EXPLANATORY MEMORANDUM TO

THE PRIVATE SECURITY INDUSTRY ACT 2001 (LICENCES AND FEES) (AMENDMENT) REGULATIONS 2026

2026 No. 456

1. Introduction

1.1 This Explanatory Memorandum has been prepared by Home Office and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Dan Jarvis MP, Minister of State for Security at the Home Office confirms that this Explanatory Memorandum meets the required standard.

2.2 Jodie Gibson, Head of the Sponsorship Unit, at the Home Office confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Niall Donnelly at the Home Office Sponsorship Unit can be contacted by email at the following address with any queries regarding the instrument: ho.sponsorship.unit@homeoffice.gov.uk. Alternatively, the Department can be contacted by telephone: 0300 072 7269.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument updates the fees charged by the Security Industry Authority (SIA) to regulate the private security industry. The instrument removes the practice of 50% discounts for multiple licence applications except where they are made via the same application form, and increases the annual registration fee that private security providers are charged under the SIA's Approved Contractor Scheme (ACS) from £15 to £25 per employee.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is respectively England and Wales, Scotland and Northern Ireland.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales, Scotland and Northern Ireland.

5. Policy Context

What is being done and why?

5.1 The SIA is a fee-funded Non-Departmental Public Body established under the Private Security Industry Act 2001 ("PSIA 2001") to regulate the private security industry. It delivers two core statutory functions: licensing individuals in designated security roles and approving private security companies who voluntarily join the ACS (which sets standards for quality and integrity within the industry).

5.2 PSIA 2001 gives the SIA the power to impose charges as prescribed by the Secretary of State in connection with these functions. In line with HM Treasury's MPM guidance, the standard approach is full cost recovery so that the government neither profits at the expense of customers, nor makes a loss for taxpayers to subsidise. [1]

5.3 Current fees for these statutory functions do not fully recover costs, so the fees are being amended to achieve this goal. Specifically, the instrument makes two principal changes: it removes the 50% discount for individuals applying for multiple licenses, except where the applications are submitted via the same application form and therefore administrative processes can be streamlined; and it increases the ACS annual registration fee, that the SIA charges to businesses, from £15 to £25 per employee, correcting an under-recovery where only 73% of scheme costs were being met.

5.4 These changes are proportionate, supported by financial modelling and efficiency savings, and necessary to maintain the sustainability of the SIA's regulatory functions without imposing unnecessary costs on individuals or taxpayers. Without this instrument, the SIA would see a financial deficit and would either need to reduce the services it currently provides or receive direct financial support from the Home Office, funded by the taxpayer.

What was the previous policy, how is this different?

Individual licence fee

5.5 Before this instrument was laid, individuals were charged full price for their first licence application but were offered a 50% discount on any additional applications (for other licensable roles). The SIA has borne the cost of the discount despite these applications generating the same administrative costs as the first licence. However, where multiple applications are made via the same application form, the application processes and administrative costs can be rationalised; for example, the SIA can use one Disclosure and Barring Service check for multiple licence applications. In order to provide for full fee recovery, this instrument removes the discount for multiple licences **except** for those applied for via the same application form.

Approved Contractor Scheme

5.6 The SIA's voluntary ACS measures private security companies against independently assessed standards. The scheme's fees are made up of an initial application fee and, if approved, an annual registration fee. The initial application fee (unchanged since its inception in 2007) is a fixed amount, ranging from £400 to £2,400, based on the number of licensable staff deployed by the company. Since 2011, the annual registration fee has been set at £15 per employee undertaking licensable activity for that company. Combined, these fees only recovered 73% of costs to run ACS, so this instrument increases the annual registration fee from **£15** per employee to **£25** to achieve full cost recovery.

6. Legislative and Legal Context

How has the law changed?

6.1 The SIA was established under the PSIA 2001, which provides powers for the SIA to charge fees for individual licences and for participation in the ACS. The current fee levels and discount provisions are set out in secondary legislation under Private

[1] HM Treasury Managing Public Money (2025), available at: https://assets.publishing.service.gov.uk/media/684ae4c6f7c9feb9b0413804/Managing_Public_Money.pdf

Security Industry Act 2001 (Licences) Regulations 2007 and the Private Security Industry Act 2001 (Approved Contractor Scheme) Regulations 2007.

6.2 This instrument amends these regulations to remove discounts for multiple licences except where applications are made via the same application form and increase the ACS annual registration fee from £15 to £25 per employee. The legal effect of the instrument is to update the prescribed fee amounts to ensure compliance with HM Treasury's MPM guidance by achieving full cost recovery and avoiding surplus generation or taxpayer subsidy.

6.3 Legislation is required because the fees payable for both licences and the ACS must be prescribed by regulations; they cannot be changed through non-statutory means. No judicial reviews or judgments have given rise to this instrument, and no novel use of powers is proposed.

Why was this approach taken to change the law?

6.4 A statutory instrument is the only possible approach to make the necessary changes as the fees are set out in secondary legislation.

7. Consultation

Summary of consultation outcome and methodology

7.1 There is no statutory duty to consult publicly on changes to SIA fees, and accordingly no formal public consultation was undertaken. However, Section 24(4) of the PSIA 2001 requires consultation with the SIA itself, Scottish Ministers and the Department of Justice (Northern Ireland) before making the regulations, which we undertook in March 2026. Welsh Ministers were also informed as a matter of good practice. Having initially proposed the changes, the SIA was content. Scottish Ministers and the Department of Justice (Northern Ireland) agreed to the changes, with the latter emphasising the importance of clear and timely communications and engagement with companies affected by the ACS changes, which the SIA is already undertaking.

8. Applicable Guidance

8.1 This instrument does not implement or require formal guidance. The SIA will inform ACS members of the fee changes from the day the instrument is laid through its website, social media channels, and direct communications.[2]

8.2 License holders will be informed about the removal of the multiple application discount (except where multiple license applications are made via the same application form) in advance of their renewal date to ensure clarity and transparency.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because the changes relate to fee adjustments that fall outside the scope of the Better Regulation Framework. However, proportionate economic analysis has been undertaken to accompany the instrument and presented in an Economic Note which has been published alongside the Explanatory Memorandum.

[2] Security Industry Authority Website available at: https://www.gov.uk/government/organisations/security-industry-authority

9.2 The Economic Note estimates a total direct cost to businesses over a three-year period (2026/27, 2027/28 & 2028/29) of **£3.89m** (an average of **£1.29m** per annum) for the uplift in the ACS annual registration fee. The removal of the 50% discount for individuals applying for multiple licences (except for those applied for via the same application form) will see the number of discounted licences fall from **c60,000** to **c11,000**. No monetised benefits are identified, but the analysis notes non-monetised benefits including continued delivery of regulatory oversight and public safety functions. The Economic Note concludes that the measures are low-cost, within the de minimis threshold, and ensures the SIA remains fully cost recovering without imposing additional administrative burdens.

Impact on businesses, charities and voluntary bodies

9.3 There is no impact, or no significant impact on charities or voluntary bodies because all affected licence holders and ACS members are private individuals or businesses. The impact on business is expected to be limited and proportionate. For ACS members, the increase in annual registration fee results in an estimated average additional cost of **£1.29m** per year, or **£3.89m** over the 3-year appraisal period, reflecting workforce size and company turnover.

9.4 The legislation does impact small and micro businesses, as some ACS members and fall into this category. However, the increase is modest relative to revenue and is not expected to place a significant burden on these businesses. Exempting small and micro businesses from the fee changes was considered but rejected because it would undermine the principle of full cost recovery and increase reliance on taxpayer funding, contrary to HM Treasury's MPM guidance.

9.5 To minimise the impact of the requirements on small or microbusinesses, the SIA has deliberately limited the ACS increase to what is necessary to address under-recovery. This has been made possible by efficiency savings within the organisation, including the reallocation of resource towards Martyn's Law activity (The Terrorism Protection of Premises Act 2025), which reduces the costs attributed to ACS. These efficiencies generate approximately £2m over the three-year cycle (around 0.7m per year) and have lowered the level of increase required. Taken together, these measures ensure that the changes remain proportionate and affordable for small businesses, while maintaining compliance with HM Treasury's MPM requirements.

9.6 There is no, or no significant, impact on the public sector because the affected licence holders and ACS members operate within the private sector. The changes are expected to deliver a moderate saving to public finances by reducing any potential reliance on grant-in-aid funding should the SIA not be able to fully cover its costs from the fees it charges, in line with government policy for self-financing regulators.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The SIA will monitor the impact of the fee changes on licence application volumes and ACS membership on a monthly basis. This data will be reviewed internally and shared with the Home Office to assess effectiveness and identify any emerging risks. The SIA will also continue to undertake an annual fee review in line with HM Treasury's MPM guidance.

10.2 The instrument does not include a statutory review clause. It is not considered appropriate to include one given the minimal likely impact on business and the

technical nature of the measure. The SIA's annual fee review process provides an established mechanism for ongoing monitoring and adjustment if required.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None

12. European Convention on Human Rights

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

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").