EXPLANATORY MEMORANDUM TO

THE PRIVATE SECURITY INDUSTRY ACT 2001 (DESIGNATED ACTIVITIES) (NORTHERN IRELAND) ORDER 2009

2009 No. 3048

1. 1.1 This explanatory memorandum has been prepared by the Northern Ireland Office ("NIO") and is laid before Parliament by Command of Her Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 This instrument designates manned guarding, the immobilisation, restriction and removal of vehicles, keyholding and the work of door supervisors as licensable conduct under the Private Security Industry Act 2001 (the "2001 Act"). This makes it a criminal offence for certain categories of person to undertake these activities in Northern Ireland without a Security Industry Authority ("SIA") licence. This instrument also repeals the existing regime in Northern Ireland under the Justice and Security (Northern Ireland) Act 2007 for licensing those providing security services, as these activities will be licensed under the 2001 Act.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 The Northern Ireland Office regrets and apologises for the failure to lay this instrument 21 days before it comes into force. The instrument was laid 12 days before it comes into force on 1st December. The instrument needs to come into force on that particular date, as this has been widely publicised to the industry as the date when it becomes an offence to perform a designated activity without a licence. The SIA have been accepting licence applications and issuing licences for Northern Ireland since May this year to ensure that those subject to the new licensing regime will have had the opportunity to obtain a licence before December. It would cause considerable difficulty, confusion and expense to the industry to change this date.

3.2 It was not possible to lay this instrument earlier even though it was already drafted. This was because it was necessary to wait until two other Orders amending Schedule 2 to the 2001 Act came into force[1] before making this instrument as this instrument refers to that Schedule. This instrument has been laid at the earliest opportunity following the coming into force of those Orders.

4. Legislative Context

4.1 The 2001 Act sets out a system for the statutory regulation of the private security industry by a non-Departmental Public Body, the SIA, set up under sections 1

[1] The Orders were the Private Security Industry Act 2001 (Amendment) (Northern Ireland) Order 2009 and the Private Security Industry Act 2001 (Amendments to Schedule 2) Order 2009.

and 2 of and Schedule 1 to the Act. The SIA has responsibility for licensing individuals to work within designated sectors of the private security industry.

4.2 Under the 2001 Act any individual who carries out an activity that has been designated under section 3(3) of the Act is required to hold a licence issued by the SIA[2]. It is an offence under section 3(1) of the 2001 Act to carry out a designated activity without a licence.

4.3 The activities that have been designated to date in England, Wales and Scotland include the guarding of people, property and premises, the immobilisation of vehicles that are not on public roads (wheel clamping) and the work of door supervisors in licensed premises. To date no activities have been designated in Northern Ireland, as the 2001 Act was only extended to Northern Ireland in 2009[3].

4.4 This instrument will designate the activities already designated in the rest of the United Kingdom in Northern Ireland from 1st December 2009 (except the work of in-house door supervisors which will be designated in Northern Ireland from April 2010). The effect of the designation will be that these activities can only be carried out legally in Northern Ireland with an SIA Licence. Once this has been done there will be a unified regime for the regulation of the private security industry across the United Kingdom.

4.5 Section 48(4) of the Justice and Security (Northern Ireland) Act 2007 (the "2007" Act) requires any order designating an activity as licensable conduct for the purposes of the Private Security Industry Act 2001 to repeal Schedule 6 to the 2007 Act insofar as that Schedule applies to the activity being designated (Schedule 6 provides interim arrangements for licensing the private security industry in Northern Ireland). Schedule 6 applies to those providing services as security guards; this instrument will designate all forms of manned guarding as licensable conduct from 1st December 2009 so it repeals Schedule 6 in its entirety from that date.

5. Territorial Extent and Application

5.1 This instrument extends to Northern Ireland.

5.2 This instrument will bring the licensing scheme under the Private Security Industry Act 2001, which currently operates in England and Wales and Scotland, into operation in Northern Ireland.

6. European Convention on Human Rights

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

[2] The requirement to hold a licence in general only applies to contract staff, and those who employ or supervise them. However, in-house employees carrying out activities that are subject to additional controls under the 2001 Act, such as the work of door supervisors, must also hold an SIA licence.
[3] The Act was extended to Northern Ireland by section 48(3) Justice and Security (Northern Ireland) Act 2007, which came into force in March 2009.

7. Policy background

- ***What is being done and why***

7.1 Northern Ireland Ministers have given a commitment to extend the statutory scheme under the 2001 Act for the licensing of the private security industry by the SIA to Northern Ireland. Current interim arrangements under the Justice and Security (Northern Ireland) Act 2007 require persons offering or providing security guard services for reward to obtain a licence from the Secretary of State. As explained previously this instrument will bring a unified regime for the regulation of the private security industry into operation across the United Kingdom.

- ***Consolidation***

7.2 No consolidation is planned.

8. Consultation outcome

8.1 A consultation document entitled 'Regulating the Private Security Industry in Northern Ireland' was circulated to organisations representing the private security industry, political parties, relevant local authority organisations, and a wide variety of other organisations with an interest in or who use private security services in August 2006. This document set out the options for regulation and highlighted the Government's preference, which was to extend the remit of the SIA to Northern Ireland.

8.2 The Government invited responses from organisations and individuals. The consultation paper included and welcomed comments on the results of the Equality Screening of these proposals, in line with the Department's Equality Scheme. The consultation formally closed on 24 October 2006.

8.3 Of the responses received from security companies, all were strongly in favour of the proposals to extend the remit of the SIA to Northern Ireland. This view was shared by the local authorities, the Police Service of Northern Ireland and the British Security Industry Association, the trade association covering all aspects of the professional security industry in the UK.

8.4 No separate public consultation on this instrument has been carried out as it is intended only to complete the process of extending the licensing regime under the 2001 Act, which applies in the rest of the United Kingdom, to Northern Ireland.

9. Guidance

9.1 No guidance will be issued with this instrument. The SIA and the NIO are committed to ensuring that stakeholders have all the guidance and information required to engage with the implementation process through a comprehensive marketing and communications campaign.

10. Impact

10.1 The primary impact on business, charities or voluntary bodies is that private security companies within the private sector will be affected by the compulsory licensing of individuals undertaking designated activities within the private security industry. Those organisations employing door supervisors in licensed premises will also be effected, as individuals carrying out this work will require an SIA licence from 1st April 2010.

10.2 The impact on the public sector would be in cases where public sector bodies provide private security services to external customers under contract.

10.3 The impact assessment "Proposals to Regulate the Private Security Industry in Northern Ireland" was published in November 2006 and is attached to this memorandum.

11. Regulating small business

11.1 The legislation applies to small business.

11.2 To minimise the impact of the requirements on small firms employing up to 20 people, the approach taken is that licensing costs are priced per individual. The cost burdens are thus directly related to the size of companies, so there is no undue burden on small firms. In developing the original proposals for SIA regulation the SIA consulted widely both with trade associations and directly with small businesses. The SIA has sought to ensure that communication with the industry is targeted to ensure that small businesses are informed about the forthcoming legislation and licensing process. This has been done through publications, engagement in stakeholder user groups and information events for the industry.

12. Monitoring & review

12.1 The SIA Board will report annually to the Secretary of State on the operation of the legislation and the performance of the Authority in meeting its aims and the report will be published. In addition, the SIA will publish annually its accounts and corporate and business plan.

13. Contact

Gavin Greenlees at the Northern Ireland Office Tel: 028 9052 0075 or email: Gavin.Greenlees@nio.x.gsi.gov.uk can answer any queries regarding the instrument.

Northern Ireland Office

PROPOSALS TO REGULATE THE PRIVATE SECURITY INDUSTRY IN NORTHERN IRELAND

FINAL REGULATORY IMPACT ASSESSMENT

NOVEMBER 2006

Security, Policy & Operations Division
Northern Ireland Office
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1. Purpose and intended effect

1.1 This Regulatory Impact Assessment considers the options available for the permanent regulation of the private security industry in Northern Ireland, sets out the results of the public consultation on 'Regulating the Private Security Industry in Northern Ireland' and discusses the Government's views on the options.

2. Better Regulation Agenda

2.1 A key element of the Government's Better Regulation Agenda is to avoid placing new unnecessary burdens on business, or to remove them where they already exist. It is also intended that, where regulation is justified, any regulatory body involved in the administration of that regulation should adopt a proportionate and risk-based approach to enforcement and compliance.

2.2 The aim of this Regulatory Impact Assessment is to ensure that the right level of protection or control is put in place to achieve the desired outcome with the minimum of Government interference.

3. Objectives

3.1 Ideally, permanent regulation of the private security industry would:

- increase public safety and confidence in the industry;
- promote best practice within the industry and remove those who seek to use their position to pursue criminal activities;
- raise standards of competence and professionalism for security companies;
- improve the reputation of the industry;
- protect and recognise companies and individuals who do operate to high standards and who have invested in training and selective recruitment;
- specify minimum levels of training for security personnel; and
- make the industry an attractive career choice.

3.2 We aim to achieve these benefits of regulation by:

- ensuring a thorough but efficient administrative structure is in place to oversee the process of regulation;
- providing a robust regulatory framework for the future;
- ensuring that the financial burden on the industry is kept to a minimum by choosing a form of regulation which is good value for money; and
- ensuring early awareness and implementation of the new form of regulation.

4. Background

4.1 The private security industry in Northern Ireland is currently regulated under the provisions of Schedule 13 to the Terrorism Act 2000. Part VII of the Act contains the temporary provisions relating to Northern Ireland; these are due to be repealed by 31 July 2007 as part of the security normalisation programme announced last year. Schedule 13 is one of those temporary provisions.

4.2 A firm wishing to provide a "security service" must make application to the Northern Ireland Office for a licence. The Schedule defines "security services" as the services of one or more individuals as security guards (whether or not provided together with other services relating to the protection of property or persons). The grant of the licence is contingent upon the directors, partners or the sole trader satisfying the Secretary of State that a proscribed organisation, or an organisation closely associated with a proscribed organisation, would not benefit from the granting of a licence, whether directly or indirectly, financially or otherwise[4].

4.3 When an application is made to the NIO, a counter-terrorist check is carried out on the directors, partners or controllers of the firm. No check is carried out on employees. This method initially worked well but has recently proven less satisfactory in preventing the exploitation of the industry.

4.4 The arrangements in Schedule 13 are designed to stop paramilitary organisations exploiting and financially benefiting from the private security industry either directly or indirectly, financially or otherwise. The industry is particularly vulnerable to penetration by paramilitaries because of low barriers of entry to those wishing to provide a private security service. There have been examples in Northern Ireland of private security services being subverted to act as a cover for criminality, for example, the provision of security guards to provide cover for running a 'protection racket'.

5. Drivers for change

Weakness of the current system

5.1 It has become apparent that Schedule 13 is not working effectively and does not promote best practice. For instance, there are no set criteria relating to vetting for convictions, professional standards or levels of training. This is the reason for such ease of entry into the industry, allowing unscrupulous and untrained individuals to operate within it. This creates a potential for the industry to be used as a vehicle for extortion, compromising the health and safety of those making use of the private security service.

5.2 This can disadvantage good employers who bear higher costs from training and employing high quality staff, which must be met somehow, normally by passing these costs on to the customer.

Developments in other jurisdictions

[4] Paragraph 7 of Schedule 13 to the Terrorism Act 2000.

5.3 The Private Security Industry Act was passed in 2001 and under this legislation the Security Industry Authority (SIA – www.the-sia.org.uk) was established to permanently regulate the industry in England and Wales (and from November 2007, Scotland). Following permanent regulation elsewhere in the UK and Ireland, Northern Ireland companies find themselves on an unequal footing with the rest of the industry in the UK because the same rigorous standards established by the Private Security Industry Act 2001 are not applied or enforced by Schedule 13. This creates difficulties for companies wishing to operate on a UK-wide basis and prevents Northern Ireland companies from competing outside this jurisdiction.

Recommendations by the IMC and NIAC

5.4 The Fifth Report of the Independent Monitoring Commission[5] stated that there was direct evidence of paramilitary involvement in the private security industry in Northern Ireland, resulting in many firms suffering from extortion. They stated that the current, temporary control regime in Northern Ireland was "less stringent" than the regime in England, Wales and Scotland, and was insufficient in preventing paramilitary infiltration into the industry.

5.5 In their recent report into organised crime[6], the Northern Ireland Affairs Committee (NIAC) has identified the potential for exploitation of the industry by paramilitaries and organised criminals. It recommended that the area of regulation of the private security industry in Northern Ireland be dealt with as a matter of priority. It also identified the need for appropriate training and registration of door supervisors, and noted the problems with the form of self-regulation that is encouraged by some, but not all, councils throughout Northern Ireland.

Security Normalisation

5.6 Under the security normalisation agenda announced by the Secretary of State on 1 August 2005, Part VII of the Terrorism Act 2000 is to be repealed by 31 July 2007, subject to an enabling environment. In the absence of a permanent regulatory framework by 31 July 2007, the private security industry in Northern Ireland would be left completely unregulated. There would be no barriers at all to entry into the industry.

6. Rationale for Government intervention

6.1 To do nothing after the current provisions have expired risks encouraging criminal activity within the industry. An industry without adequate regulation would become inviting to those wishing to exploit it, making it a target industry for extortion and bad practice. Furthermore, a threat is presented to public safety if those operating as door supervisors are not appropriately trained in relevant areas, such

[5] See paragraphs 6.11, 6.12 and 6.13 of the Fifth Report of the Independent Monitoring Commission (HC46) which was laid before Parliament on 24 May 2005.

[6] See paragraphs 201-203 of the House of Commons Northern Ireland Affairs Third Report of Session 2005-06, Organised Crime in Northern Ireland (HC 886-II), published 5 July 2006.

as first aid or drugs awareness. Self-regulation of companies seems insufficient to tackle these issues.

7. Consultation

7.1 A consultation document entitled 'Regulating the Private Security Industry in Northern Ireland' was circulated to organisations representing the private security industry, political parties, relevant local authority organisations, and a wide variety of other organisations with an interest in or who avail of private security services. The document is available on the Northern Ireland Office website (www.nio.gov.uk). This document set out the options for regulation and highlighted the Government's preference, which is to extend the remit of the SIA, the regulatory body in England and Wales (and from November 2007, Scotland), to Northern Ireland.

7.2 The Government welcomed responses from organisations and individuals. The consultation paper included and welcomed comments on the results of the Equality Screening of these proposals, in line with the Department's Equality Scheme. The consultation formally closed on 24 October 2006.

7.3 Of the responses received from security companies, all were strongly in favour of the proposals to extend the remit of the SIA to Northern Ireland. This view was shared by the councils as well as the PSNI and the British Security Industry Association, the trade association covering all aspects of the professional security industry in the UK.

7.4 There was some concern from Northern Ireland sporting bodies and groups, who sought clarification that the proposals did not include the licensing of in-house security guards at sporting events. The Home Office has clarified that in England and Wales, certain security operatives at sports grounds under specific circumstances are exempt from regulation by the SIA. This exemption will be mirrored in Northern Ireland. The merit of local training and licensing schemes as run by the Federation of the Retail and Licensed Trade in Northern Ireland was raised and the Government hopes to retain the value of their training once permanent regulation is introduced in Northern Ireland.

7.5 The merit of local training and licensing schemes as run by the Federation of the Retail and Licensed Trade in Northern Ireland was raised and the Government hopes to retain the value of their training once permanent regulation is introduced in Northern Ireland. Details of respondents and an executive summary of the responses is attached at Appendix I.

7.6 The Government has taken into account all comments and views received on the consultation document and the Security Minister has given them his full attention in relation to developing a new scheme of regulation for the industry in Northern Ireland.

8. Options for Regulation

8.1 When considering future regulation of the industry, the Government examined four particular options, summarised below.

Option 1: Do nothing

Proposal

8.2 No new legislation to regulate the industry would be introduced to replace the current provisions contained in Schedule 13. The onus would be on companies to adopt a self-regulation policy.

Analysis

8.3 We do not think self-regulation would achieve the objectives set out above. A scheme established four years ago by the Federation of the Retail and Licensed Trade and British Inn-keeping Institute provided training and registration for door supervisors, and aimed to work with local councils. Disappointingly, many councils were not interested in this scheme and trainees were reluctant to register.

Conclusion

8.4 To do nothing risks leaving the industry open to criminal activity. It would become inviting to those wishing to exploit it, and without any form of regulation would become a target industry for extortion. This could create a risk to public safety.

8.5 Self-regulation seems insufficient, particularly as it will not achieve the objectives the Government has set out. The "do nothing" option was considered insufficient in the rest of the UK and Ireland. Following permanent regulation in the rest of the UK and Ireland, failure to regulate in Northern Ireland could send the wrong signal that it was a "safe haven" for unacceptable practice.

Option 2: Create a permanent version of Schedule 13

Proposal

8.6 Legislation would be drafted to put the current provisions contained in Schedule 13 on a permanent footing. No changes would be made to the original legislation and the situation and position of the industry would essentially remain unchanged from current arrangements. The NIO would continue to grant licences to applicants who satisfy the criteria that a proscribed organisation, or an organisation closely associated with a proscribed organisation, would not benefit from the granting of a licence.

Analysis

8.7 Schedule 13 does not address best practice issues such as specifying

levels of training of individuals working in the industry. Nor does it require a criminal conviction check which could render an applicant unsuitable for the job (for example, an applicant with a conviction for grievous bodily harm applying for a licence). These are the very areas which would seem to benefit from regulation.

Conclusion

8.8 Putting Schedule 13 on a permanent footing without addressing its current problems and failures would seem to be an ineffective solution.

Option 3: Extend the remit of the SIA to Northern Ireland

Proposal

8.9 A system of regulation similar or identical to that which exists in England and Wales would be adopted.

Detail

8.10 The Security Industry Authority (SIA) is the governing body in England and Wales (and from November 2007, Scotland). It is the organisation responsible for regulating the private security industry according to the requirements set out by the Private Security Industry Act 2001, the legislation under which it was established.

8.11 The function of the SIA is to prevent criminals entering the industry and also to raise standards in the private security industry by appropriately regulating it through licensing individuals who work within it. This in turn helps to improve the industry's image so that the general public and the wider business world have a much clearer understanding of how the industry is regulated and who is entitled to work in it. They achieve this regulation by applying criteria such as minimum levels of competency and 'fit and proper' criteria and carrying out identity and criminal record checks on all applicants. The suitability of the applicant to work in the private security industry is assessed and they are granted or refused a licence, according to the defined criteria.

8.12 The SIA also operates the Approved Contractor Scheme (ACS). The ACS, which is voluntary, sets standards across a range of areas for private security companies. Where a company is ACS accredited it provides an assurance to customers and others that the company has met a clearly defined and independently assessed set of quality standards.

8.13 The SIA regulate a number of sectors within the private security industry. The categories are broader than are currently regulated in Northern Ireland (manned guarding is currently the only licensed sector), but they all appear to be sectors that would benefit from regulation. These are:

- Door supervisors

- Vehicle immobilisers on private land
- Security guards
- Key holders
- Close protection operatives
- Cash and valuables in transit operatives
- CCTV (public space surveillance) operatives

8.14 It is an offence for someone working within a licensable sector to operate without a SIA licence; on summary conviction, the penalty is six months' imprisonment and/or a fine of up to £5000. It is also an offence to supply unlicensed security operatives with the above penalty but also on trial on indictment, there may be an unlimited fine and/or up to five years imprisonment.

Analysis

8.15 There are many advantages of using this option. In the main, individuals would require only one licence no matter where in the UK they worked, creating a consistency throughout the UK in terms of number of licences, licence conditions and training standards. It would also help to keep licence costs low. There would also be better and more consistent reinforcement of standards and codes, enabling local companies to compete on equal terms with the rest of the UK and Ireland.

8.16 When the SIA are considering whether or not to grant a licence, they take the date and the nature of any criminal offences into consideration. This means that someone with a past criminal conviction is not necessarily excluded from working in the industry. This ensures that the public are protected while allowing for the rehabilitation of those who have put criminal activities behind them.

8.17 Significant preparatory work would be required before implementation to ensure that the industry was well aware of and ready for the changes that SIA regulation would bring about. The industry would require enough notice in order to start training staff and apply for licences, so it would be expected that the application for licences would not commence immediately. All sectors as detailed above would be licensable in Northern Ireland.

Conclusion

8.18 This option appears to be the most efficient, cost-effective and satisfactory form of regulation in Northern Ireland. The advantages outweigh the caveats and by using the SIA as the regulating body, standards are automatically made equal throughout the UK. This will have a positive knock-on effect on the economy in Northern Ireland.

Option 4: Set up a dedicated Northern Ireland Agency

Proposal

8.19 The establishment of a dedicated private security agency in Northern

Ireland to govern and set standards among the industry.

Analysis

8.20 The Agency would have an authoritative role similar to the SIA and would be responsible for the issuing of licences and enforcement of standards in the industry, but would be tailored to the specific needs of NI. Although the provisions for the two bodies would be entirely separate, the regulatory regime would be broadly equivalent to that in the rest of the UK and Ireland.

8.21 The proposed new Authority would adopt similar standards and licence conditions as its neighbouring Authorities the SIA and the PSA, and each could liaise regularly and share information. However, it would not abolish the need to be licensed in separate jurisdictions in order to operate in each.

8.22 If a Northern Ireland agency was established to govern the industry, we would expect it to be self-financing rather than require ongoing subsidy from the Department. The licence cost would therefore have to bear not only the administrative costs of regulation, but also the cost of enforcement. The smaller size of the industry in Northern Ireland would mean that in order to deliver the same benefits as the SIA, the cost of a licence from a Northern Ireland agency would be disproportionately high and the associated bureaucracy disproportionately big for such a small industry. We estimate that for a Northern Ireland agency to be self-financing it could have to charge at least £600 (around three times the current SIA fee of £190).

8.23 To keep licence costs low, a 'bare minimum' of regulation could be provided for a smaller cost (£300-£400). In order to achieve this, the body might have to focus purely on the administrative process of licensing, ignoring the issue of enforcement. This could potentially undermine the value of the scheme by not pursuing enforcement. However, as we are unsure of the exact size of the industry in Northern Ireland, it is difficult to estimate more closely what the cost of a licence would need to be for a regulatory body to cover its costs.

8.24 Establishing a dedicated agency in Northern Ireland would also take a significant amount of time. This would mean a longer transitional period between Schedule 13 being repealed and the introduction of a new system (some delay is inevitable, but defensible if companies are in the process of being licensed). Leaving the industry without regulation for a long period of time would not be acceptable.

Conclusion

8.25 It is unlikely that this option would be able to deliver the same benefits as using an established agency, and could potentially have a negative impact on the industry due to the higher regulation costs. It would be capable of licensing but not enforcing, resulting in a less effective system than in the rest of the UK and Ireland. Combined with the disproportionate cost to both the industry and the Government (see table below), this option does not seem adequate.

9. Costs

Option	Cost
1	Small saving to NIO administrative costs.
2	Cost neutral.
3	The application fee for an SIA licence (which is valid for three years) is currently £190, this includes the cost of obtaining a Disclosure from the Criminal Records Bureau (CRB). The total cost of licensing to the manned guarding sector of the industry is estimated as follows: *Estimated 110 companies in manned guarding sector* *Average 45 employees per company* *110 x 45 = ~4950 manned guards* *Licensing cost to industry:* 4950 x £190 = £940,500 *Training cost:* The cost of obtaining the required training is on average £250. Applicants already holding qualifications may be eligible for accreditation of prior learning and therefore be exempt from further training requirements and associated costs. The SIA would be provided with an initial budget, for the first three years, to cover the start-up costs. After this, we expect the SIA to become self-financing through the costs of licences.
4	In the absence of firm indications of business proposed to any new Authority, it is not possible to provide detailed costs. Around 110 private security firms currently operate under a NIO licence, but this represents only one licensable sector (manned guarding). It is estimated that the cost of setting up a dedicated Northern Ireland Authority would be in excess of £3M. It is unlikely that there would be a sufficient volume of applications for security licences to justify these costs. With each UK licence currently costing £190, the SIA are sufficiently able to cover their costs. To fund a self-financing Northern Irish agency, the smaller size of the industry in Northern Ireland means that the licence fee would be disproportionately high in comparison to the rest of the UK and Ireland (the cost of a licence is estimated at around £600), which would most certainly discourage applicants. Otherwise, an ongoing subsidy would be required from the Government.

10. Benefits

10.1 Adequate regulation of the private security industry will yield many benefits which are difficult to quantify. The over-arching aim of regulation is to reduce offending in the private security industry, protecting people from crime and giving the public greater confidence in the industry. Licensing should reduce the operation of organised criminals within the industry and prevent exploitation. This in turn should prevent firms suffering extortion.

10.2 Expanding regulation to other sectors could help bear down on other issues. For example, regulation of door supervisors could help reduce the incidence of drug dealing and drug use in nightclubs.

10.3 Providing a form of regulation that puts Northern Ireland on an equal footing with the rest of the UK will enable local companies to compete on a national basis. The industry itself is likely to benefit positively from regulation if the PSNI, local authorities and the general public can have confidence in the people that are employed in it.

11. Business sectors affected

11.1 Private security companies within the private sector will be those directly affected by the introduction of regulation. The NIO has provided licences for around 110 private security companies operating within the manned guarding sector. However this is only one sector of the industry that could be licensed. It is not known how many employees there are operating within the industry as a whole in Northern Ireland, and in the absence of firm indications, it is not possible to quantify the size of the sector which will be affected by the new regulation. However, it is estimated that the average number of security guards employed by a company is between 30 and 50.

12. Small Firms Impact Test

12.1 Initial informal consultations with private security companies in Northern Ireland (many of whom are small companies) have affirmed that a permanent form of regulation would be welcomed. The impact of regulation on the private sector is positive as it will improve the industry and its competitiveness on a North/South, East/West basis. Many private security companies indicated that their preferred option for regulation would be the SIA.

12.2 Many within the industry have already undertaken to provide staff with thorough training, so introducing new criteria for a licence will not adversely affect those companies. It is therefore unlikely that the proposed policy options are likely to have a significant impact on small private security businesses.

12.3 Businesses which seek the services of private security companies are unlikely to be adversely affected by regulation and will benefit from the assurance that if a regulated company is hired, all staff are appropriately trained and suitable for the job. Due to the cost of training and licensing, it is possible that prices charged by regulated security companies may increase slightly.

13. Competition assessment

13.1 The competition filter test questions as set out by the Cabinet Office's Better Regulation Executive revealed that the proposals for regulation are likely to have little or no effect on competition between private security companies operating in Northern Ireland.

13.2 However, equalising standards throughout the UK is likely to increase the competitiveness of Northern Irish private security companies with those operating in the rest of the UK and Ireland. This is a welcome move for the private sector.

14. Implementation and delivery plan

14.1 The Northern Ireland Office is currently developing proposals with the Home Office and the SIA in relation to implementation and delivery, as well as enforcement, sanctions and monitoring once the SIA are operational in Northern Ireland. This Regulatory Impact Assessment will be updated where necessary when these proposals are finalised and agreed.

15. Post-implementation review

15.1 The SIA Board will report annually to the Secretary of State on the operation of the legislation and the performance of the Authority in meeting its aims and the report will be published. In addition, the SIA will publish annually its accounts and corporate and business plan.

16. Summary and recommendation

16.1 After carefully considering each of the four options, the Government believes that on balance, extending the remit of the Security Industry Authority is the right way forward. The issue has been explored with the Home Office and the SIA, and agreement has been secured that the remit of the SIA could be extended to cover Northern Ireland.

16.2 Using the SIA will ensure that standards are equal throughout the UK, and will increase Northern Ireland's ability to operate and compete on a national level. It is the most cost-effective and efficient option for regulation and will meet the objectives of regulation as outlined in paragraphs 3.1 and 3.2. The SIA's multi-agency

approach to compliance and enforcement activity sits well with the methods currently used in Northern Ireland and could be successful in tackling the problem of organised crime within the industry.

16.3 It is the Government's view that using the SIA to provide a robust regulatory framework will protect both those who are operating legitimately within the industry and those who avail of private security services.

17. Declaration and publication

17.1 I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

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PAUL GOGGINS MP
PARLIAMENTARY UNDER-SECRETARY OF STATE

Appendix I – Consultation respondents

Security contractor firms
Reliance Security Services Ltd
Special Events Security Ltd
Security Guard Company Northern Ireland
Eventsec
G4 Security Services
Security Industry Regulators
The Private Security Authority
Councils
Ards Borough Council
Newry and Mourne District Council
Ballymena Borough Council
Trade Associations
The Federation of the Retail Licensed Trade NI (FRLT)
British Security Industry Association
Training providers
Castlereagh College
Police
The Police Service of Northern Ireland
Sporting representative bodies
Ulster Rugby
Sports Council for Northern Ireland
Comhairle Uladh GLC (Ulster Council GAA)
Other
Disability Action
BII

Consultation summary

In general, responses from security companies and industry regulators showed great support for the proposals to extend the remit of the SIA to Northern Ireland. The greatest benefit identified is that Northern Ireland companies would be placed on an equal footing with companies operating in the rest of the UK and also in Ireland, allowing greater competition and a level playing field. Companies thought that SIA regulation in Northern Ireland would benefit employee, customer and service provider, inspiring confidence in the industry thereby improving its image. Currently, many companies who have undertaken to suitably train and register staff feel disadvantaged and undercut by alternative companies providing a cheaper service, and look forward to when obligatory standards are set.

A strong trend throughout the responses was the need for a joined-up approach between the SIA and the Private Security Authority (PSA), the Irish regulatory body. Cooperation between these two authorities in terms of both standards and training should allow ease of all-Ireland work within the private security industry without compromising quality of service. Companies operating both north and south of the border should be aware of the legislation in each jurisdiction – this was also identified as a potential training area.

Representations from various sporting bodies were also received. They were largely concerned that they would be caught within the SIA's remit, which clearly would cause a great burden on the sporting industry in Northern Ireland. The Northern Ireland Office regrets the confusion over the definition of 'private security services' and licensable sectors. The Home Office has clarified that in England and Wales, certain security operatives at sports grounds under specific circumstances are exempt from regulation by the SIA. The same exemption shall also apply in Northern Ireland.

Several respondents disagreed with the Government's proposals to extend the remit of the SIA to Northern Ireland. It was argued that this would be a costly venture, placing a heavy burden on the industry due to the cost of training and licensing. Issues concerning enforcement were raised and some felt that a dedicated Northern

Ireland agency would have greater success in enforcing standards and compliance in an industry which, in Northern Ireland, is inherently different to the equivalent in England and Wales. It was also suggested that if greater weight was placed behind the scheme of training and registration for door supervisors run by the Federation of the Retail Licensed Trade NI in conjunction with local councils, this could form the permanent regulation that Northern Ireland needs, rather than having a statutory body like the SIA to regulate.