



Home Office



Security Industry Authority

Home Office - Security Industry Authority (SIA) Framework Document

June 2018

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Introduction

Framework documents form an essential part of the foundation of the relationship between a public body and a sponsor team. They define at a high level what function the public body fulfils and the roles and responsibilities of the key individuals involved in running, sponsoring, and overseeing the activities of the body. Framework documents are, as a minimum, published on the website of the public body.

This framework document was jointly written and approved by the Security Industry Authority (SIA) and the Home Office. It has been shared with the devolved administrations in Scotland and Northern Ireland who have had the opportunity to comment.

Approval within the Home Office is undertaken by the Permanent Secretary, as Principal Accounting Officer. It describes the high level parameters that define how the two organisations will work together. This document remains in place until a new framework replaces it. It must be reviewed annually and, where appropriate, revised. An earlier review will be triggered by any one of the following events:

- The appointment of a new Chair or Chief Executive
- A change of senior policy sponsor (usually Director level) in the Home Office
- A significant change in government policy relating to the business of the SIA
- If the Head of the Home Office Sponsorship Unit and the Chief Executive of the SIA agree a review is required

The review should be undertaken jointly by the SIA and the Home Office and any resulting document published to replace this version.

Date of publication:

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Document owned by: Home Office Sponsorship Unit and the Security Industry Authority.

Purpose and functions

1 Purpose and functions of the SIA

1.1 The SIA is established under the Private Security Industry Act 2001¹, hereby referred to as 'the Act', to regulate the private security industry. For governance purposes, the SIA is an Executive Non-Departmental Public Body reporting to the Home Secretary.

1.2 The statutory duties of the SIA under the Act are:

- To carry out the functions relating to licensing and approvals that are conferred on it by the Act;
- To keep under review generally the provision of security industry services and other services involving the activities of security operatives;
- For the purpose of protecting the public, to monitor the activities and effectiveness of persons carrying on businesses providing any such services as are mentioned above;
- To ensure the carrying out of such inspections as it considers necessary of the activities and businesses of –
 - persons engaged in licensable conduct; and
 - persons registered under section 14 as approved providers of security industry services;
- To set or approve standards of conduct, training and levels of supervision for adoption by:
 - those who carry on businesses providing security industry services or other services involving the activities of security operatives; and
 - those who are employed for the purposes of such businesses;
- To make recommendations and proposals for the maintenance and improvement of standards in the provision of security industry services and other services involving the activities of security operatives; and
- To keep under review the operation of the Act.

1.3 The strategic aims of the SIA are:

- To protect the public by delivering excellent regulation;

¹ <http://www.legislation.gov.uk/ukpga/2001/12/contents>

- To maintain strong relationships with our partners and our stakeholders to improve the impact of our work;
- To have a skilled, diverse and motivated team who are proud to work at the SIA and are committed to achieving our objectives; and
- To seek continuous improvement in the way the SIA is run and ensuring value for money for licence holders, Approved Contractor Scheme (ACS) companies and the public.

These aims may be influenced during the life of this document by a letter of direction from a Home Office Minister.

- 1.4 The SIA's mission is to deliver proportionate regulation to the private security industry to reduce criminality and improve standards under the Private Security Act 2001 in order to protect the public.
- 1.5 The SIA regulates the industry by the mandatory licensing of individuals and by providing the voluntary Approved Contractor Scheme (ACS) for businesses who attain and maintain certain standards.
- 1.6 The findings of a Home Office led review of the SIA² was published in June 2018 which considered the functions of the regulator and the future regulatory regime.

2 Ministerial responsibilities

- 2.1 The Home Secretary holds overall responsibility for the Home Office and its agencies and will account for the SIA's business in Parliament.
- 2.2 The Home Secretary's responsibilities with regard to the SIA are as follows:
 - Laying the SIA's annual report and by agreement with NAO the accounts before Parliament;
 - Keeping Parliament informed about the SIA's performance;
 - Approving the amount of grant-in-aid / other funds to be paid to the SIA and securing Parliamentary approval; and
 - Carrying out responsibilities specified in legislation including appointments to the SIA and approving the terms and conditions of SIA members.
- 2.3 The Minister for Policing and the Fire Service has specific responsibility for the SIA within the Home Office ministerial team.
- 2.4 In carrying out its functions, the SIA must comply with any general or **specific** direction given to it in writing by the Minister. Any such direction is subject to prior

² Home Office led review of the SIA

consultation with the SIA. This power will, as required, normally be discharged following consultation with the SIA. This power can be used in the event of substantial changes in policy or the operating environment of the SIA, should the responsible Minister consider that the SIA will not conduct its operations in line with those policy or operational changes. This power can be used at any time, subject to the requirement for consultation.

3. Permanent Secretary responsibilities

- 3.1 The Permanent Secretary is the Home Office's Principal Accounting Officer and has designated the Chief Executive as the SIA Accounting Officer. The respective responsibilities of the Principal Accounting Officer and the NDPB Accounting Officer are set out in Chapter 3 of *Managing Public Money*³.
- 3.2 The Home Office's Principal Accounting Officer is accountable to Parliament for the issue of any grant-in-aid funding to the SIA. He is also responsible for advising the responsible Minister on how well the SIA is delivering its strategic objectives and whether it represents value for money.
- 3.3 The Home Office's Principal Accounting Office should also ensure that:
- Arrangements are in place to oversee SIA's activities on a continuous basis;
 - Significant performance issues in the SIA are addressed, intervening when it is judged necessary;
 - Risks to both the Home Office and the SIA's objectives and activities are periodically assessed; and
 - The SIA is informed of relevant changes in government policy in a timely manner.

4 Home Office responsibilities

- 4.1 The Home Office recognises that it is the responsibility of the SIA to deliver an effective and independent regime for the regulation of the private security industry under the terms of the Act. The Home Office will work with the SIA to support and ensure the delivery of such a regime.
- 4.2 The Home Office Sponsorship Unit (HOSU) will act as a focal point for the SIA's contacts with the Home Office and broader government. This will include:
- Championing agreed SIA activity within the Home Office and Government;
 - Pursuing SIA requests within the Home Office to ensure timely responses or clear requests for further information;

³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/686462/MPM_2018.pdf

- Ensuring that the SIA is kept up to date on policy and operational changes within the Home Office and Government that may affect the SIA’s activities in a timely way;
- Ensuring that all requests for information from the SIA are passed to the SIA promptly and that, with the exception of PQs and other urgent matters (e.g. Ministerial requests) allow for a reasonable turnaround period; and
- Ensuring that the SIA has an effective, capable and quorate Authority with balanced membership.

5. Home Office Senior Policy Sponsor responsibilities

5.1 The Director of Public Protection in the Crime, Policing and Fire Group is the Senior Policy Sponsor who will represent the Home Office at the most senior level. The Senior Policy Sponsor will:

- Ensure the SIA has the appropriate delegations and authorities necessary for effective and robust delivery of its role and is updated in a timely fashion with regard to developing Home Office or Government policy that may impact on its function;
- Advise the Home Secretary on the role, performance and resourcing of the SIA in the context of the wider Home Office or governmental objectives;
- Support the Principal Accounting Officer in the discharge of their responsibilities (set out in Chapter 3 of Managing Public Money⁴);
- Hold regular meetings with the Chief Executive to discuss performance against objectives and corporate measures, including financial outturn;
- Ensure that performance data is sufficient to provide a view of the health of the operation of the SIA, and, where necessary, integrated into Home Office performance systems;
- Play an active role in the annual appraisal of the Chair of the SIA as signatory of their appraisal; and
- Have the discretion to delegate part of their role to another official at Director or Deputy Director level.

⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/686462/MPM_2018.pdf

6. Responsibilities of the Sponsor - the Home Office Sponsorship Unit and the Home Office Public Protection Unit

- 6.1 The Public Protection Unit (PPU) is the Home Office policy team with lead responsibility for the SIA and will hold the primary relationship. The HOSU will lead on corporate and non-policy issues. These teams will be the main source of advice to the Home Secretary on the discharge of his responsibilities in relation to the SIA. PPU and HOSU will also support the Home Office's Principal Accounting Officer and the Senior Policy Sponsor in their responsibilities towards the SIA. They will:
- Facilitate the SIA's relationship with colleagues across government by making the appropriate introductions;
 - Provide advice to the Principal Accounting Officer and the Senior Policy Sponsor to enable them to discharge their functions; and
 - Where appropriate, discharge responsibilities on behalf of the Principal Accounting Officer and the Senior Policy Sponsor.
- 6.2 PPU and HOSU will ensure that:
- The SIA is briefed on relevant ministerial priorities, Home Office initiatives and significant developments in the wider policing or public sector landscape that may be relevant to the SIA or the delivery of its functions;
 - Requests for information, answers to PQs, advice or other input are put to the SIA in a timely fashion;
 - Requests for advice or decision made from the SIA to the Home Office are dealt with expeditiously and in the event of delays a revised timeframe and regular updates are provided; and
 - There is effective planning and delivery of those matters that fall within the Home Office or Home Secretary's remit on which the SIA is reliant.
- 6.3 PPU and the HOSU will be mindful of the SIA's independent status.

7. Responsibilities of the Chief Executive as SIA Accounting Officer

General

- 7.1 The Chief Executive as Accounting Officer is personally responsible for safeguarding the public funds for which he has charge; for ensuring propriety in the handling of those public funds; and for the day-to-day operations and management of the SIA. In addition, he should ensure that the SIA is run on the basis of the standards, in terms of

governance, decision-making and financial management that are set out in Box 3.1 of **Managing Public Money**⁵.

Responsibilities for accounting to Parliament

7.2 The Chief Executive is accountable to Parliament for:

- Signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by HM Treasury or the Home Office;
- Signing the SIA Annual Report, including the Statement of Accounting Officer's Responsibilities and the Annual Governance Statement;
- Signing a Statement on Internal Control regarding the system of internal control for inclusion in the annual report and accounts;
- Ensuring that effective procedures for handling complaints about the SIA are maintained and made widely known within the SIA;
- Acting in accordance with the terms of the HM Treasury document, *Managing Public Money* and other instructions and guidance issued from time to time by the Home Office, HM Treasury and the Cabinet Office; and
- Giving evidence, normally with the Principal Accounting Officer of the Home Office, when summoned before the Public Accounts Committee on the SIA's stewardship of public funds.

Responsibilities to the Home Office

7.3 Particular responsibilities to the Home Office include:

- Establishing, in agreement with the Home Office, the SIA strategic and business plans in the light of the Home Office's wider strategic aims;
- Informing the Home Office of progress in helping to achieve its policy objectives and in demonstrating how resources are being used to achieve those objectives;
- Supporting the Home Office in carrying out its oversight role in relation to change programmes;
- Informing the Home Office of the SIA's strategic and business planning and seeking ministerial approval prior to the publication of such plans, and updating the Home Office on any significant risks to delivery; and
- Ensuring that timely forecasts and information on performance and finance are provided to the Home Office; that the Home Office is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant

⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/686462/MPM_2018.pdf

problems whether financial or otherwise, and whether detected by internal audit or other means, are notified to the Department in a timely fashion.

Responsibilities to the SIA Authority

- 7.4 The Chief Executive's responsibilities and priorities are agreed with the Chair and Authority of the SIA. These include responsibility for:
- Advising the Authority on the discharge of its responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued;
 - Advising the Authority on the SIA's performance compared with its objectives and the quality of services delivered to the public;
 - Ensuring that financial considerations are taken fully into account by the Authority at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
 - Taking action as set out in paragraphs 3.8.6 of *Managing Public Money*⁶ if the Authority or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or does not represent prudent or economical administration, efficiency or effectiveness, questionable feasibility, or is unethical; and
 - Managing internal SIA recruitment, including that of the Senior Executive Team.

8. The Authority (SIA)

- 8.1 The Authority will oversee the discharge of the SIA's functions. The Authority will consist of such number of members as the Home Secretary may determine. The Authority will invite a senior Home Office representative as an observer at main Authority meetings including those held in the Devolved Administrations. The Authority is specifically responsible for:
- Establishing and taking forward the strategic aims and objectives of the SIA consistent with its overall strategic direction and within the policy and resources framework determined by the Home Secretary;
 - Ensuring that the responsible Minister is kept informed of any changes which are likely to impact on the strategic direction of the SIA or on the attainability of its targets, and determining the steps needed to deal with such changes;

⁶https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/686462/MPM_2018.pdf

- Ensuring that any statutory or administrative requirements for the use of public funds are complied with; that it operates within the limits of its statutory authority and any delegated authority agreed with the Home Office;
- In accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, it takes into account guidance issued by the Home Office;
- Ensuring that it receives and reviews regular financial information concerning the management of the SIA, is informed in a timely manner about any concerns about the activities of the SIA, and provides positive assurance to the Home Office that appropriate action has been taken on such concerns;
- Demonstrating high standards of strategic governance at all times, including by using the independent Audit and Risk Assurance Committee to help it address key financial and other risks; and
- Appointing with the responsible Minister's approval, a Chief Executive.

8.2 The Authority will be responsible for ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control. The SIA must maintain its Audit and Risk Assurance Committee, chaired by an independent non-executive member, to provide independent advice and review in support of the Authority and the Chief Executive as Accounting Officer. The Authority and SIA will put in place arrangements to assure itself of the effectiveness of its internal control and risk management systems.

8.3 The Home Office will aim to attend at least four Authority meetings per year and all Audit and Risk Assurance Committee meetings.

The Chair's personal responsibilities

8.4 The SIA Chair is responsible to the Home Secretary for the governance and performance of the SIA. Communications between the Authority and the responsible Minister should normally be through the Chair. The Chair should ideally meet with the responsible Minister on an annual basis, so that ministers remain apprised of significant issues and of the annual business plan of the SIA. They are responsible for ensuring that policies and actions support the responsible Minister's, and, where relevant and within the scope of the SIA's statutory responsibilities, other Ministers', wider strategic policies and that SIA affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the SIA.

8.5 In addition, the Chair has the following leadership responsibilities:

- Formulating the Authority's strategy and ensuring that the Authority sets the strategic direction for the SIA in consultation with the Chief Executive;
- Ensuring that the Authority, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the Home Office on the Minister's behalf;
- Promoting the efficient and effective use of staff and other resources;
- Delivering high standards of regularity and propriety; and
- Representing the views of the Authority to the general public.

8.6 The Chair also has an obligation to ensure that:

- The Authority is working effectively;
- The Authority has a balance of skills appropriate to directing SIA business, as set out in the Government Code of Good Practice on Corporate Governance⁷;
- The Authority Members are fully briefed on terms of appointment, security clearances and associated requirements, duties, rights and responsibilities;
- The Home Secretary is advised of SIA needs and when Authority vacancies arise;
- The annual self-assessment of effectiveness is completed; and
- The Authority Code of Conduct remains current and compliant with guidance issued by the Committee on Standards in Public Life.

Individual Authority member responsibilities

8.7 Individual Authority members should:

- Comply at all times with the Authority members Code of Conduct and with the rules relating to the use of public funds and to conflicts of interest;
- Not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- Comply with the SIA rules on the acceptance of gifts and hospitality, and of business appointments; and
- Act in good faith and in the best interests of the SIA.

⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf

9. Essential Publications

Annual Report and Accounts

- 9.1 The SIA must publish its Annual Report and Accounts (ARAs) after the end of each financial year. The ARAs are prepared by the SIA, who will work with the National Audit Office (NAO). Once NAO are content in principle, the draft ARAs are put to the SIA Audit and Risk Assurance Committee for approval. Home Office will be formally invited to provide comment on the draft at an early stage. Once content, the SIA will submit a revised ARAs to the Home Office for ministerial comment and approval. Once ministers have approved, subject to any changes they have requested, the ARA can be certified by the NAO Comptroller and Auditor General. A certified copy is then provided to the Home Office for laying in Parliament.
- 9.2 The ARAs must:
- Cover any corporate, subsidiary or joint ventures under its control;
 - Comply with HM Treasury's Financial Reporting Manual (FReM)⁸; and
 - Outline main activities and performance during the previous financial year and set out forward plans in summary form.
- 9.3 Information against performance on key financial targets is outside the scope of the audit and should be included in the annual report but not the notes to the accounts. The ARA shall be laid in Parliament and made available on the SIA website, in accordance with the guidance in the FReM. A draft of the report should be submitted to the Home Office for approval by ministers before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the Home Office as well as the FReM.

10. Internal audit

10.1 The SIA shall:

- Establish and maintain arrangements for internal audit in accordance with HM Treasury's Public Sector Internal Audit Standards (PSIAS)⁹;
- Ensure the Home Office is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with public sector internal audit standards;

⁸ <https://www.gov.uk/government/publications/government-financial-reporting-manual-2017-to-2018>

⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/641252/PSAIS_1_April_2017.pdf

- Maintain an Audit and Risk Assurance Committee in accordance with the Cabinet Office’s Guidance on Code of Practice for Public Bodies¹⁰ and the Audit Committee Handbook¹¹;
- Forward relevant audit papers, including the audit strategy, so that the Home Office can fully understand the audit approach of the SIA; and
- Keep records of, and prepare and report on fraud and theft suffered by the SIA and notify the Home Office of any unusual or major incidents as soon as possible.

10.2 The Home Office’s internal audit service has a right of access on request to all documents prepared by the SIA’s internal auditor, including where the service is contracted out.

11. External audit

11.1 The Comptroller & Auditor General (C&AG) audits the SIA annual accounts.

11.2 The C&AG:

- Will consult the Home Office and the SIA on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- Has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000¹², held by another party in receipt of payments or grants from the SIA;
- Will share with the Home Office, information identified during the audit process and audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Home Office’s responsibilities in relation to financial systems within the SIA; and
- Will, where asked, provide departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which departments may request at the commencement of the audit and which are compatible with the independent auditor’s role.

11.3 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the SIA has used its resources in discharging its functions. For the purpose

¹⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/409604/code-of-conduct_tcm6-38901.pdf

¹¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/512760/PU1934_Audit_committee_handbook.pdf

¹² <http://www.legislation.gov.uk/ukpga/2000/20/contents>

of these examinations, the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983¹³. In addition, the SIA shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by C&AG which are held by other bodies.

Rights of access

- 11.4 The Home Office has the right to access relevant information for the purpose of sponsorship audit and operational investigations, including in relation to propriety, integrity or other matters whilst taking into account of the subject to the applicable provisions of the Data Protection Act and any other relevant legislation. Where the SIA identifies that access may compromise the actual or perceived ability to discharge its function independently, further advice will be sought.

¹³ <http://www.legislation.gov.uk/ukpga/1983/44/contents>

Management and financial responsibilities

12. Managing Public Money and other government-wide corporate guidance and instructions

- 12.1 Unless agreed by the Home Office and, as necessary, HM Treasury, the SIA shall follow the principles, rules, guidance and advice in Managing Public Money¹⁴, referring any difficulties or potential bids for exceptions to the Home Office Finance Team, via the HOSU in the first instance. A list of guidance and instructions with which the SIA should comply is attached at Annex 1. The respective Home Office and SIA Finance Deputy Directors will ensure that there is strong financial discipline at all levels and will be responsible for approving new investments and giving advice on material business decisions, and as appropriate or where required in consultation with the Home Office.
- 12.2 Once the Grant-in-Aid has been approved by the Home Office and subject to any restrictions imposed by statute and the responsible Minister's instructions, the SIA shall have authority to incur expenditure approved in the budget without further reference to the Home Office, on the following conditions:
- The SIA shall comply with the delegations set out in financial and procurement delegation letters. These delegations shall not be altered without the prior agreement of the Home Office;
 - The SIA shall comply with Managing Public Money regarding novel, contentious or repercussive proposals;
 - The SIA shall conform with all Home Office and government-wide spending controls;
 - Inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal Home Office and other necessary governmental approvals or departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
 - The SIA shall provide the Home Office with such information about its operations, performance, individual projects or other expenditure as the Home Office may reasonably require.

¹⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/686462/MP_M_2018.pdf

13. Corporate Governance

Authority appointments - the Chair and Authority members

- 13.1 The Chair and Authority members are appointed as required by the Home Secretary. Before appointing the Chair and Non-Executive Directors representing the interests of Scotland and Northern Ireland, the Home Secretary shall consult ministers in Scotland and Northern Ireland. Such appointments will comply with the Code of Practice of the Office of the Commissioner for Public Appointments¹⁵
- 13.2 Authority members can be approved for a term not exceeding three years by the Home Secretary and be eligible for re-appointment at the end of their term, in accordance with schedule 2 of the Act. Such appointments will comply with the Code of Practice of the Office of the Commissioner on Public Appointments.

Authority appointments - the Chief Executive

- 13.3 The SIA will appoint the Chief Executive, subject to obtaining the Home Secretary's consent to the appointment. Before giving consent, the Home Secretary shall consult ministers in Scotland and Northern Ireland.

Composition of the Authority

- 13.4 Whilst the Act does not specify how the Authority should be composed, the Home Office will be responsible for Authority composition, and will work with the SIA to ensure Authority composition adheres to HM Treasury guidance on corporate governance¹⁶.

14. Risk Management

- 14.1 The SIA shall ensure that the risks that it faces are dealt with in an appropriate manner, taking Home Office risk management guidance as a minimum standard. It will also, in accordance with relevant aspects of best practice in strategic governance, develop a risk management strategy, which adheres to the HM Treasury guidance, Management of Risk: Principles and Concepts¹⁷. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or give Grant-in-Aid.

¹⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/411262/10032015_Departmental_Guidance_2015_PDF.pdf

¹⁶https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf

¹⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/220647/orange_book.pdf

- 14.2 The SIA is not permitted to take out commercial insurance policies except as permitted in Managing Public Money annex 4.5¹⁸.
- 14.3 Management of risk will be within the full control of the SIA, however there will be shared risks and issues, identified by either body where engagement of the Home Office to support risk mitigation and / or contingencies will be needed. These risks and issues should be escalated according to appropriate protocol and process agreed by the Home Office and SIA. Those risks requiring urgent attention can be dealt with outside of the process and with agreement of the SIA and Home Office.

15. Strategic and business plans

- 15.1 Periodically the SIA shall develop a three year strategic plan. Following Authority approval both strategic and business plans will be submitted to the HOSU as soon as is practicable for approval, where necessary, by the Permanent Secretary and the responsible Minister.
- 15.2 The SIA shall submit annually to the HOSU a draft of the strategic plan covering three years ahead. The draft should be submitted following Authority approval.
- 15.3 The SIA shall agree with the HOSU the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the SIA's statutory and/or other duties and, within those duties, the priorities set from time to time by the responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the SIA contributes to the achievement of the Department's priorities.
- 15.4 The first year of the strategic plan, amplified as necessary, shall form the annual business plan. The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the department.
- 15.5 The following key matters should be included in the plans:
- Key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
 - Key non-financial performance targets;
 - Review of performance in the preceding financial year, together with comparable outturns for the previous [2-5] years, and an estimate of performance in the current year;

¹⁸https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/686462/MP_M_2018.pdf

- Alternative scenarios and an assessment [and where suitable for publication] of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
- Other matters as agreed between the department and the SIA.

15.6 The finalised strategic and business plans will be published on the SIA website and made available to stakeholders and staff.

16. Budgeting procedures

16.1 Each year, in the light of decisions by the Home Office on the updated draft strategic plan, the Home Office will send to the SIA a letter of financial delegation which confirms the SIA's total government funding allocation within which they are expected to deliver their business plan. The total allocation will only include capital totals for the remainder of the spending review.

16.2 The approved annual business plan will take account both of approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

16.3 Any significant finance decisions or expenditure not covered by a formal delegation must be agreed by the responsible Minister, HM Treasury or Cabinet Office as necessary.

17. Grant-in-Aid and any ring-fenced grants

17.1 Grant-in-Aid funding for the year, is paid to the SIA under paragraphs 14-16 of Schedule 2 of the Private Security Act 2001¹⁹.

17.2 The SIA will request Grant-in-Aid on an annual basis. Requests should be made when in need, giving a minimum of 8 weeks advance written notice. Planning, timetables, deadlines and steers from Home Office finance, Cabinet Office and HM Treasury, for such requests will be communicated via the officials Home Office monthly finance meeting. The Grant-in-Aid will be transferred to the SIA's Government bank account on a monthly basis in line with their needs and keeping cash accruals to a prudent level.

17.3 In the event that the Home Office provides the SIA separate grants for specific (ring fenced) purposes, it should issue the grant as and when the SIA needs it on the basis of a written request. The SIA should provide evidence that the grant is used for the

¹⁹ <http://www.legislation.gov.uk/ukpga/2001/12/contents>

purposes authorised by the Home Office. The SIA shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

18. Recharge

18.1 The SIA collects fees relating to the licensing of individuals and the Approved Contractor Scheme. It will pass on to the Home Office, its sponsoring department, the appropriate sum to cover the Home Office's sponsorship of the SIA (including finance) and operational policy, work which is done on a United Kingdom-wide basis associated with the SIA. The Home Office will agree with the SIA an indicative annual forecast to assist the SIA's budgetary process within an agreed timeframe and will not propose any significant increase without agreeing it with the SIA first. The Home Office will provide quarterly invoices which will include high-level quarterly commentary on its costs. The SIA will make payments on a quarterly basis within 10 working days of receipt of a valid invoice, in line with SIA timelines.

19. Reporting performance to the Department

- 19.1 The SIA will provide the responsible Minister via the HOSU, with a quarterly summary of key performance and commentary and details of other relevant issues in line with the Minister's requirements.
- 19.2 The SIA shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the strategic and business plans. The SIA shall inform the Home Office of any significant changes that make achievement of its strategic plan or statutory duties more or less difficult.
- 19.3 The SIA shall report financial and non-financial performance, including performance in helping to deliver ministers' policies and the achievement of key objectives on a monthly basis. This will be provided to the HOSU who will ensure that the data is examined and discussed with colleagues in the Home Office and in SIA. Where necessary, performance issues will be escalated to the Senior Policy Sponsor or the Head of the HOSU as appropriate, who will decide if further escalation is required.
- 19.4 Should SIA performance fall significantly below the levels agreed in the business plan without a valid and agreed reason the responsible Minister may impose sanctions fitting the circumstances. These may include, but are not limited to, a removal of delegated freedoms or a reduction in budget or any combination of sanctions felt necessary to get performance back to the agreed levels.
- 19.5 The responsible Minister can request and receive specific performance data where he/she has reasonable grounds to be concerned about performance in that area.

Providing information to the Home Office

19.6 The Code of Corporate Governance²⁰ requires Home Office departmental boards to have oversight of the following areas:

- Performance
- Strategic clarity
- Efficiency
- Capabilities
- Risk

Arrangements shall be made with the HOSU to enable Home Office boards to oversee each of these areas.

19.7 As a minimum, the SIA shall provide the Home Office finance team with monthly financial information that will enable the Home Office to satisfactorily monitor:

- SIA cash management;
- Its draw-down of grant-in-aid;
- Forecast outturn by resource headings; and
- Other data required for the Online System for Central Accounting and Reporting (OSCAR).

SIA/Home Office working level liaison arrangements

19.8 The HOSU will liaise regularly with SIA staff to review SIA financial performance against plans, achievement against targets and the expenditure against its DEL and AME allocations. The HOSU will also take the opportunity to explain, or arrange for policy teams to explain, wider policy developments that might have an impact on the SIA. SIA officials will explain the operational issues which underpin the delivery of statutory objectives and the impact of policy developments on performance.

19.9 SIA staff will be mindful of the HOSU's need to provide advice and information to Ministers regarding the SIA and its work. Similarly, the Home Office will be mindful of the need to make timely requests and share information relevant to the SIA in a timely manner.

19.10 SIA staff will take the opportunity to explain changes and updates to SIA policy, initiatives and developments related to delivery of ministerial priorities, and will respond in a timely manner to PQ information requests etc.

²⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf

20. Delegated authorities

- 20.1 The SIA delegated authorities are set out in the annual letter of Accounting Officer delegation. The SIA shall obtain the Home Office's prior approval before:
- Entering into any undertaking, contract or any other legally binding agreement to incur any expenditure that falls outside the delegations or which is not provided for in the SIA annual Grant-in-Aid as approved by the Home Office;
 - Incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
 - Making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Home Office;
 - Making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; and
 - Carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

21. SIA staff

Broad responsibilities for SIA staff

- 21.1 Within the arrangements approved by the Home Secretary and HM Treasury the SIA will have responsibility for the recruitment, retention and performance of its staff. The broad responsibilities toward its staff are to ensure that:
- The rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background, age or any other irrelevant factor;
 - The level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of efficiency and effectiveness;
 - The performance of its staff at all levels is satisfactorily appraised and the SIA performance measurement systems are reviewed from time to time;
 - Its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the SIA's objectives;
 - Proper consultation with staff takes place on key issues affecting them, including through an annual staff survey;
 - Adequate grievance and disciplinary procedures are in place;

- Suitable support structures are in place for staff including whistle-blowing procedures consistent with the Public Interest Disclosure Act; and
- A code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies²¹.

Staff costs

21.2 Subject to its delegated authorities, the SIA shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

21.3 SIA staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the Home Office and HM Treasury.

21.4 The SIA should have regard to Chapter 5 of the Cabinet Office Guide to Public Bodies²² that provides guidance on staff issues in public bodies.

21.5 The SIA will submit a pay remit to the Home Office on an annual basis to determine the pay envelope for the next financial year. The Home Office will ensure that such a remit is considered promptly and effectively.

21.6 The SIA may operate a performance-related pay scheme that shall form part of the general pay structure approved by the Home Office and HM Treasury.

21.7 Staff terms and conditions should be set out in policies and procedures, which should be available to the Home Office together with subsequent amendments.

21.8 The SIA shall comply with all relevant legislation relating to employees, including the EU Directive on contract workers – the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.

Pensions, redundancy and compensation

21.9 SIA staff shall normally be eligible for a pension provided by the PCPS. Staff may opt out of the occupational pension scheme provided by the SIA but that employers' contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.

²¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690948/Public_Bodies_-_a_guide_for_departments_-_chapter_5.pdf

²²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690948/Public_Bodies_-_a_guide_for_departments_-_chapter_5.pdf

21.10 Any proposal by the SIA to move from the existing pension arrangements or to pay any redundancy or compensation for loss of office requires the prior knowledge of the Home Office and, as appropriate, the approval of the Cabinet Office if it is outside of the SIA formal HR policies. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

22. Review of ALB's status

22.1 The SIA will be subject to periodic external review either as part of the Government's triennial review process (every 3 years) or equivalent external scrutiny.

23. Arrangements in the event that the ALB is wound up

23.1 The Home Office as the sponsor department shall put in place arrangements to ensure the orderly winding up of the SIA. In particular, it should ensure that the assets and liabilities of the SIA are passed to any successor organisation and accounted for properly. In the event that there is no successor organisation, the assets and liabilities should revert to the Home Office. To this end, the Home Office shall:

- Ensure that procedures are in place in the SIA to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- Specify the basis for the valuation and accounting treatment of the SIA's assets and liabilities;
- Ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with their report on the accounts;
- Arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB Accounting Officer should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the Home Office's Accounting Officer should sign.

23.2 The ALB shall provide the department with full details of all agreements where the SIA or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to the SIA.

Annex 1:

Corporate guidance and instructions

The SIA shall comply with the following general guidance documents and instructions:

- This document;
- Appropriate adaptations of sections of *Corporate Governance in Central Government Departments: Code of Good Practice*
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>;
- *Code of Conduct for Board Members of Public Bodies*
<https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>
- *Code of Practice for Ministerial Appointments to Public Bodies*
<http://publicappointmentscommissioner.independent.gov.uk/wp-content/uploads/2012/02/Code-of-Practice-2012.pdf>;
- *Managing Public Money (MPM)*,
http://www.hm-treasury.gov.uk/psr_mpm_index.htm;
- Public Sector Internal Audit Standards,
<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>;
- Management of Risk: Principles and Concepts,
<https://www.gov.uk/government/publications/orange-book>;
- HM Treasury Guidance on Tackling Fraud,
http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/Reg_Prop_and_VfM-November04.pdf;
- Government Financial Reporting Manual (FRoM),
<https://www.gov.uk/government/publications/government-financial-reporting-manual>;
- Fees and Charges Guide, Chapter 6 of *Managing Public Money*;
- Departmental Banking: A Manual for Government Departments, annex 5.6 of *Managing Public Money*;

- Relevant Dear Accounting Officer letters;
- Regularity, Propriety and Value for Money, http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm;
- The Parliamentary and Health Service Ombudsman’s Principles of Good Administration <http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples>;
- Consolidation Officer Memorandum, and relevant DCO letters;
- Relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office)
- Other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- Other relevant instructions and guidance issued by the central Departments as appropriate;
- Specific instructions and guidance issued by the Home Office as sponsor Department as appropriate;
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the SIA.