

Title: Amendment to the Firearms Rules 1998 affecting Registered Firearms Dealers (RFDs) IA No: HO0322 RPC Reference No: n/a Lead department or agency: The Home Office Other departments or agencies: None	Impact Assessment (IA)		
	Date: 26 th April 2019		
	Stage: Implementation		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: Serious Violence Unit, Home Office			
Summary: Intervention and Options			RPC Opinion: Not Applicable

Cost of Preferred (or more likely) Option (in 2016 prices)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
-£0.14m	-£0.13m	£0.00m	Non qualifying provision

What is the problem under consideration? Why is government intervention necessary?
 Home Office guidance states that Registered Firearms Dealers (RFDs) should notify the police of their 'servants' in order to allow the police to check they are fit to be entrusted with firearms. However, this is not happening in all cases. While applicants for firearm and shotgun certificates are required to declare medical conditions relevant to their suitability to possess firearms, there is no such requirement on applicants for registration as a firearms dealer. These two issues represent serious vulnerabilities in the licensing controls, as they create a risk that persons unsuitable to handle firearms could gain access to them.

What are the policy objectives and the intended effects?
 The objective is to preserve public safety by closing vulnerabilities in the licensing system. The effect of the changes will be to enable law enforcement to carry out checks on (i) the suitability of 'servants' of RFDs to possess firearms and (ii) on the medical conditions of RFDs relevant to their suitability to possess firearms.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
 Option 0 - Do nothing and continue with these vulnerabilities in the licensing regime.
 Option 1 - Introduce a mandatory requirement for RFDs to notify the police of their servants and to declare relevant medical conditions.
The Government's preferred option is Option 1, which addresses the licensing vulnerabilities that have been identified

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** Month/Year

Does implementation go beyond minimum EU requirements?	N/A		
Is this measure likely to impact on trade and investment?	No		
Are any of these organisations in scope?	Micro Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: n/a	Non-traded: n/a	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: _____ **Nick Hurd** _____ Date: _____ **21st May 2019** _____

Summary: Analysis & Evidence

Policy Option 1

Description: Introduce requirements for RFDs to notify police of their servants and declare relevant medical conditions

FULL ECONOMIC ASSESSMENT

Price Base Year 2018	PV Base Year 2018	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: n/a	High: n/a	Best Estimate: 0.14
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Cost (Present Value)
Low	Not quantified		Not quantified		Not quantified
High	Not quantified		Not quantified		Not quantified
Best Estimate	0.02		0.02		0.14
Description and scale of key monetised costs by 'main affected groups'					
Over 10 years, firearms dealers will incur a total PV cost of £34,000 from the time spent providing additional details on servants and medical declarations on the RFD application form, and a total PV cost of £95,000 paying GPs to provide the required medical information. Police forces will incur a total PV cost of £13,000 from the time spent checking the information provided on servants and medical declarations.					
Other key non-monetised costs by 'main affected groups'					
None					
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Benefit (Present Value)
Low	Not quantified		Not quantified		Not quantified
High	Not quantified		Not quantified		Not quantified
Best Estimate	Not quantified		Not quantified		Not quantified
Description and scale of key monetised benefits by 'main affected groups'					
None					
Other key non-monetised benefits by 'main affected groups'					
Public safety will be improved by reducing crime, injuries and fatalities from the misuse of firearms, as the risk of unsuitable persons gaining access to firearms is reduced. The reduction in firearm-related crime is also likely to represent a benefit to law enforcement in terms of increased time to spend on other activities.					
Key assumptions/sensitivities/risks					Discount rate (%)
There is a risk that the policy incurs a greater time burden than estimated on RFDs, police forces or GPs. This has been mitigated by testing the assumptions on time burdens with stakeholders.					3.5

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: 0.0	Benefits: 0.0	Net: 0.0	
			Non-qualifying

Evidence Base (for summary sheets)

A. Strategic Overview

A.1 Background

1. The police have raised concerns with two vulnerabilities in the licensing regime in relation to Registered Firearms Dealers (RFDs) in Great Britain.

Servants

2. Section 8 of the Firearms Act 1968 provides for the 'servant' of an RFD to possess, purchase or acquire firearms and ammunition in the ordinary course of that business without holding a certificate. Although the term 'servant' is not defined in law, Home Office guidance advises that it should be taken to mean an employee of the dealer working for a firearms-related business. It is not the case that anyone whose services the dealer uses on any occasion will necessarily be a servant, for example, a self-employed outworker (such as an engraver).
3. The exemption that applies to 'servants' under section 8 of the Firearms Act 1968 means that RFD servants are not subject to police checks as to their suitability, representing a risk that persons unsuitable to handle firearms could gain access to them. Home Office guidance states that RFDs should notify the police of their servants, but the guidance is non-statutory and notifications do not happen in every case.

Medical conditions

4. Applicants for firearm and shotgun certificates are required to declare on the application form if they are suffering from a medical condition which could affect their ability to possess a firearm safely. On the grant or renewal of a firearm or shotgun certificate, police will ask every certificate holder's GP if the patient suffers from specific health issues.
5. GPs will be asked to place a firearm reminder code on the patient's record. This means the GP will know the person is a gun owner, and they can inform the police licensing department if the patient is diagnosed with a relevant medical condition after the certificate is granted.
6. These arrangements do not apply to applicants for registration as a firearms dealer, representing a risk that someone could be granted access to firearms as a dealer despite suffering from a medical condition affecting their ability to possess a gun safely.

A.2 Groups Affected

- **Law enforcement** – police forces in England and Wales; Police Scotland.
- **Individuals** – servants of RFDs.
- **Businesses** – RFDs, GP surgeries.

A.3 Consultation

Within Government

7. These concerns were raised with the Home Office by law enforcement agencies, and the Home Office has worked closely with law enforcement bodies on the development of options and their impact.

Public Consultation

8. The Home Office has engaged with the Gun Trade Association (GTA) and the British Association for Shooting and Conservation (BASC) about the issues and they have contributed to the development of options and provided information on the impact. Home Office officials have met

representatives of the British Medical Association (BMA) to discuss the introduction of the medical declaration for RFDs.

B. Rationale

9. The vulnerabilities identified by law enforcement and set out above represent a risk that unsuitable people could gain access to firearms, possibly leading to criminality, injuries and fatalities. Government is addressing these vulnerabilities to safeguard the public against the misuse of firearms.

C. Objectives

10. The objective is to improve public safety by strengthening the firearms licensing regime in relation to RFDs and their servants by ensuring that suitability checks can be carried out on servants, and that medical checks are made on the main RFD applicant.

D. Options

Option 0 - Make no changes (do nothing) and continue to have these vulnerabilities in the licensing regime.

Option 1 - Introduce a mandatory requirement for RFDs to notify the police of their servants and, to declare relevant medical conditions.

11. **The Government's preferred option is Option 1**, as it achieves the objective of addressing vulnerabilities in the firearms licensing regime. Option 0 would not address these vulnerabilities.

E. Appraisal (Costs and Benefits)

Servants

12. To require applicants for registration as a firearms dealer to notify the police of their servants, the relevant application forms will be amended, including the form for a RFDs to notify the police of an additional place of business. The forms would require the applicant to provide personal details of each servant and whether they hold a firearm or shotgun certificate.
13. This would collect information on servants at initial application and at every three-yearly renewal. To capture the notification of any servants engaged by an RFD between renewals, the police have the discretion to impose a suitable condition on registration.

Medical conditions

14. To ensure that applicants for registration as a dealer are subject to appropriate medical checks, a requirement will be included on the RFD application form to declare relevant medical conditions, closely based on the declaration used for applicants for firearm and shotgun certificates.
15. A declaration will not be required where an applicant also holds a firearm or shotgun certificate, to avoid duplication of checks, but the certificate details should be provided by the applicant.

GENERAL ASSUMPTIONS & DATA

16. The main assumptions used in this analysis have been shared with a number of stakeholders and refined in light of their input:

RFDs

- It is assumed that there will be approximately 550 new RFD applications per year over the next 10 years¹ in Great Britain.
- It is assumed that there will be approximately 900 RFD renewals per year over the next 10 years² in Great Britain.
- It is assumed that 75% of RFDs are already providing the required information regarding servants.
- For those RFDs which are not currently providing the required information regarding servants, it is assumed that it will take each of them an average of 10 minutes to provide this information whilst completing their RFD application.
- It is assumed that 85% of RFDs are already providing the required medical declaration through their firearm and shotgun certificate.
- It is assumed that it will take these RFDs an average of 5 minutes each to provide the details of their firearm and shotgun certificate whilst making their RFD application.
- For those RFDs which are not currently providing the required information regarding medical declarations, it is assumed that it will take each of them an average of 10 minutes to provide this information whilst completing their RFD application.
- The average hourly wage of RFDs is assumed to be £16³.
- Non-wage labour costs are assumed to be 20.7% of wage costs⁴.
- The average fee charged by GPs to provide the medical information is assumed to be £51. This is the midpoint between the average fee charged by GPs in Scotland (£45) and the average fee charged in England and Wales (£57)⁵.

Law enforcement

- It is assumed that it will take the police an average of 5 minutes per RFD application to check the servant information.
- It is assumed that it will take the police an average of 10 minutes per RFD application to check the medical declaration information.
- The average hourly wage of police officers checking RFD applications is assumed to be £19⁶.

OPTION 1 (preferred option)

COSTS

Set-up costs

RFDs

17. RFDs will incur costs in the first year from the time spent providing the required information on servants and medical declarations, and from paying GPs to provide the required medical information. RFDs will provide the required information when completing the standard application

¹ Based on the average number of previously unregistered RFD applications per year over the last three years:

<https://www.gov.uk/government/statistics/firearm-and-shotgun-certificates-in-england-and-wales-financial-year-ending-31-march-2018>

² Based on the average number of previously registered RFD applications per year over the last three years:

<https://www.gov.uk/government/statistics/firearm-and-shotgun-certificates-in-england-and-wales-financial-year-ending-31-march-2018>

³ Based on the mean hourly earnings across all professions, Table 6.5a:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupashetable6>

⁴ <http://appsso.eurostat.ec.europa.eu/nui/show.do>

⁵ This is based on the average figure from a survey of police forces in England and Wales

⁶ Based on the mean hourly earnings of all police officers, Table 14.5a:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashetable14>

form for firearms dealers, so it is assumed that any time spent by RFDs familiarising with the new requirements is negligible.

18. It is assumed that 75 per cent of RFDs already provide the required information on servants, and therefore do not incur any additional costs. The remaining 25 per cent of RFDs represent a total of 363 RFD applications per year, consisting of 225 renewals ($25\% * 900$ renewal applications = 225) and 138 first time applications ($25\% * 550$ first time applications = 138).
19. It is assumed that it takes each RFD an average of 10 minutes to provide the required information on servants, during the process of making a first time or renewal application. The total time spent across all 363 RFD applications is 54 hours (363 RFD applications * 10 minutes / 60 = 60 hours).
20. The average hourly wage of RFDs is assumed to be £16, which represents a total labour cost of £20 per hour after uprating by 20.7 per cent to allow for non-wage labour costs. The monetary value of the time spent by RFDs providing servant information in the first year is approximately £1,200 (60 hours * £20 = £1,200).
21. It is assumed that 85 per cent of RFDs already provide the required medical declaration through their firearm and shotgun certificates. This group represent a total of 1,233 RFD applications per year, consisting of 765 renewals ($85\% * 900$ renewal applications = 765) and 468 first time applications ($85\% * 550$ first time applications = 468).
22. It is assumed that it takes each of these RFDs an average of 5 minutes to provide the required information on their firearm and shotgun certificate, during the process of making a first time or renewal application. The total time spent across all 1,233 RFD applications is 103 hours ($1,233$ RFD applications * 5 minutes / 60 = 103 hours).
23. Using the hourly labour cost for RFDs of £20 per hour, the monetary value of the time spent providing information on firearms and shotgun certificates in the first year is approximately £2,100 (103 hours * £20 per hour = £2,100).
24. For the remaining 15 per cent of RFDs who do not already provide a medical declaration, it is assumed that it will take an average of 10 minutes per RFD to provide this information during their first time or renewal application.
25. This group represent a total of 218 RFD applications per year, consisting of 135 renewals ($15\% * 900$ renewal applications = 135) and 83 first time applications ($15\% * 550$ first time applications = 83). The total time spent providing medical declarations is 36 hours (218 RFD applications * 5 minutes / 60 = 36 hours).
26. Using the hourly labour cost for RFDs of £20 per hour, the monetary value of the time spent providing information on medical declarations in the first year is therefore approximately £700 (36 hours * £20 per hour = £700).
27. RFDs will also need to pay GPs to provide the required medical information to the police. Assuming that GPs charge an average of £51 per application, this is estimated to cost approximately £11,100 ($£51 * 218$ applications = £11,100) in the first year.
28. The total cost to RFDs in the first year is approximately £15,000 in the first year. This includes a cost of £1,200 to provide information on servants, a cost of £2,100 to provide information on firearms and shotgun certificates, a cost of £700 to provide information on medical declarations, and a cost of £11,100 to pay GPs for the required medical information.

Police forces

29. Police forces will incur costs in the first year from checking information relating to servants and medical declarations.
30. It is assumed that it takes an average of 5 minutes per RFD application for police officers to check servant information. This represents a total time of 30 hours across all 363 RFD applications where servant information is now provided (5 minutes * 363 / 60 = 30 hours).

31. It is assumed that it takes an average of 10 minutes per RFD application for police officers to check the information relating to medical declarations, including any correspondence with GPs. This represents a total time of 36 hours across all 218 RFD applications where medical declarations are now provided (10 minutes * 218 / 60 = 36 hours).
32. The total time spent by police forces checking servant information and medical declarations is therefore 66 hours (30 hours + 36 hours = 66). The average hourly wage of police officers is £19, which represents a total labour cost of £23 per hour after uprating by 20.7 per cent to allow for non-wage labour costs. The monetary value of the time spent by police officers in the first year is approximately £1,500 (66 hours * £23 per hour = £1,500).

GPs

33. GPs will be required to provide the required medical information to police forces, but it is assumed that they will charge RFDs to cover the cost of their time. It is therefore assumed that there are no net start-up costs incurred to GPs.

ONGOING COSTS

RFDs

34. RFDs will incur ongoing costs each year from the time spent providing the required information on servants and medical declarations, and the fees paid to GPs. This annual cost will be the same as the set-up cost in the first year, which is estimated at £15,000 as explained above. These annual costs represent a present value (PV) of £114,000 over the 10-year appraisal period.

Police forces

35. Police forces will incur ongoing costs each year from the time spent checking information on servants and medical declarations. This annual cost will be the same as the set-up cost in the first year, which is estimated at £1,500 as explained above. These annual costs represent a PV of £11,000 over the 10-year appraisal period.

GPs

36. GPs will be required to provide the required medical information to police forces, but it is assumed that they will charge RFDs to cover the cost of their time. It is assumed that there are no net ongoing costs incurred to GPs.

TOTAL COSTS

37. After summing set-up costs and ongoing costs, the total PV costs of this policy over the 10-year appraisal period are estimated at £129,000 for RFDs and £13,000 for police forces.

BENEFITS

Society

38. There is a likely benefit to the public and law enforcement from improved public safety, as Option 1 reduces the risk of firearms being handled by unsuitable persons and therefore reduces the risk of injuries and fatalities from firearms.
39. This benefit cannot be robustly estimated due to a lack of evidence on how many firearms-related injuries or fatalities are likely to be avoided as a result of the changes. However, a breakeven analysis has been undertaken to illustrate the magnitude of benefits for this policy to have a positive NPV.

40. The cost to society of a homicide is estimated at £3.4 million and the cost to society of a ‘violence with injury’ offence is estimated at £15,000, after uprating to 2017/18 prices⁷. The total PV costs of the policy are approximately £142,000, so there will be an overall positive NPV if the policy leads to a reduction in either one homicide or 11 ‘violence with injury’ offences over the 10-year appraisal period.

F. Risks

41. Option 1 would provide the police with the information they need to check the suitability of applicants and their servants, and would therefore reduce the risk of unsuitable individuals having access to firearms. This reduces the risks to public safety associated with the misuse of firearms.
42. There is a risk that the policy incurs a greater time burden than estimated on RFDs, police forces or GPs. This risk has been mitigated by testing the assumptions around time burdens with stakeholders.

G. Enforcement

43. Under section 33(3) of the Firearms Act 1968 applicants for registration as a dealer must furnish the police with ‘prescribed particulars’ as set out in the application form in Part I of Schedule 5 to the Firearms Rules 1998.
44. Under section 37(1) of the 1968 Act RFDs must notify the police of a place of business not already entered in the register. In doing so, an RFD must furnish the police with ‘such particulars as may be prescribed’ as set out in the form in Part II of Schedule 5 to the Firearms Rules 1998.
45. Applicants or RFDs commit an offence under section 39 of the 1968 Act if they knowingly or recklessly make a false statement in any material particular when making an application under section 33 or notifying the police under section 37.
46. Section 36 of the 1968 Act gives the police a power to impose conditions on the registration of a dealer and to vary or revoke those conditions at any time. A dealer who fails to comply with a condition commits an offence under section 39 and the police can remove them from the register under section 38.

H. Summary and Recommendations

47. The preferred option is Option 1, as this has the greatest benefit in terms of public safety.

Costs	£ (PV)	Benefits	£ (PV)
RFDs	£129,000	Unmonetised benefits: Public safety Law enforcement	
Police forces	£13,000		
Total cost	£142,000	Total benefit	£0
Net present value	-£142,000		

This policy does not qualify for the Business Impact Target. However, the equivalent annual direct cost to businesses from this policy is small, at less than £0.0 million.

I. Implementation

⁷ Both figures were taken from The Economic and Social Costs of Crime publication and uprated to 2017/18 using the GDP deflator. Source: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf

48. The changes to the RFD application forms would be made through secondary legislation using the power to make rules that exist under section 53 of the Firearms Act 1968.

49. The intention is to bring the amended rules into effect at the earliest opportunity.

J. Monitoring, Evaluation and Feedback

50. The Home Office will monitor the effectiveness of these measures through ongoing feedback with stakeholders.

K. Small and Micro Business Assessment

51. A large proportion of the 3,406 RFDs⁸ in England and Wales are small and micro businesses. The Gun Trade Association estimates that 86 per cent of RFDs have under 4 employees, 11 per cent have 4-10 employees and 3 per cent have 11+ employees.

52. An exemption from this policy cannot be applied to small and micro businesses, as most of the benefit of the policy is likely to accrue from this group, given they make up the large majority of RFDs. The burdens imposed by this policy on small and micro businesses are estimated to be small, and the burdens will be zero for 75 per cent to 85 per cent of RFDs, who already comply with these regulations.

53. These businesses already operate in a regulated environment, so they have the knowledge and skills to cope with new regulation. This policy will be aligned with current regulatory requirements, as the additional information will be provided through the existing application form for RFDs.

⁸ <https://www.gov.uk/government/statistics/firearm-and-shotgun-certificates-in-england-and-wales-financial-year-ending-31-march-2018>

Impact Assessment Checklist

The impact assessment checklist provides a comprehensive list of specific impact tests and policy considerations (as of October 2015). Where an element of the checklist is relevant to the policy, the appropriate advice or guidance should be followed. Where an element of the checklist is not applied, consider whether the reasons for this decision should be recorded as part of the Impact Assessment and reference the relevant page number or annex in the checklist below.

The checklist should be used in addition to [HM Treasury's Green Book guidance](#) on appraisal and evaluation in central government.

Economic Impact Tests

Does your policy option/proposal consider...?	Yes/No (page)
Business Impact Target The Small Business, Enterprise and Employment Act 2015 (s. 21-23) creates a requirement to assess the economic impacts of qualifying regulatory provisions on the activities of business and civil society organisations. [Better Regulation Framework Manual] or [Check with the Home Office Better Regulation Unit]	Not in scope of BIT