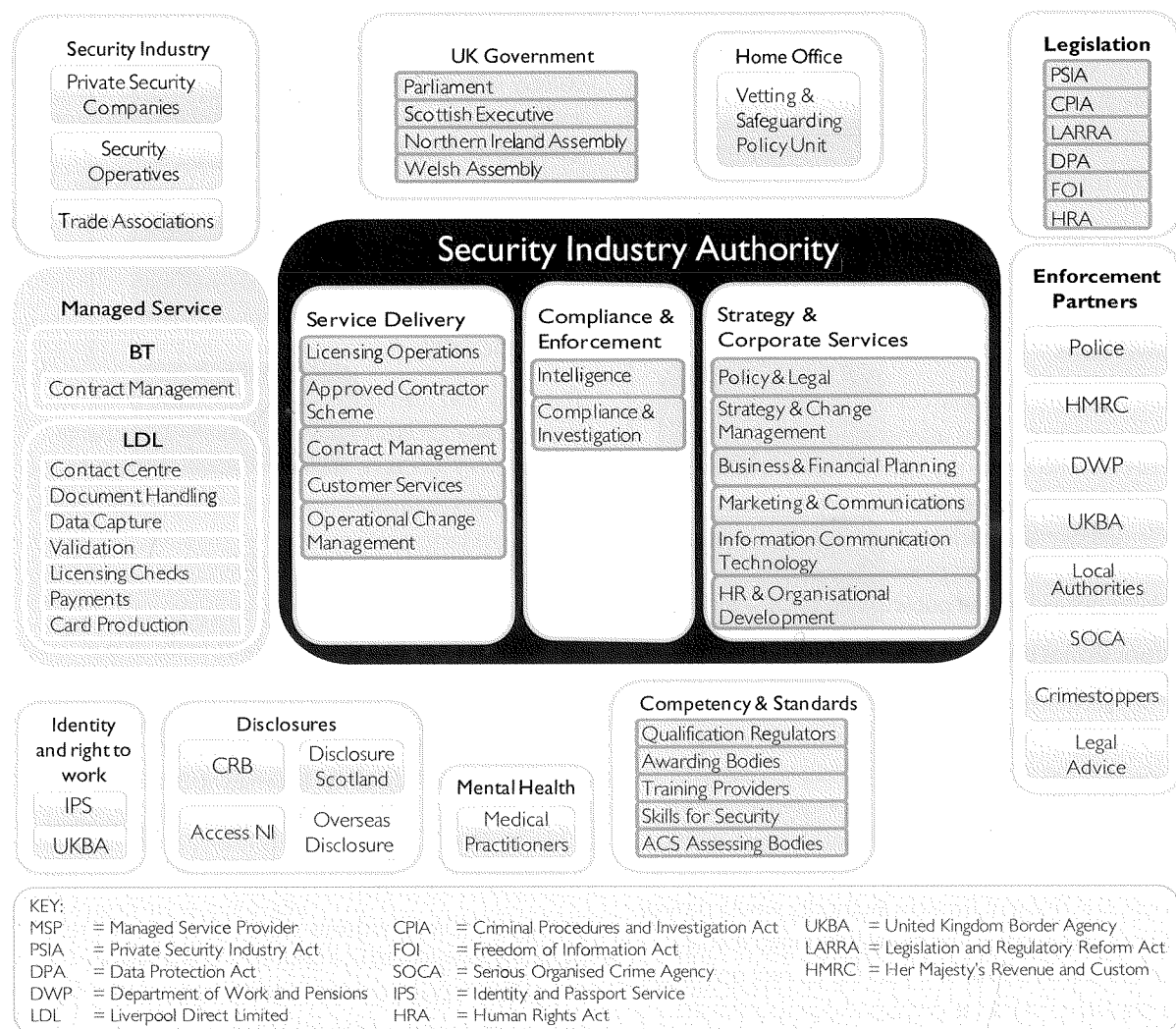
In 2008/09 we were under immense pressure to respond to external demands while performing against our agreed objectives for that financial year.

### Right to work checks

We continued to improve the process for considering all relevant applicants' right to work status as part of our licensing application process, and we processed 30% more licence applications than planned.

### More approved contractors

In 2008 we exceeded our forecast for the number of approved contractors with more than 95% of approved contractors re-registering during the year and over 150 companies applying for approval for the first time. These high levels of registration are indicative of the value of the scheme to security contractors and their customers. We have also held the annual registration fee unchanged for members of ACS.



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### Customer service improvements

There have been considerable improvements to our customer services by improving our licence application process, our database management system and our call centre response time. In addition, we underwent three separate reviews of our organisation, resulting in a restructure that promotes efficiency and effectiveness.

### Towards balanced books

By the end of the financial year, we will have achieved almost £37 million gross income and generated a surplus in the region of £2.9 million. This surplus is offset against a deficit of £610,000 accrued in the previous year.

### Stronger stakeholder engagement

Recognising the need and value of stakeholder engagement, we continued to plan activity in line with our engagement strategy and held a number of meetings with our stakeholders to encourage dialogue. The feedback from these meetings has helped to create service improvement.

### Better intelligence flows

We made significant improvements in our monthly intelligence flow from police organisations, non-police partners and other sources.

### Convictions

There have been criminal convictions and the recovery of costs in prosecutions against individuals and businesses who broke the law by illegally deploying unlicensed security operatives. Court decisions reaffirmed our approach to enforcement and confirmed our ability to prosecute, which enhances our ability to protect to the public.

### Proportionate regulation

We tested whether our interpretation was correct that the Private Security Industry Act, made all directors licensable if the company provided security services to a third party. The work involved a detailed legislative analysis and research into Parliament's original intent and whether alternative regulatory routes, such as through the Financial Services Authority, would provide sufficient safeguarding. The study concluded that all directors are licensable and that the current approach and regulatory impact is correct and proportionate.

Similarly, as requested by Parliament, we re-visited the issue of regulation of individuals who provided security services only to their own employers (in-house). We undertook a consultation exercise which

was accompanied by detailed research and analysis of the current risk to public protection and perception of the in-house industry as well as the extent of in-house training and criminal vetting. The study concluded that the evidence, when considered within better regulation principles and guidelines, did not support a recommendation that in-house should be subject to regulation. The position will be formally revisited in three years.

### Governance arrangements

We are a Home Office non-departmental public body responsible, and reporting, to the Home Secretary. We are also required to consult Scottish Ministers on matters relating to Scotland and in 2009 will be required to consult Northern Ireland Ministers on matters relating to Northern Ireland.

We are committed to the obligation we have to comply with the principles set out in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code, a statutory code of practice for regulators. This means our regulatory activities are targeted only where action is needed and we carry these out in a way that is transparent, accountable, proportionate and consistent.

### The Board

The Chair and members of our Board have governance responsibility for ensuring that we properly discharge our statutory functions and comply with any statutory or administrative requirements for use of our public funds.

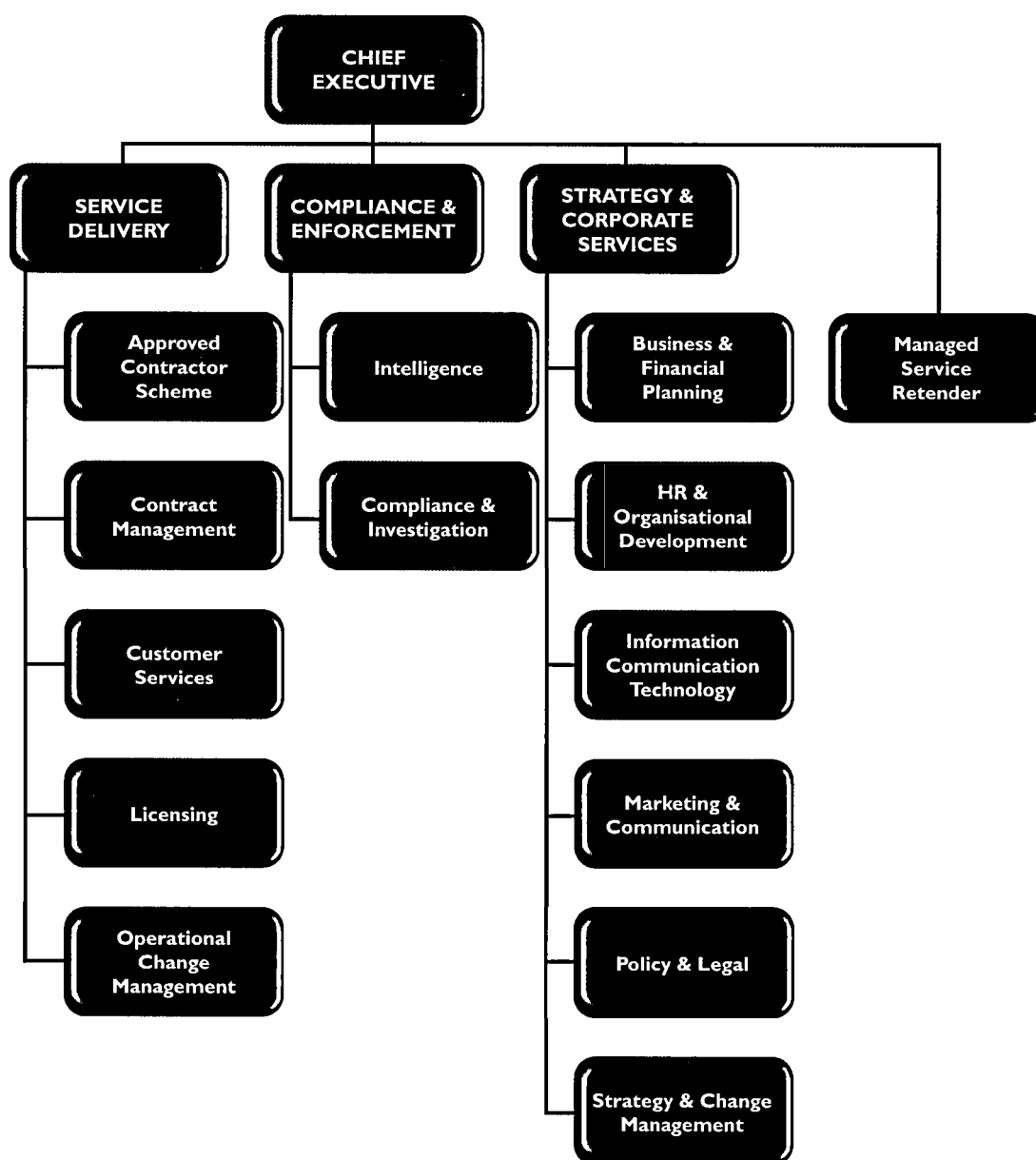
### Sub-Board Governance

The Board has four committees charged with the responsibility to oversee distinct areas of our executive performance. Committees are: Audit; Human Resources and Remuneration; Performance and Finance, and; Statutory Powers. Board members also have responsibility for Diversity and Information Management.

### The Executive

In August 2008, consultants were commissioned to review our organisational structure at the request of our Board and the Home Office. Taking into consideration the outcomes of the review and discussions with our staff, we implemented a new structure on 2 February, 2009.





The new structure has some substantial changes, designed to:

- create an unambiguous separation between the regulation and customer service delivery roles
- bring together Strategy, Programme Management and Corporate Service functions under one director
- put under one director all of the in-house operational activities and the management of the outsourced managed service provider
- ensure there is greater cross-organisational focus on the re-tender of the managed service provider contract by appointing a project manager reporting directly to the Chief Executive; and
- strengthen resources and increase staff numbers in areas where there are identified gaps or inadequate resources.



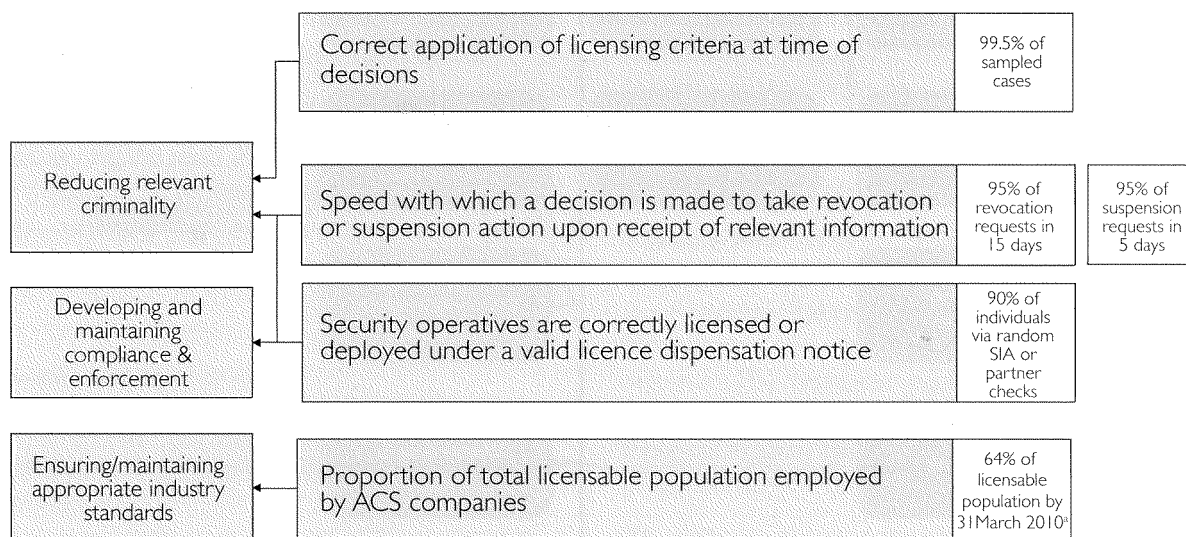
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## 4. What we will achieve and how we measure success

The following shows the Key Performance Indicators (KPIs) by which we will measure our success in 2009/10. These are mapped onto our main objectives and desired outcomes.

### Protecting the public

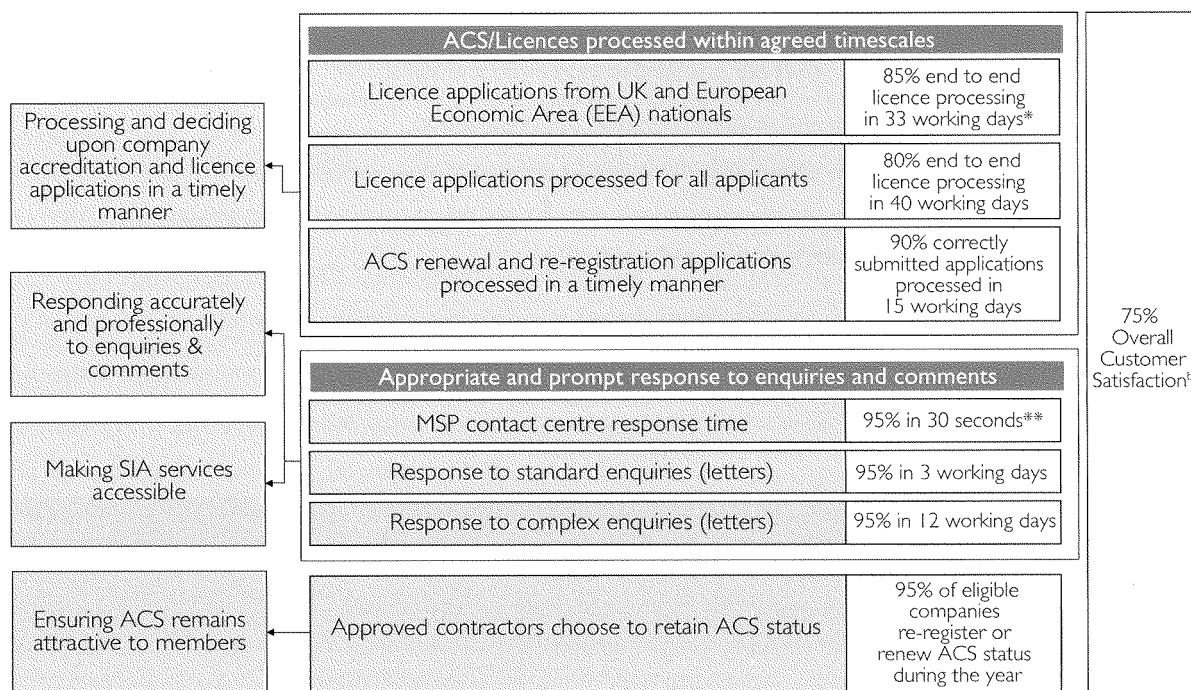
#### Ensuring that only fit and proper people and organisations deliver regulated private security service



<sup>a</sup> target of 64% of licensable population by 31 March 2010 employed by ACS companies is an improvement of 6% on year-to-date actual as at end of February 2009 and 9% better than 2008/09 target of 55%

### Customer services

To deliver services which meet the needs of our customers



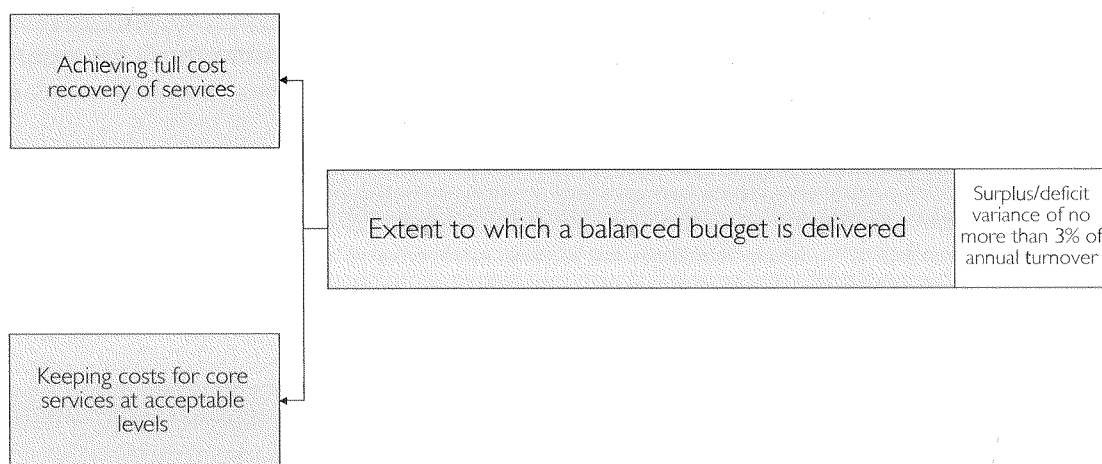
<sup>b</sup> 75% overall customer satisfaction target is an improvement of 15% over 2008/09 target of 60%. The 2008/09 target was specific to the contact centre but the 2009/10 target refers to a combination of services i.e. Licence and ACS applications as well as MSP contact centre and enquiries

\*This is an improvement on the 2008/09 target of 80% in 33 days

\*\*This compares with the published 2008/09 target of 100% in five minutes, and the managed service provider 2008/09 contractual target of 90% in 30 seconds

### Delivering value

To ensure the SIA lives within its means, obtains and provides best value to its stakeholders



\* We will work towards a sub-objective of 'Obtaining efficiencies to deliver cost reductions over time' by baselining unit costs for licensing and ACS and will in subsequent years of this plan set targets for like-for-like reductions against the 2009/10 baseline.

## Developing our people and organisation

### **SIA staff have the required competencies and skills to perform effectively**

- Attracting and selecting the right people for roles within the organisation
- Ensuring our people continue to meet our changing resource requirements
- Ensuring we set the correct roles and responsibilities for the organisation
- Ensuring we endeavour to realise employee's potential and develop them appropriately.

We have set a number of internal performance indicators about such things as completed staff appraisals and personal development plans; staff retention, and staff satisfaction.

## 5. Key areas of change

We have embarked on a three year schedule of work to implement changes to our organisation and to continue to play a role in raising the standards of the private security industry. We work hard to ensure that we understand and manage the impacts of change on our organisation and stakeholders, and provide a smooth transition to business as usual in a way that allows us to realise the intended benefits of our change portfolio.

The change portfolio will allow us to:

1. Extend our remit to Northern Ireland, subject to legislation
2. Develop business licensing, subject to legislation and impact assessment
3. Improve the efficiency and effectiveness of how we regulate; and
4. Ensure our organisation has the capability and capacity to manage uncertainty.

The current change portfolio comprises the following projects:

| Projects   | Rationale   | Timeframe  |
|--|---|--|
| <b>Business Licensing Scheme</b>   | Planning and scoping the development activity required for implementation, and formulating the associated licence fees case and business case.  | Public consultation launched April 2009<br>Potential roll out by sector from late 2010 onwards |
| <b>Enforcement Agents (Bailiffs): Scoping, Business Case, Development and Implementation</b> | To define the scope of the overall project and the associated business case for introducing regulation to the enforcement agent industry. This will be followed by the development and implementation of regulating the enforcement agent sector. | Under development in 2009/10. Potential legal requirement from 2011/12                         |
| <b>Licence Application Form</b>  | Review and update the licence application form, taking into consideration diversity and equality requirements.  | Scope of initiative to be established by June 2009   |
| <b>Approved Contractors Scheme Differentiation</b>   | To determine the suitability of a single level of approval within the ACS given the continuing growth in the number of approved contractors.  | June 2009  |
| <b>Join Government Secure Infrastructure</b>   | Join the infrastructure to improve access to, and exchange of, information over a secure network.   | August 2009  |
| <b>Northern Ireland Licensing and Regulation</b>   | To extend the remit of SIA regulation of the private security industry to cover Northern Ireland.   | Enforcement date December 2009 (except for in-house door supervisors – April 2010)             |
| <b>Identity Management</b>   | Work with partners to improve identity management processes, including possible use of biometrics.  | Scope requirements by November 2009  |



## CORPORATE AND BUSINESS PLAN 2009/10 TO 2011/12

| Projects   | Rationale  | Timeframe   |
|--|--|---|
| <b>Competency Requirements Review</b>                | Review and refresh competency for licensing requirements in time for licence renewal.  | Refreshed Core Competency Specifications published in 2009/10.            |
| <b>Licence Framework Consultation</b>                | To assess stakeholders views about how best to review and simplify the SIA Licence Framework going forward.  | Analysis of views completed in 2009/10                                    |
| <b>Managed Service Re-tender Project</b>             | To manage the longer term procurement and implementation of a managed service provision to the SIA.  | Complete procurement by October 2010 and transfer service to new contract |
| <b>Regulatory Enforcement Sanctions Act 2008</b>     | Secure the ability to use additional sanctions, falling short of prosecution, provided by this legislation.  | Complete development work in 2010/11                                      |
| <b>Private Investigators and Precognition Agents</b> | To develop the licensing of private investigators and precognition agents through consultation and, if appropriate, further policy and procedural development. | Potential Enforcement date in 2011/12                                     |

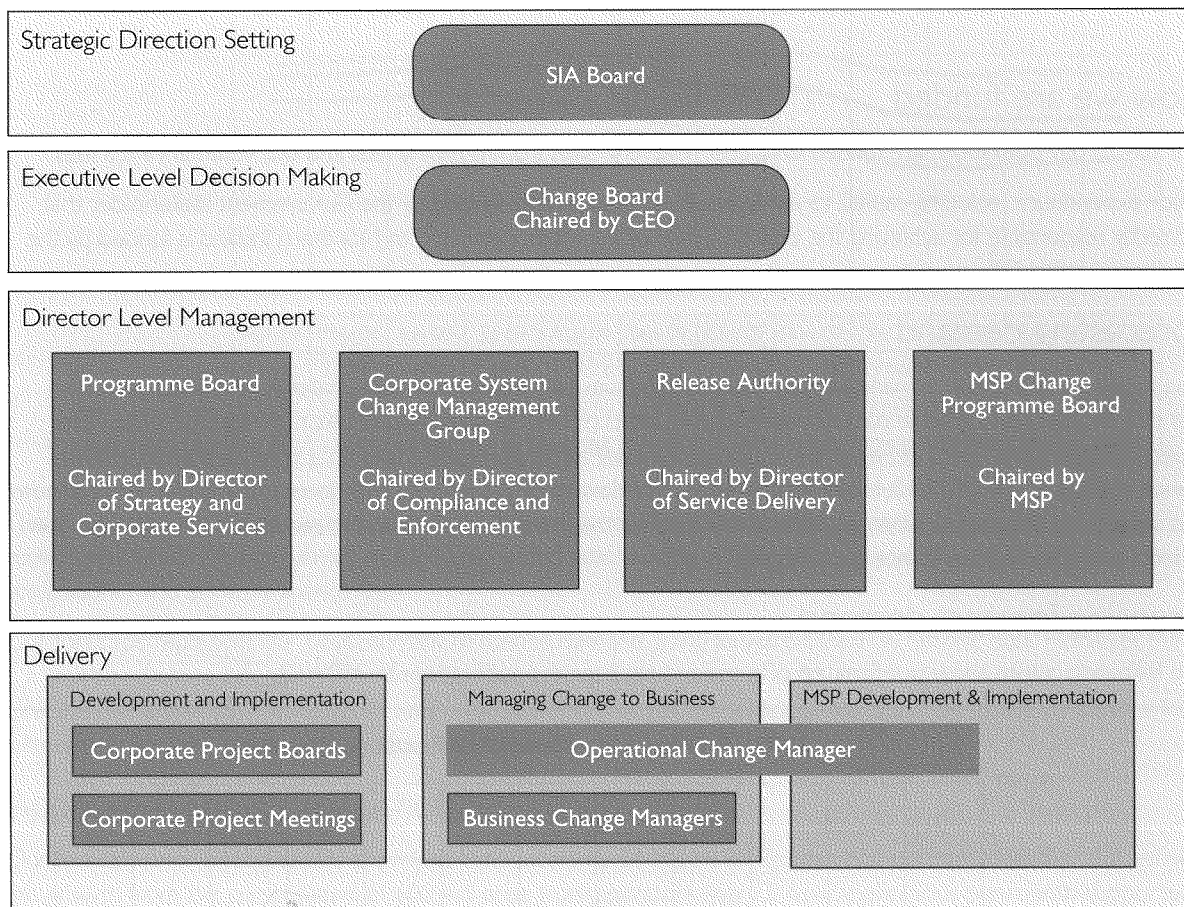
### Change governance

Following the organisational restructure, we have adapted our approach to managing change by adopting a Change model and change process. Our Change model is made up of four levels of governance:

- **SIA Board** – to set strategic direction.
- **Change Board** – made up of the Executive Management Board members who will be the formal point at which approval is given to either commission or close a major change initiative, before seeking endorsement of the SIA Board where required.
- **Director level management** – which include subset areas to ensure Director level management and assurance is applied to the change process.
- **The SIA Programme Board** – will be responsible for the successful delivery of the programme outcomes and realisation of benefits.

To complement this, we have agreed a governance structure with our managed service provider to manage specific projects relating to our services. The structure identifies roles and responsibilities and supports an escalation process.

The diagram below shows the change governance structure.



## 6. Financial plans 2009/10

### How we are funded

Our day to day operations are funded on a cost recovery basis from licensing fees and our voluntary ACS fees.

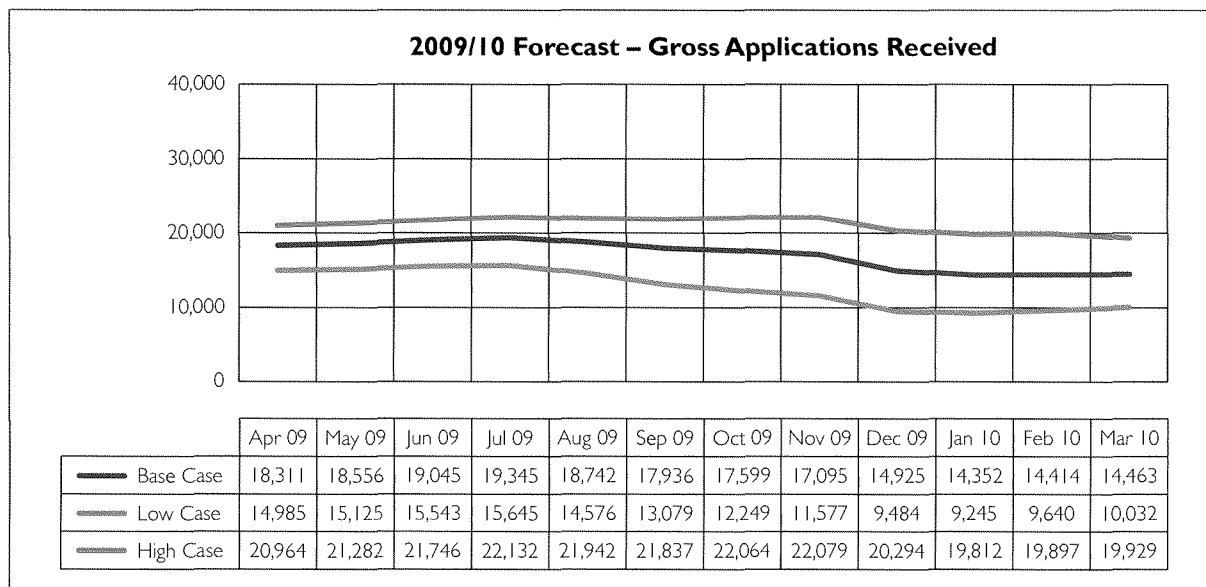
Major expenditure, including capital, to extend our remit is typically funded by the Government stakeholder that is directly responsible for achieving the desired aims. For example, extension to Northern Ireland is funded by the Northern Ireland Office.

### Forecasting demand

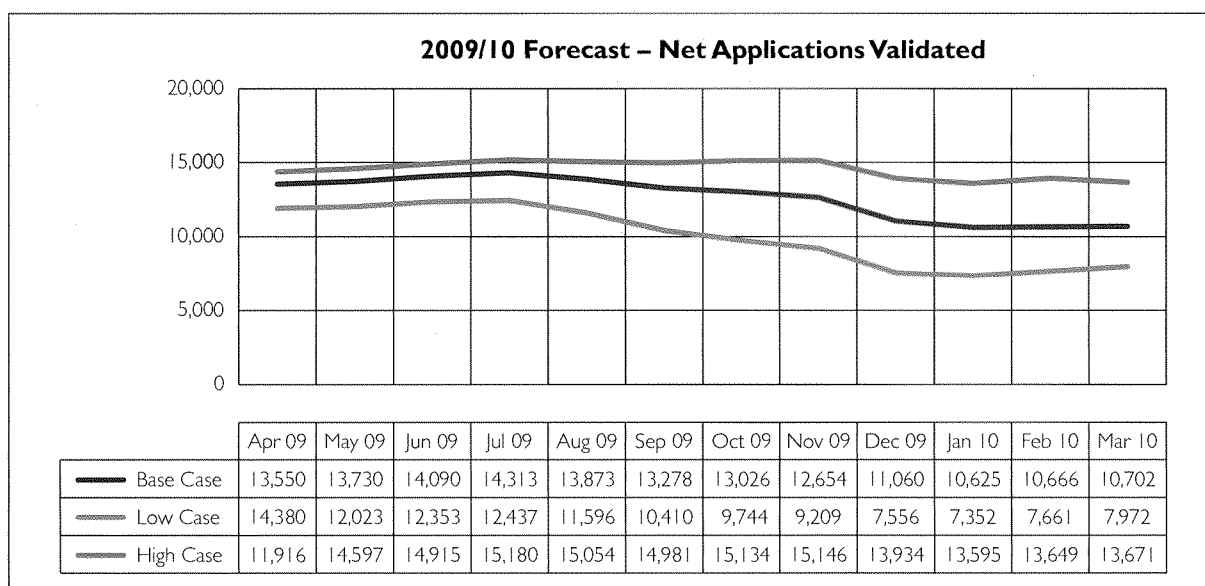
Accurately predicting the demand for SIA licences continues to be a considerable challenge. In earlier years, this was due to the lack of reliable data in the newly regulated private security industry. As high volumes of licences issued in 2006 come up for renewal, we anticipate renewal applications will make up a significant proportion of licence applications in 2009/10. However, the economic downturn presents its own forecasting challenges. We note that several observers predict an increase in business for the security industry and in recent months we have seen an increase in like-for-like licence applications.

### Licensing forecast demand

The following graphs show our forecast of gross and net licensing applications in 2009/10.







The graphs above show gross applications which are total applications received for initial processing and net applications which are the sub-set of applications that pass validation (currently approximately 74% of gross applications) and attract a licence fee.<sup>2</sup>

Our forecasts represent our best estimate of licence demand going forward based on historic data. However, there is a limit to what we can gain by looking back. To increase the accuracy of (and hence our confidence in) future forecasts, we are putting more effort into understanding changes in the industry and the UK economy and the key factors that are likely to impact on future licence demand.

## Approved Contractor Scheme demand

Our forecast is for a total of 700 approved contractors by 31 March 2010. Based on performance over the last year this growth from the current level of 600 will arise from approximately 15 new applications per month supported by retention of 95% of existing approved contractors. The number of licensable individuals working for approved contractors is forecast to grow by around 8000 to a level of 127,000, taking into account expansion into Northern Ireland, new approvals and a modest level of growth within existing approved contractors.

## 2009/10 Budget

The following table shows our budget for 2009/10 compared with the last financial year (2008/09).

|   | 08/09 (£)<br>Forecast outturn | 09/10 (£)<br>Budget |
|---|-------------------------------|---------------------|
| <b>Income</b>   |                               |                     |
| <b>From Licensing Fees</b>  | 33,378,802                    | 33,752,125          |
| <b>From ACS</b>   | 2,134,852                     | 2,264,000           |
| <b>Other funding (including Home Office and other department funding)</b> | 1,465,462                     | 1,713,003           |
| <b>TOTAL</b>  | <b>36,979,116</b>             | <b>37,729,128</b>   |
| <b>Expenditure</b>  | 34,051,532                    | 37,729,128          |
| <b>Surplus/(Deficit)</b>  | 2,927,584                     | Nil                 |

<sup>2</sup> 'Validated' means an application that has been fully checked to ensure it is complete in terms of all sections/questions fully answered and where applicable correct documentation supplied.



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This table shows the approximate unit cost of licensing:

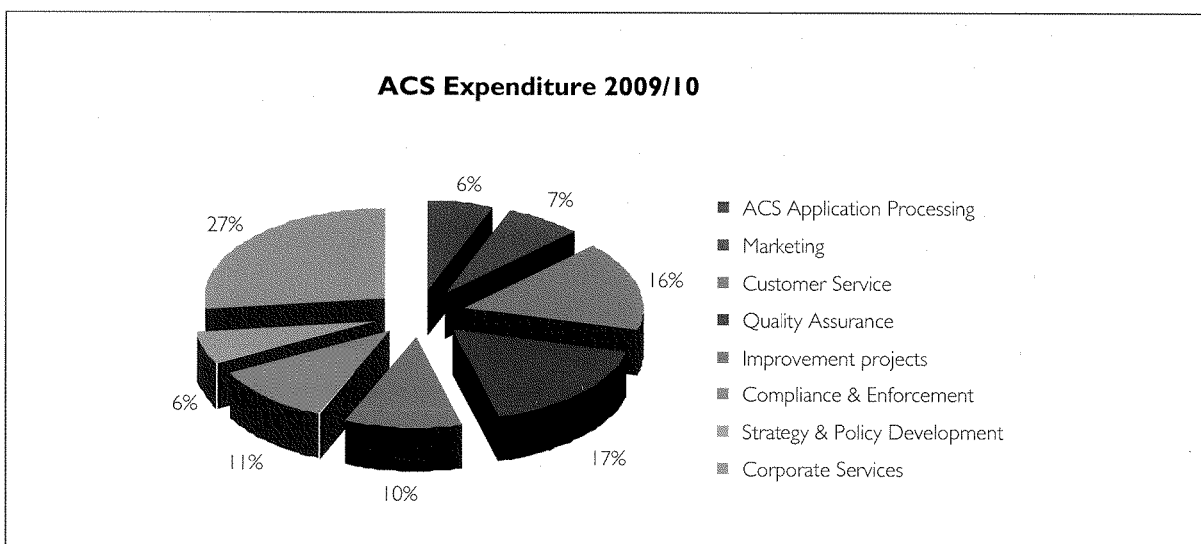
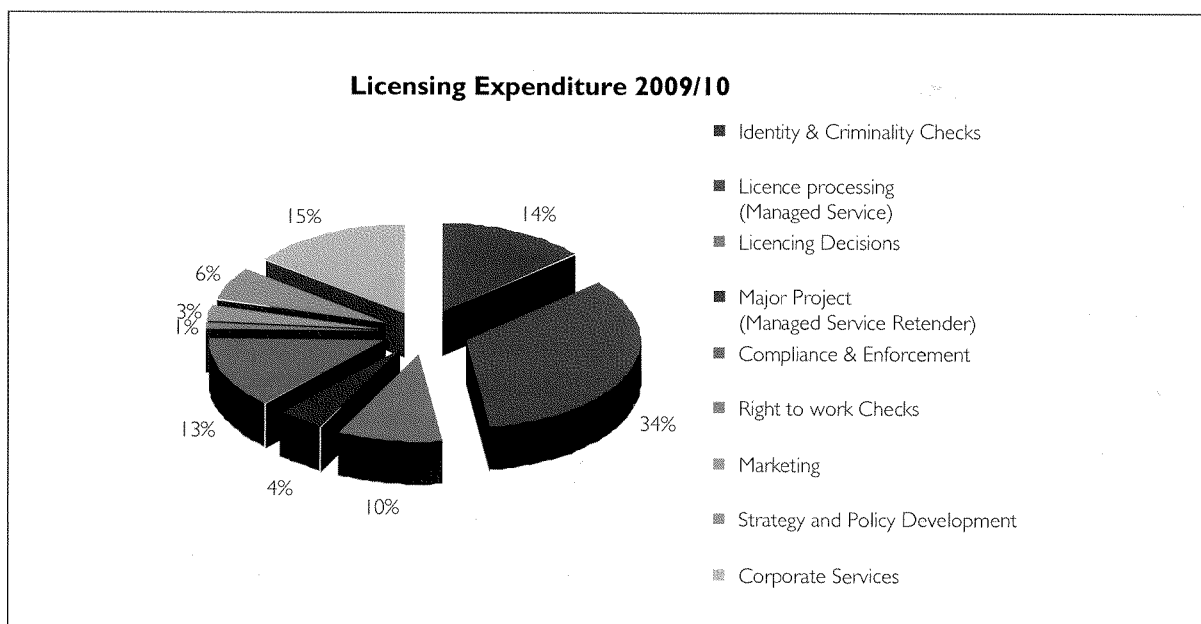
|  | 08/09       | 09/10       |
|--|-------------|-------------|
| <b>Expenditure excluding ACS and capital</b> | £28,967,136 | £35,041,046 |
| <b>Licensing volume</b>                      | 130,000     | 151,568     |
| <b>Licensing unit cost</b>                   | £223        | £231        |

Our forecasts of income and expenditure have been derived from an appraisal of several options with varying assumptions. The key variables considered include demand volume, productivity and our ability to flex our processing capacity. The figures used in this financial plan reflect realistic assumptions about both income and productivity levels. Our forecast also factors in the use of flexible resources to match capacity with demand.

We plan to achieve our objectives within current fee levels for the 2009/10 financial year by maintaining our focus on efficiency. As the SIA is primarily self-funded, we will continue to review our fees each year to balance our expenditure and income.

Expenditure breakdown

The following charts show how our expenditure is made up:



## Corporate risk management

We manage our corporate risks by incorporating the following activities into our day to day business:

- Identifying sources of risk
- Determining impact of individual risks
- Assessing overall impact of risks
- Determining how risk can be reduced; and
- Continually controlling the identified risks.

Risks are identified in a structured manner, including internal, external, technical, non-technical, commercial, supply and legal risks. Various techniques to help in this identification are used, including expert judgement from subject matter experts, plan decomposition, assumption analysis and group board storming. Individual risks are assessed based on the likelihood they will occur and the consequences of their occurrence. In addition, we seek to assess the combined effect of several risks through top-down and bottom-up analysis.

The product of this analysis is a Risk Management Plan, which formally identifies each risk and its owner and outlines plans for avoidance, deflection and contingency. Risk ownership is allocated according to the party that has best visibility and control of the risk. Our performance against the Risk Management Plan is continually monitored and is reviewed as part of a monthly internal Risk Management meeting. The outcomes of this review and any actions which may need to be addressed are communicated to individual risk owners, associated directors and other key stakeholders.



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Our key risks are summarised below.

| <b>Risk Title</b>                         | <b>Description of risk</b>  | <b>Mitigation</b>  |
|---|---|--|
| <b>Stability of Managed Service</b>       | Risk to continuity of current licensing process and customer service from system and process disruptions                                    | System and infrastructure enhancements underway to improve the reliability of the licensing system and supporting processes  |
| <b>Timeliness of right to Work checks</b> | Risks to customer service from inaccurate and untimely data from disclosure, right to work and identity data partners.                      | Additional resources to support right to work checks, initiatives to automate data checks and ongoing dialogue with partners to maintain/improve service level agreements  |
| <b>Human Resources constraints</b>        | Delays in getting security clearances will reduce our ability to maintain resource levels and to react to workload demands                  | Set up of Clearance Database to monitor clearance expiry dates.<br><br>Cross check and verification of original identification documents and completion of security forms to be undertaken at interview stage will allow immediate forwarding to DSU for processing.<br><br>Better workforce planning to allow for security clearance delays |
| <b>Demand volatility</b>                  | Volatile licence application demand or a significant drop in demand will affect customer service standards and unit costs respectively      | Improved licence application demand forecasting, better capacity planning and additional flexible resources to deal with short term spikes and to mitigate any shortfall in income   |
| <b>Managed service re-tender</b>          | The re-tender risks distracting the organisation and the current managed service provision from delivering short term business improvements | A dedicated re-tender Project Team has been created to drive procurement of new service  |
| <b>Identity fraud</b>                     | The risk of licence applications based on fraudulent identities   | Strengthened checks in the licensing application process in partnership with the Identity and Passport Service and the UK Border Agency  |

## 7. Looking forward

We will continue to pro-actively keep under review the provision of security industry services and other services involving the activities of security operatives, and make proposals to the Secretary of State where appropriate for the modifications of any provision contained in or made under the Private Security Industry Act 2001 where Government intervention is justified by the risks to the public.

Following a comprehensive review of the arguments and evidence for and against the regulation of 'in-house' security, Ministers agreed with our conclusion that there was insufficient quantifiable evidence of risk, or public protection requirement, to either support or justify the introduction of additional regulation at this time. We published the research and evidence to allow both the industry and the in-house sector to understand the rationale for the conclusion, and to comment should they wish to do so. Ministers also agreed that we should revisit the question in three years time to consider if the arguments and evidence remain unchanged.

In addition to the activities and projects that we have planned over the next three years, we will look at the following issues. Our findings and proposals will be finalised in subsequent plans.

### Improving efficiency and effectiveness

A significant number of initiatives are planned to ensure that we deliver a robust, responsive and increasingly efficient licensing service over the coming period.

This year we will focus on:

- integrating and automating services and checks with our partners, for example our criminality disclosure providers;
- improving customer contact services including the launch of an online applications process; and
- further investing in our people and their skills to ensure we deliver accurate and timely decisions at all stages of the licensing process.

In addition, a study of possible ways of recognising increased standards of excellence in approved organisations will ensure we are looking to the future needs of our customers and the industry as a whole.

The re-tendering of our outsourced managed service provision offers us the opportunity to specify requirements which will deliver more effective, integrated and best services to our customers into the future.

### Vetting shared services

We will look to align and share capabilities with organisations like criminality disclosure providers, IPS, ISA and UKBA where it is efficient and practical to do so. Areas of possible collaboration include:

- application handling services
- biometric enrolment and verification
- automating identity and eligibility checks
- combining applications for multiple services e.g. SIA licences, criminality disclosure providers and ISA registration.



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