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Licensed on Paper, Enforced in Practice:

What South Africa's Private Security Sector Tells the UK About Business Licensing Reform



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Brief Foreword from the Chair

Joshua Brown- Founder / Executive Director

UK Counter Terrorism Advisory Group

This paper represents the UK Counter Terrorism Advisory Group's first contribution to the public policy debate on licensing private security businesses. It is intended to encourage evidence-based discussion and does not represent the final word on the subject. We welcome constructive engagement from policymakers, regulators, industry representatives, academics, and practitioners to further strengthen this important area of national security policy.

Executive Summary

South Africa's registered private security sector provides a clear cautionary case. A company accredited by the Private Security Industry Regulatory Authority (PSIRA) hosted foreign military-style training for an armed faction connected to an active conflict, exploiting a licensing regime that exists in statute but has never had the enforcement capacity, funding model, or foreign-ownership controls to operate as designed (PSIRA, 2024; Daily Maverick, 2024; News24/City Press, 2024). The United Kingdom is currently deciding, through a live Home Office consultation on the Manchester Arena Inquiry's Monitored Recommendations 7 and 8 (MR7 and MR8), whether to introduce business-level licensing for its own private security industry for the first time (GOV.UK, 2025b). This paper defines the distinct regulatory problems that motivate that debate, grounds its argument in established regulatory theory, and concludes that the case for closing the UK's business-licensing gap is sound but that the evidence does not support treating business licensing alone as a self-executing solution. The paper recommends a sequenced approach — ownership transparency first, procurement reform second, funded enforcement capacity third, and risk-differentiated business licensing fourth — supported by a stakeholder analysis and a phased implementation roadmap. Ultimately, this paper argues that business licensing is a necessary but insufficient response on its own: it must be built on a foundation of ownership transparency and matched, at every stage, by the enforcement capacity required to make it more than a licence on paper.

1. Introduction

In July 2024, ninety-five Libyan nationals were arrested during a police raid on a farm outside White River, Mpumalanga, where they had reportedly been living in a militarised training camp for several months (The Citizen, 2024a). The site was operated by Milites Dei Security Services (MDSS), a company registered with PSIRA. PSIRA's own press briefing confirmed that its investigation found the training exceeded the company's accreditation, used instructors who were not accredited by the authority and who employed military rank, and followed a programme structure and duration inconsistent with standard security training (PSIRA, 2024; News24/City Press, 2024). PSIRA subsequently suspended the company's directors and moved to deregister it (Central News South Africa, 2024). Open-source reporting has linked elements of the case to forces loyal to General Khalifa Haftar in eastern Libya. An extensive Irish Times investigation independently established that an Offaly-based company, Irish Training Solutions, had been training a special-forces unit of Haftar's Libyan National Army since early 2023 in an apparent breach of the UN arms embargo, working alongside Wagner Group personnel in the same theatre, and subsequently confirmed that some of the Libyan nationals arrested in South Africa had previously undergone training from the same Irish company (Irish Times, 2024a; Irish Times, 2024b). A separate report identified the same Irish company by name in connection with the South African case (National Security News, 2024). Charges against the detainees, which related to immigration offences rather than the training itself, were withdrawn roughly three weeks after the arrests, and the men were deported (The Citizen, 2024b).

This paper does not treat the Milites Dei case as a story about South Africa alone. It treats it as a worked example of what happens when a licensing regime exists in statute without the enforcement capacity, funding, and ownership controls to operate as intended — and argues that this distinction, rather than the simple presence or absence of a licensing requirement, is the central question the United Kingdom's own private security reform debate has not yet resolved.

This paper has been produced in collaboration with, and with the support of, S12 Security Guarding, the Security Industry Federation trade union, and the United

Kingdom Security Industry Compliance Association. Their operational and policy perspectives have informed the analysis that follows, and their engagement reflects a shared industry interest in a business-licensing regime that is evidence-led, proportionate, and matched to the enforcement capacity required to make it effective.

2. Defining the Regulatory Problem

Before evaluating whether business licensing is the right response, it is necessary to distinguish the separate regulatory problems that the debate around MR8 currently treats as a single, undifferentiated concern. At least six distinct challenges recur in the public discussion, and each implies a different regulatory instrument.

Hostile state influence describes the risk that a security business becomes a vehicle — knowingly or unknowingly — for a foreign state or state-aligned actor to gain lawful cover for unlawful activity, as illustrated by the Milites Dei case and its confirmed links to a training pipeline operating alongside Wagner Group personnel in Libya (Irish Times, 2024a; Irish Times, 2024b). This is principally an ownership and beneficial-control problem.

Organised crime infiltration describes the use of a lawfully registered security business as a logistical cover for criminal activity: lawful possession of firearms, lawful access to premises, and lawful employment of armed personnel used for unlawful ends. This is principally a vetting, supervision, and intelligence-sharing problem.

Labour exploitation and procurement failure describe the persistent pattern of undercutting, false self-employment, and non-compliant subcontracting documented in the current UK sector (GOV.UK, 2025b). This is principally an economic and buyer-accountability problem.

Inconsistent standards describe the disparity in training, vetting, and supervision between different categories of security personnel — the specific finding of the Manchester Arena Inquiry regarding in-house versus contracted CCTV operators (GOV.UK, 2025b). This is principally a scope-of-regulation problem.

Corporate accountability describes the absence of any mechanism for holding the company itself, rather than only the individuals it employs, responsible for systemic failures. This is principally a governance and enforcement-powers problem.

Regulatory capacity describes whether the regulator tasked with addressing any of the above problems has the funded inspection, investigation, and enforcement resource to act on the powers it is given — the central concern of this paper, evidenced by the SIA's own Public Body Review (GOV.UK, 2025c).

Business licensing, in the form currently proposed, would principally address corporate accountability and, to a lesser extent, inconsistent standards. On its own, and without the sequencing this paper recommends, it does not directly address hostile state influence, which requires ownership transparency specifically; labour exploitation, which requires procurement reform specifically; or regulatory capacity, which requires a funded enforcement uplift specifically. Distinguishing these problems is a precondition for assessing whether any single instrument, including business licensing, is proportionate to the outcome it is meant to achieve.

3. Background

3.1 The South African structural gap

South Africa's private security sector is widely described in industry and government commentary as the largest in Africa by number of registered officers (SAnews, 2023). The sector's own regulator has for over a decade pursued legislation to address a specific vulnerability: foreign ownership and control of registered security businesses. The Private Security Industry Regulation Amendment Act 18 of 2014 would require security businesses to be at least 51% owned and controlled by South African citizens, with the responsible minister empowered to prescribe a different threshold for specific categories of business where national security interests require it (BusinessTech, 2021; UNCTAD Investment Policy Hub, 2021). The Act received presidential assent on 28 September 2021, following years of parliamentary delay linked to concerns about compatibility with South Africa's international trade and investment obligations (Mail & Guardian, 2013; Business Tech, 2021). As of the most recent consolidated

legislative record available, the Act has still not been brought into operation (SAFLII, 2001, as amended).

Milites Dei is not evidence that South Africa lacks a licensing regime for private security businesses. The regime exists; the ownership-control provision was passed by Parliament and later received presidential assent. What the case demonstrates is that a statutory framework without the political will to commence it, and without the inspection and enforcement capacity to act on it in practice, does not close the vulnerability it was designed to address.

3.2 The UK's parallel question

The SIA licenses individuals — security guards, door supervisors, CCTV operators, and other frontline roles — under the Private Security Industry Act 2001. It does not license the businesses that employ them. The only mechanism that assesses a security company as a company is the Approved Contractor Scheme (ACS), which is voluntary (GOV.UK, n.d.a). Peer-reviewed analysis of the sector's own regulatory data, published in Crime Prevention and Community Safety, has noted that this creates a significant blind spot in what is actually known about the industry's corporate structure, since the SIA's licensing system does not licence companies and therefore offers only limited insight into the market's corporate structure, with the voluntary ACS scheme covering a comparatively small share of the sector — 844 approved companies as of September 2021, against an industry that the same study finds is genuinely difficult to measure precisely using existing public data (Pazzona and White, 2024).

The Manchester Arena Inquiry is the direct origin of the UK's current reform debate. The Inquiry found that two CCTV operators monitoring the venue on 22 May 2017 were vetted and trained to different standards because one was engaged through a licensed contractor and the other was an in-house employee, and therefore fell outside the SIA's remit entirely (GOV.UK, 2025b). The Inquiry's Volume 1 report produced two monitored recommendations directed at the SIA and the Home Office: MR7, that the exemption for in-house CCTV operatives should be reviewed, and MR8, that consideration should be given to requiring security businesses themselves to be licensed (IFSEC Insider, 2021; GOV.UK, 2025b). The Home Office opened a formal

public consultation on both recommendations on 18 December 2025, closing on 12 March 2026, and is now in its analysis phase (UK Parliament, 2025; GOV.UK, 2025b). The consultation document sets out four policy options for business licensing, ranging from enhanced individual-level checks to a full 'fit and proper' test applied to companies, and states plainly that the Home Office does not currently have a preferred option (GOV.UK, 2025b).

4. Current Situation

Three developments define the present state of UK private security regulation.

First, the SIA significantly strengthened its individual licensing criteria with effect from 1 December 2025, following a public consultation that received 3,392 responses. The changes expand the list of offences considered relevant to licensing decisions — including modern slavery, human trafficking, tax evasion, and company-law violations — tighten the criteria for automatic refusal, and extend the overseas criminal record check requirement from a five-year to a ten-year look-back period (GOV.UK, 2025a; Institute of Licensing, 2025). These changes materially raise the bar for individual licence holders but, by design, do not touch the corporate entities that employ them.

Second, the Home Office's MR7/MR8 consultation document explicitly rejects the case for exempting small and medium-sized businesses from any future licensing regime, noting that such businesses make up approximately 99% of the private security industry and that exempting them would risk making business licensing 'an ineffective policy' (GOV.UK, 2025b). The document also confirms that the voluntary ACS is being restructured into a 'Business Approval Scheme', signalling that the Home Office and SIA are already moving toward a more formal company-level assessment framework ahead of any legislative change (data.parliament.uk, 2025).

Third, and most significant for the argument developed in this paper, the Cabinet Office published an independent Public Body Review of the SIA in 2025 as part of its wider programme of arm's-length body reform (GOV.UK, 2025c). The review's own supporting material — corroborated by the SIA's public-facing account of its enforcement activity — records that the SIA's compliance rate at spot-check inspection

has consistently sat at approximately 98%, a figure the SIA itself cites as evidence of the licensing regime's effectiveness (GOV.UK, 2025d). The same period saw a substantial increase in the SIA's inspection and enforcement resourcing, including more than a doubling of inspection and enforcement staff (SIA, 2023). The coexistence of very high baseline compliance and a large resourcing increase is the empirical starting point for the analysis that follows.

5. Analysis

5.1 The enforcement question

The case for MR8, as it has been publicly framed so far, rests substantially on the proposition that extending licensing from individuals to businesses will close the oversight gap the Manchester Arena Inquiry identified. That proposition deserves closer scrutiny than it has so far received.

If the SIA's own reported compliance rate at inspection has sat around 98% for several years, even before a substantial recent increase in inspection and enforcement resourcing (GOV.UK, 2025d; SIA, 2023), then the practical question for MR8 is not simply whether a licensing requirement exists on paper, but what a licensing requirement is expected to achieve that the current combination of individual licensing, the voluntary ACS, and a range of overlapping compliance frameworks has not already achieved. The UK private security industry already operates under SIA individual licensing, the voluntary ACS, British Standards including BS 7858 (vetting) and BS 7499 (guarding), employment law, right-to-work checks, modern slavery legislation, and general procurement rules. Despite this density of existing obligation, the sector continues to experience persistent problems with labour exploitation, undercutting, false self-employment, and non-compliant subcontracting — problems that a new licensing layer, on its own, does not straightforwardly address unless it is specifically designed and resourced to do so.

This is precisely the dynamic the Milites Dei case illustrates from the opposite direction: South Africa's problem was never a lack of a licensing statute for foreign ownership. The 2014 Amendment Act exists, has received presidential assent, and

directly targets the ownership-control vulnerability the case exposed (BusinessTech, 2021). What has been absent for more than a decade is the political will to commence it and the enforcement capacity to act on it. A UK business-licensing regime introduced without a matched, funded uplift in the SIA's inspection and investigation capacity — sized specifically to the scale of whatever new remit it is given — risks producing the same structural mismatch between statutory reach and operational delivery.

5.2 Regulatory theory: proportionality and responsive enforcement

The argument developed in this paper draws on established principles of regulatory theory rather than case-study observation alone. Ayres and Braithwaite's model of responsive regulation holds that regulatory effectiveness depends less on the formal existence of a rule than on a graduated enforcement strategy — a 'regulatory pyramid' in which the most frequent interventions are the least intrusive, escalating to more severe sanctions only where lower-level compliance measures fail (Ayres and Braithwaite, 1992). Applied to the SIA's own data, a compliance rate of approximately 98% at spot-check inspection (GOV.UK, 2025d) sits close to the base of that pyramid: it describes an industry in which serious non-compliance is comparatively rare relative to the volume of licensed activity. Responsive regulation theory suggests that the calibrated response to this profile is not uniform escalation across the entire regulated population, but a more targeted approach directed at the specific minority of businesses and behaviours associated with elevated risk — precisely the vulnerabilities identified in Section 2 as hostile state influence and organised crime infiltration, rather than the sector as a whole.

Baldwin and Black's subsequent refinement, 'really responsive regulation', extends this model to argue that a regulator's strategy should be responsive not only to the behaviour of the regulated firm but to the regulator's own institutional capacities, the broader regulatory framework it operates within, and the changing risk environment it is regulating (Baldwin and Black, 2008). This bears directly on the MR8 question: a business-licensing regime designed without explicit reference to the SIA's current resourcing, its existing individual-licensing achievements, and the specific sub-population of risk it is meant to address, risks precisely the kind of undifferentiated,

poorly targeted intervention that responsive regulation theory identifies as least effective. Baldwin and Black's framework also holds that a responsive regulatory strategy must be judged against principles of proportionality and consistency — that the intensity of regulatory intervention should be matched to the scale of the risk being addressed, and applied consistently across comparable cases (Baldwin and Black, 2008). Both principles inform the proportionality analysis that follows.

5.3 The economic dimension and the proportionality of design

The Home Office's own consultation analysis acknowledges that small and medium-sized businesses make up approximately 99% of the private security industry (GOV.UK, 2025b). This has a direct bearing on the design question, though not necessarily on the case for reform itself. Introducing new compliance costs — application fees, ongoing audit cycles, dedicated compliance personnel — without addressing the underlying commercial pressures on the sector risks a specific and measurable outcome: smaller operators, which the Home Office's own figures show constitute the overwhelming majority of the industry, absorb a proportionally larger compliance burden than large incumbents with existing compliance infrastructure already built for ACS participation or public-sector procurement. The Home Office consultation document itself recognises this risk implicitly by asking respondents whether exemptions for smaller businesses should be considered, while simultaneously warning that broad exemptions would undermine the policy's effectiveness given how much of the industry they would cover (GOV.UK, 2025b). This is a genuine tension in the consultation's own design, not a peripheral concern, and the eventual policy response will need to resolve it explicitly rather than by default.

The proportionality question, following the regulatory theory set out above, is not simply whether business licensing imposes cost, but which model of business licensing is proportionate to which risk. The Home Office's own consultation document sets out four options ranging from enhanced individual-level checks on partners, directors, and supervisors, through mandatory information-submission requirements, to a full 'fit and proper' test applied to the corporate entity itself (GOV.UK, 2025b). Each option carries a materially different cost and administrative burden, and each is

proportionate to a different scale of risk. Applying the most intensive option uniformly to the roughly 99% of the industry that is small or medium-sized (GOV.UK, 2025b) would apply the heaviest instrument to a population where the SIA's own compliance data suggests the least elevated risk sits. A more proportionate design — consistent with the responsive regulation principle that enforcement intensity should track risk rather than sector-wide averages — would calibrate the assessment burden to indicators of elevated risk, such as foreign ownership, cross-border deployment, subcontracting depth, and prior enforcement history, rather than applying a single uniform standard to every registered business regardless of its risk profile. The Home Office consultation document does not yet specify a risk-differentiated design of this kind, and this paper recommends that it should.

5.4 What the best available international comparator shows

France's Conseil National des Activités Privées de Sécurité (CNAPS) is the most frequently cited European comparator for a fully realised business-licensing model, combining individual and corporate authorisation, a national and regional inspection structure, and a disciplinary sanctions regime that can impose fines of up to €150,000 on corporate entities (Portail de la sécurité et de la sûreté, 2018). It is a genuinely more comprehensive structure than anything currently proposed for the UK, and there is real value in studying it directly.

It is not, however, an uncomplicated success story to import wholesale. The French Cour des Comptes — the national audit institution — conducted an in-depth review of CNAPS in 2017 and issued sixteen recommendations. A follow-up review, published on 7 June 2023, found that eight of those sixteen recommendations had been fully implemented and three partially implemented, but that the most structurally significant recommendations — including the definition of a unified operating doctrine for private security actors and a formal procedural framework for character and probity investigations — had been left unaddressed for six years (Cour des comptes, 2023; AEF info, 2023). The 2023 review did note that recommendations relating to governance had prompted a major reform that year, revising the disciplinary

framework and the composition of CNAPS's governing College (Cour des comptes, 2023).

The lesson for the UK is not that business licensing cannot work. It is that even a structurally comprehensive, well-resourced, and long-established business-licensing regime — one considerably more developed than anything currently on the table for the UK — took six years to implement half of a national audit body's own recommendations, and left its most structurally important reforms outstanding for the same period. Any UK equivalent should be designed, funded, and audited on the assumption that closing the gap between statutory design and operational delivery is a multi-year undertaking in its own right, not a consequence that follows automatically from passing legislation.

5.5 The intelligence value of business licensing

Beyond its direct regulatory function, a well-designed business-licensing regime has a distinct counter-terrorism and serious-organised-crime value: it generates a structured, queryable body of intelligence on beneficial ownership, corporate control, and cross-border financial and operational links that does not currently exist for the UK private security sector. This is not a novel proposition. The Financial Action Task Force's Recommendation 24 establishes beneficial ownership transparency as a core international standard specifically because accurate, accessible ownership data allows competent authorities to identify the natural persons behind a legal entity and to assess and mitigate the money-laundering and terrorist-financing risk that entity presents (FATF, 2023). The UK has already applied this logic domestically: the Economic Crime and Corporate Transparency Act 2023 gives Companies House new powers to verify the identity of directors and persons with significant control and, critically, to proactively share that data with law enforcement, regulators, and other public authorities (GOV.UK, 2024; Skadden, 2024).

A business-licensing regime for the private security sector, built with the same information-sharing architecture, would extend this intelligence capability to a sector with direct physical access to premises, personnel, and events — precisely the population most relevant to the hostile-state and organised-crime risks identified in Section 2. Ownership, funding-source, and control data collected through licensing

could be cross-referenced against sanctions lists, suspicious activity reports, and existing law enforcement holdings, in the same way ECCTA data is now shared with the National Crime Agency and other partners. This intelligence function is, in the view of this paper, a materially under-discussed argument for prioritising the ownership-transparency element of MR8 specifically, independent of the wider question of full business licensing addressed elsewhere in this paper.

6. Stakeholder Analysis

Any assessment of MR8 should explicitly consider the distinct interests and exposure of the principal stakeholder groups affected by reform.

Government and the Home Office bear the primary responsibility for closing the vulnerability the Manchester Arena Inquiry identified, and carry the political and reputational cost of any future incident traceable to an unaddressed regulatory gap. Their interest is in a regime that demonstrably closes the specific gap identified by the Inquiry — the disparity between contracted and in-house standards, and the absence of company-level oversight — without generating downstream criticism that the reform imposed disproportionate cost for limited security benefit.

The SIA, as regulator, has an interest in a mandate that is matched to funded capacity. The Public Body Review evidence set out in this paper (GOV.UK, 2025c) suggests the SIA's institutional interest is best served by a phased extension of remit, with resourcing agreed in step with each phase, rather than a single large expansion of statutory reach without a corresponding funding settlement.

Private security companies, and in particular the small and medium-sized businesses that make up approximately 99% of the sector (GOV.UK, 2025b), have an interest in a proportionate regime that does not impose compliance costs disconnected from their actual risk profile, and in a level playing field in which larger incumbents do not gain disproportionate advantage from existing compliance infrastructure built for ACS participation.

Clients and buyers of security services — including government departments, corporate occupiers, and venue operators newly subject to duties under the Terrorism (Protection of Premises) Act 2025 — have an interest in being able to rely on a licensing badge as a genuine indicator of company-level fitness, and in procurement rules that do not simply displace cost and risk down an unregulated subcontracting chain.

The wider public has the most direct interest in the outcome the Manchester Arena Inquiry identified: consistent standards of vetting and training regardless of whether personnel are contracted or in-house, and confidence that the private security sector protecting public venues, infrastructure, and events is not itself a vector for the harm it exists to prevent.

7. Proposed Solutions

This paper proposes a sequenced approach to UK private security reform, rather than treating MR8 as a single binary decision to be resolved in isolation.

Ownership transparency first. A standalone requirement for security businesses to disclose beneficial ownership, sources of funding, and material foreign control should be introduced independently of, and ahead of, any wider business-licensing framework. This is the single intervention most directly targeted at the hostile-state and organised-crime risk that motivates much of the current debate, and it does not require the SIA to build an entirely new inspection and enforcement capability from scratch before it can take effect.

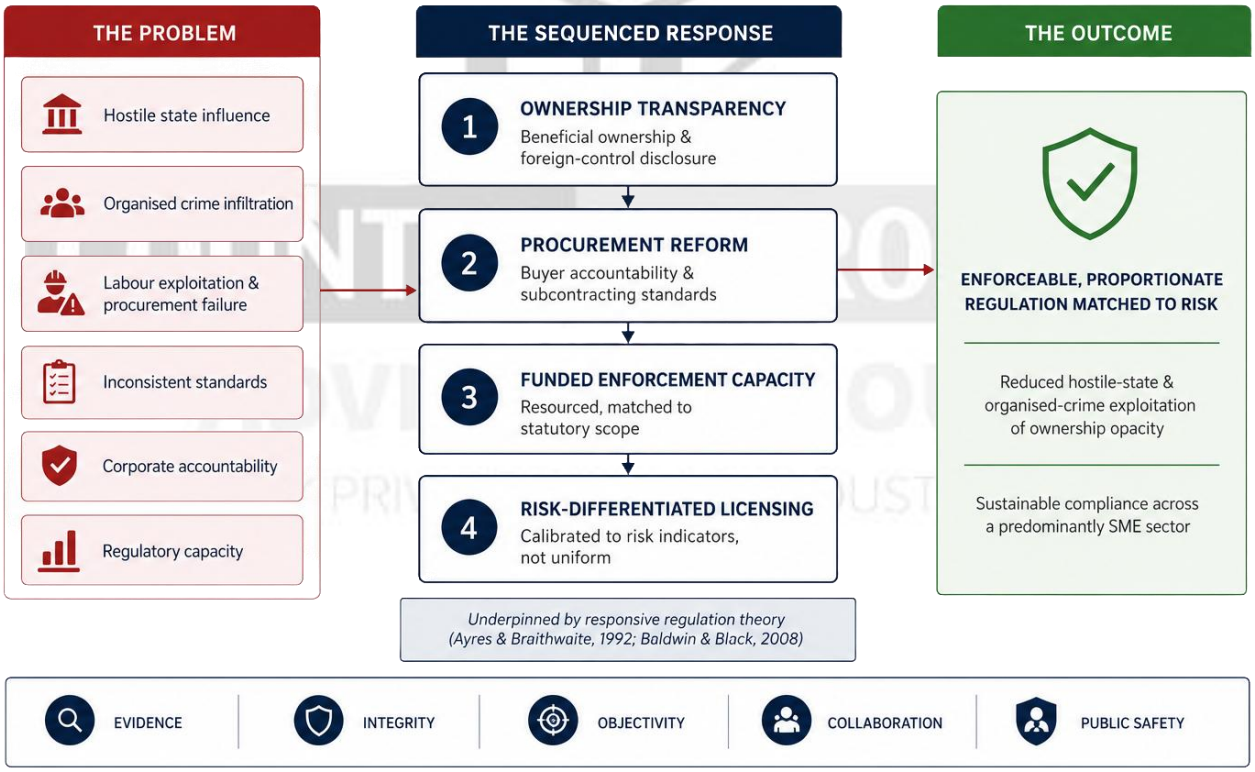
Procurement reform second. The persistent standards problems in the UK sector — labour exploitation, undercutting, false self-employment, non-compliant subcontracting — are substantially driven by price-based tendering and the economics of a fragmented, low-margin market (GOV.UK, 2025b). Measures addressing buyer accountability for the standards of their supply chain, and restrictions on exploitative subcontracting practices, are likely to have a more immediate and measurable effect on day-to-day standards than a licensing fee schedule imposed on top of an already cost-pressured sector.

Funded enforcement capacity third. Any extension of the SIA's remit into business licensing should be accompanied by a resourcing commitment, agreed and legislated for at the same time as the new remit itself, sized to the scale of the regime it is expected to enforce — rather than assumed to follow automatically once the legislation is in place. The CNAPS experience suggests this should be planned as a multi-year programme with independent audit checkpoints, not a one-off implementation exercise.

Business licensing fourth, once the above are in place, calibrated against the specific design lessons available from CNAPS and other international models, and built around demonstrable competence and measurable public-protection outcomes rather than administrative compliance alone.

FIGURE 1 — FROM REGULATORY PROBLEM TO POLICY OUTCOME: A SEQUENCED MODEL

for UK Private Security Business Licensing Reform



8. Implementation Roadmap

This paper's sequenced recommendation requires a realistic implementation pathway if it is to be more than an abstract ordering of priorities.

Short term (0–12 months): Introduce the standalone beneficial-ownership and foreign-control disclosure requirement, using the SIA's existing individual-licensing infrastructure and information-gathering powers rather than waiting on new primary legislation. Commission the direct comparative study of CNAPS's implementation experience recommended in this paper, to inform the design of subsequent phases. Begin procurement-reform work with buyer-side guidance for public-sector procurers, ahead of any legislative change.

Medium term (12–36 months): Legislate procurement-side reforms addressing exploitative subcontracting and buyer accountability. Agree and publish the SIA's funded enforcement-capacity plan alongside the final design decision on MR8, with resourcing tied explicitly to the scope of the business-licensing option selected. Pilot a risk-differentiated business-licensing assessment on a defined sub-population — for example, businesses with cross-border deployment or foreign-ownership indicators — before extending any model sector-wide.

Longer term (36 months and beyond): Extend business licensing to the wider sector based on the pilot's findings, informed by the CNAPS comparative study and calibrated against the proportionality principles set out in this paper. Establish a fixed-schedule independent review process — modelled on the audit-and-follow-up structure the French Cour des Comptes applies to CNAPS — to assess implementation against the original policy objectives at defined intervals, rather than leaving review to ad hoc political attention.

This phasing intentionally front-loads the interventions this paper identifies as addressing the highest-risk, most time-sensitive problem — hostile state and organised-crime exploitation of ownership opacity — while allowing the more administratively complex business-licensing model itself to be designed and resourced properly rather than rushed to meet a legislative timetable.

9. Benefits

Sequencing reform in this way carries three principal benefits over proceeding directly to full business licensing. It targets the highest-risk vulnerability — ownership opacity — without waiting for the most administratively complex element of reform to be designed and legislated. It reduces the risk that reform costs fall disproportionately on the small and medium-sized businesses that the Home Office's own analysis shows make up the overwhelming majority of the industry, by addressing procurement-driven cost pressure before adding new compliance costs. And it builds in an explicit, funded enforcement-capacity uplift as a precondition of business licensing, rather than as an assumption behind it — directly addressing the gap this paper identifies between the SIA's existing high compliance rate and the open question of what additional statutory reach is specifically expected to achieve.

10. Risks

Two distinct risks run through this debate, and a credible policy response has to weigh both rather than treating only one as real.

The risk of continued inaction is well illustrated by the Milites Dei case: a licensing regime that exists on paper without enforcement, ownership transparency, or the political will to close known gaps allows determined actors — whether state-linked, criminal, or extremist — to use a legitimately registered security business as cover for activity the regime was designed to prevent. The Manchester Arena Inquiry's own findings show that this is not solely a foreign or hypothetical risk; unequal standards between contracted and in-house security personnel at a UK venue were directly implicated in a fatal terrorist attack (GOV.UK, 2025b).

The risk of poorly sequenced or under-resourced reform is illustrated by the CNAPS experience: legislating a comprehensive business-licensing regime without the matched governance, funding, and inspection capacity to operate it as designed can leave the most structurally important reforms unaddressed for years, even in a jurisdiction with considerably more developed institutional infrastructure than the UK currently has for this purpose (Cour des comptes, 2023). A UK regime introduced

without addressing this risk directly could produce a similar outcome: statutory reach without matched operational delivery, and disproportionate cost impact on the smaller businesses that make up most of the industry.

11. Recommendations

1. The Home Office and SIA should introduce a standalone beneficial-ownership and foreign-control disclosure requirement for UK security businesses, independent of and ahead of the wider MR8 business-licensing decision.
2. Any MR8 business-licensing proposal taken forward should be accompanied by a published, funded enforcement-capacity plan for the SIA, agreed at the same time as the legislative framework and subject to independent review on a fixed schedule, rather than resourced after the fact.
3. The Home Office should commission a direct comparative study of CNAPS's implementation experience — including the findings of the Cour des Comptes' 2017 and 2023 reviews — before finalising the design of any UK business-licensing model, to avoid repeating avoidable implementation gaps.
4. Procurement-side reforms addressing price-driven tendering and exploitative subcontracting should be pursued in parallel with, not subordinate to, the licensing debate, given the Home Office's own evidence that these dynamics affect approximately 99% of the industry.
5. Any exemption thresholds for small and medium-sized businesses should be designed explicitly to avoid the 'ineffective policy' risk the Home Office's own consultation document identifies, rather than left to be resolved as a technical detail late in the process.
6. Business-licensing design should be risk-differentiated rather than uniform, calibrating assessment intensity to indicators such as foreign ownership, cross-border deployment, and subcontracting depth, consistent with the proportionality principle set out in Section 5.2, rather than applying a single standard across the roughly 99% of the industry that is small or medium-sized.

7. Implementation should follow the phased roadmap set out in Section 8, with each phase's resourcing and scope agreed before the next phase begins, rather than treating MR8 as a single legislative event.

12. Conclusion

The United Kingdom is in the unusual position of being able to make these sequencing choices before, rather than after, its own version of the Milites Dei case. The Manchester Arena Inquiry has made its recommendation. The Home Office has run its consultation. The SIA has a statutory foundation and a demonstrated compliance record to build on. What the evidence assembled in this paper does not yet support is the assumption, implicit in much of the current debate, that extending statutory licensing to businesses will, by itself, close the enforcement gap that motivated the reform in the first place. The South African case shows what happens when statute outpaces enforcement. The French case shows that even comprehensive statute, backed by real institutional infrastructure, can take years to translate into full operational delivery. The UK's task is to sequence its own reform so that enforcement capacity and ownership transparency are built in from the outset, rather than assumed to follow automatically once the legislation is passed. Business licensing should be understood as one component of a wider regulatory and national security framework — sitting alongside ownership transparency, procurement reform, and funded enforcement capacity — rather than as a standalone solution capable of closing the vulnerability on its own. Policymakers who treat it as anything more than that risk repeating, in a UK context, the precise mismatch between statutory ambition and operational delivery that this paper has traced from White River to Paris.

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