

Impact Assessment, The Home Office

Title: Policing and Crime Act 2017, amendment to the Firearms Act 1968 to define an antique firearm

Date: 22 October 2020

IA No: HO0314

RPC Reference No: N/A

Stage: FINAL

Other departments or agencies: None

Intervention: Domestic

Measure: Secondary legislation

Enquiries: Serious Violence Unit
(public.enquiries@homeoffice.gov.uk)

RPC Opinion: N/A

Business Impact Target: Non qualifying provision

Cost of Preferred (or more likely) Option (in 2019 prices)

| | | | | | |
|---|-------------|---|-------------|--|------------|
| Net Present Social Value NPSV (£m) | -9.4 | Business Net Present Value BNPV (£m) | -4.7 | Net cost to business per year EANDCB (£m) | 0.5 |
|---|-------------|---|-------------|--|------------|

What is the problem under consideration? Why is government intervention necessary?

The absence of a statutory definition of 'antique firearm' is being exploited by criminals to obtain old but still functioning firearms. Since 2007 to September 2020, six fatalities have been linked to antique firearms. Antique firearms recovered by law enforcement agencies in criminal circumstances have also increased over this period, from four in 2007 to a peak of 96 in 2016. While the numbers have declined slightly over recent years there are still too many incidents of criminality involving 'antique firearms'. Government intervention is required to legislate to define and limit the availability of these firearms to criminals, thus protecting public safety.

What are the policy objectives and the intended effects?

The primary objective is to preserve public safety by strengthening firearms legislation to prevent the criminal misuse of antique firearms. The aim is to provide legal clarity on which old firearms are to be considered as antique and safe to be held freely, and those that should be subject to licensing control.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 1: Do nothing and continue to rely on non-statutory guidance.

Option 2: Define 'antique firearm' in regulations (secondary legislation) based on the existing definition in non-statutory guidance and provide legal clarity. This should remove antique firearms from criminal misuse. It will include some not currently regarded as antique but which do not pose a risk to public safety.


The Government's preferred option is Option 2. improve public safety through subjecting firearms with a proven risk to public safety to licensing control.

| | | |
|---|--------------------------|------------|
| Main assumptions/sensitivities and economic/analytical risks | Discount rate (%) | 3.5 |
|---|--------------------------|------------|

A number of assumptions have been made regarding the proportion of dealers, collectors and museums that will either retain their firearms, sell them or surrender them. The costs of this policy are sensitive to the extent to which the market value of these firearms falls as a result of the legislation, which is uncertain. However, there is no robust evidence to indicate that re-classifying antique firearms in this way will reduce criminality involving antique firearms, serious violence, wounding or homicides.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 2023

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: |  | Date: 27 | October 2020 |
|-------------------------------------|--|----------|--------------|

Summary: Analysis & Evidence

Policy Option 1

Description: Policing and Crime Act 2017, amendment to the Firearms Act 1968 to define an antique firearm.

FULL ECONOMIC ASSESSMENT

| | | | | | | | | |
|--|------------|-------|---------|-------|-----------|-----------------------|------------|---|
| Year(s): | Price Base | 2019 | PV Base | 2019 | Appraisal | 10 | Transition | 1 |
| Estimate of Net Present Social Value NPSV (£m) | | | | | | Estimate of BNPV (£m) | | |
| Low: | | High: | | Best: | -9.4 | Best BNPV | -4.7 | |

| COSTS, £m | Transition Constant Price | Ongoing Present Value | Total Present Value | Average/year Constant Price | To Business Present Value |
|---------------|------------------------------|--------------------------|------------------------|--------------------------------|------------------------------|
| Low | | | | | |
| High | | | | | |
| Best Estimate | 6.2 | 4.0 | 10.2 | 1.1 | -4.7 |

Description and scale of key monetised costs by 'main affected groups'

The main estimated costs are to collectors and dealers are about £4.7 and £4.6 million (PV) over 10 years as they will have to licence firearms which cease to be antique. Dealers may see a fall in the sale value of these firearms. Total set-up costs are about £6.2 million but mainly fall on dealers and collectors (see above). Home Office and police costs from licensing and registration of new dealers is estimated to be about £0.8 million in year 1 only.

Other key non-monetised costs by 'main affected groups'

Criminal justice agencies will incur costs from familiarising with the new definition but this was not possible to monetise.

| BENEFITS, £m | Transition Constant Price | Ongoing Present Value | Total Present Value | Average/year Constant Price | To Business Present Value |
|---------------|------------------------------|--------------------------|------------------------|--------------------------------|------------------------------|
| Low | | | | | |
| High | | | | | |
| Best Estimate | 0.5 | 0.3 | 0.8 | 0.03 | 0.0 |

Description and scale of key monetised benefits by 'main affected groups'

Total benefits are estimated at about £0.8 million (PV) over 10 years. Nearly all of this accrues to the Home Office and the police from increased licence revenue. Collectors, dealers and museums will benefit from those firearms which become eligible for the exemption as antiques, as they will no longer be subject to licensing. Breakeven analysis has also shown that the NPSV would be positive if five homicides are prevented from this legislative change over 10 years.

Other key non-monetised benefits by 'main affected groups'

Public safety may be improved by reducing crime, injuries and fatalities from the criminal misuse of antique firearms. Greater clarity surrounding the definition of "antique" with regard to firearms will benefit collectors and dealers. It will assist police and criminal justice agencies to enforce the law. It may reduce unnecessary investigations and prosecutions and time spent on police custody, courts and offender management.

BUSINESS ASSESSMENT (Option 1)

| | | | | | | | | | |
|---|-----|-------------|-----|---------|------|-------------|-----|-------|---|
| Direct impact on business (Equivalent Annual) £m: | | | | | | | | | |
| Cost, £m | 0.5 | Benefit, £m | 0.0 | Net, £m | -0.5 | | | | |
| Score for Business Impact Target (qualifying provisions only) £m: | | | | | N/A | | | | |
| Is this measure likely to impact on trade and investment? | | | | | N | | | | |
| Are any of these organisations in scope? | | Micro | Y | Small | Y | Medium | Y | Large | Y |
| What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent) | | | | Traded: | N/A | Non-Traded: | N/A | | |

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 2)

| | | | |
|---|---|---|---|
| Are all relevant Specific Impacts included? | Y | Are there any impacts on particular groups? | Y |
|---|---|---|---|

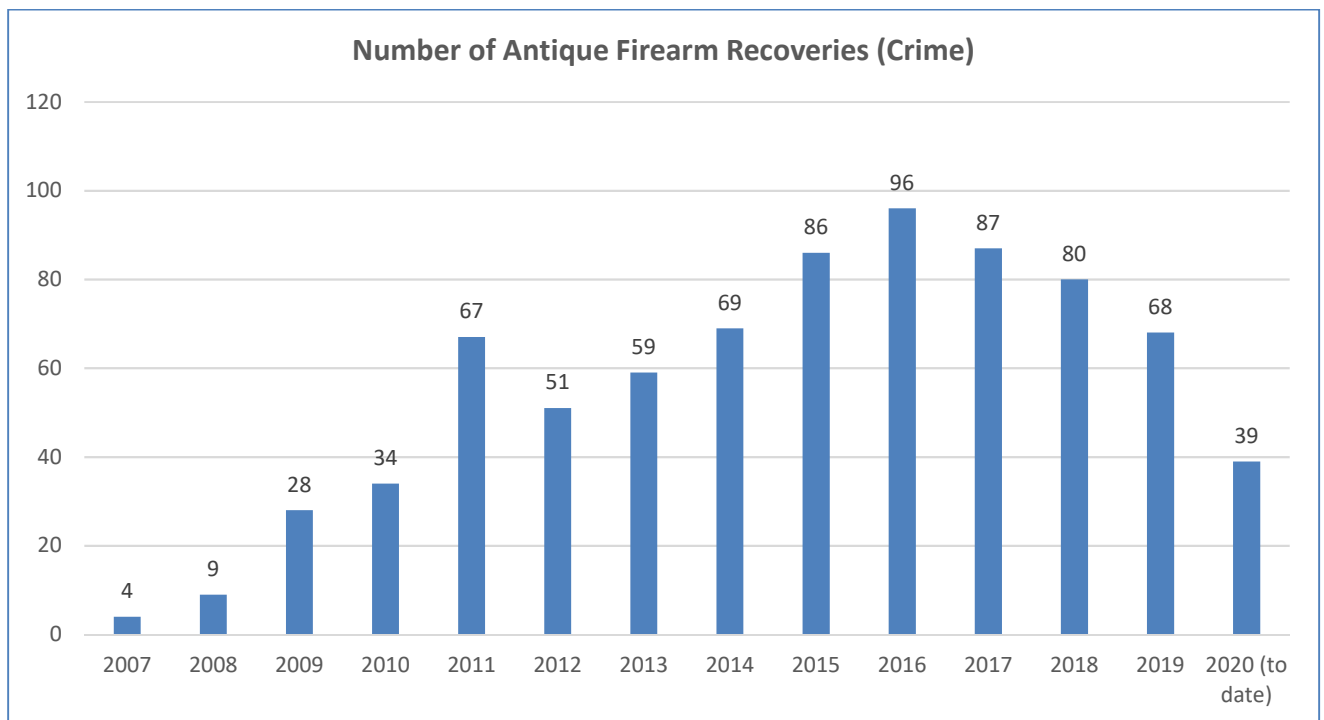
Evidence Base (for summary sheets)

A. Strategic Overview

A.1 Background

1. Tackling the criminal use of firearms in the UK is a Government priority. There were 6,200 recorded offences involving firearms (excluding air weapons) in England and Wales in the year ending March 2020, a 4 per cent decrease compared with the previous year (6,460 offences)¹.
2. The police and other organisations have raised concerns that the absence of a statutory definition of 'antique firearm' is being exploited by criminals to obtain old but still functioning firearms and that they are sourcing ammunition that can be used with these weapons.
3. Since 2007, six fatalities have been linked to antique firearms². The number of antique firearms recovered by law enforcement agencies in criminal circumstances has also increased over this period, as shown in Figure 1. In more than half of these recoveries, ammunition capable of being used with the firearm was also present.

Figure 1 - Antique firearms recovered in criminal circumstances each year, 2007-2020



Source: National Ballistics Intelligence Service (NABIS) – as at October 2020. The figure for 2020 is only part year and is expected to increase owing to delays in police forces submitting firearms to NABIS for examination.

4. In recent years, there have been several notable convictions connected to the criminal use of antique firearms. In November 2015, 18 members of the 'Burger Bar Boys' gang in Birmingham received substantial sentences for a range of firearms offences. The gang had sourced antique firearms, arranged for ammunition to be specially made to fit the weapons and sold the weapons to criminal gangs for a considerable profit.
5. In June 2017, a man from London who claimed to be a collector of antique firearms but who was already prohibited from possessing any firearm, was sentenced to seven years' imprisonment. A police investigation showed that he was obtaining antique guns and trying to acquire ammunition for them.
6. In December 2017 a former registered firearms dealer was found guilty of selling antique firearms and homemade ammunition to criminals in the UK. The individual was sentenced to 30 years

¹ <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingseptember2019>

² National Ballistics Intelligence Service (NABIS)

imprisonment. In January 2018, the co-accused, who had previously admitted supplying guns and ammunition to gangs, including weapons used in three murders, was sentenced to 14 years imprisonment.

7. In March 2018, a firearms certificate holder was convicted and sentenced to 23 years imprisonment for firearms offences, including making ammunition for antique firearms and supplying it to organised crime groups. The four co-accused were sentenced to between 16 months and 20 years imprisonment. Analysis of items seized by the police revealed that there was a scientific link to at least 24 crimes across the West Midlands, including a murder in December 2016.
8. The Home Office asked the Law Commission in 2015 to conduct a scoping review of firearms legislation, to identify areas which were open to abuse and causing unnecessary difficulties for law enforcement agencies and legitimate holders of firearms. The Law Commission ran a consultation between July and September 2015³, and in December 2015 they published their report and recommendations⁴, with an impact assessment (IA)⁵.
9. In its report, the Law Commission recommended defining 'antique firearm' in legislation to remove ambiguity. The Firearms Act 1968 exempts from licensing and most other controls any antique firearm which is held as a 'curiosity or ornament'. However, the term '*antique firearm*' is not defined in the legislation. The Home Office has produced guidance⁶ on the types of firearm which ought – and ought not – to be regarded as antique, to assist the police, trade and collectors. However, since this guidance is not statutory, it does not achieve the legal certainty required.
10. The Government accepted the Law Commission's recommendation and legislated through the Policing and Crime Act 2017 to provide a statutory definition. When brought into effect, section 126 of the 2017 Act will allow the Secretary of State to define '*antique firearm*' by reference to a cut-off date of manufacture after which a firearm cannot be regarded as antique, and to the types of obsolete cartridge and propulsion system it was designed to use.
11. The Home Office launched a public consultation in 2017⁷ to seek views on what the cut-off date of manufacture should be, and on the detailed descriptions of propulsion systems and cartridges, to inform the new regulations. It also sought views on the arrangements to monitor and review the regulations, and information on the trade in antique firearms.

A.2 Groups Affected

- **Law enforcement** – police forces in England and Wales, Police Scotland, National Crime Agency, (NCA) Border Force (BF) and Her Majesty's Revenue & Customs (HMRC).
- **Criminal justice agencies** - Crown Prosecution Service (CPS), HM Courts and Tribunals Service (HMCTS) and HM Prison and Probation Service (HMPPS).
- **Individuals** - collectors of old firearms.
- **Businesses** - Registered Firearms Dealers; antiques dealers.
- **Museums** – Museums which hold antique firearms.
- **Proof House Authority (Houses in London and Birmingham):** Section 58 of the Firearms Act 1968 exempts the Proof Authority from the provisions of the Act. The Proof Authority are also nominated by the Home Office under the Firearms (Amendment) Act 1988 for the deactivation of firearms and under the authority of the Department for Business, Energy and Industrial Strategy (BEIS) for the proofing (certification) of firearms.

³ <http://www.lawcom.gov.uk/project/firearms/>

⁴ http://www.lawcom.gov.uk/wp-content/uploads/2015/12/lc363_firearms.pdf

⁵ http://www.lawcom.gov.uk/wp-content/uploads/2015/12/lc363_firearms_impact.pdf

⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/518193/Guidance_on_Firearms_Licensing_Law_April_2016_v20.pdf.

⁷ <https://www.gov.uk/government/consultations/policing-and-crime-bill-proposals-to-implement-legislation-to-define-antique-firearms>

A.3 Consultation

Within Government

12. All government departments had an opportunity to respond to the Law Commission's public consultation in 2015. During the passage of the Policing and Crime Act 2017 we engaged with the Department for Business, Energy and Industrial Strategy (BEIS) due to the possible effect that the antique firearms provision could have on collectors and dealers of antique firearms. We also engaged with the Department for Culture, Media & Sport (DCMS) to make them aware of the main issues being raised and to seek their views on the Bill proposals.

Public Consultation

13. The Law Commission's scoping consultation paper on firearms law in 2015 received over 200 responses.
14. The Home Office consultation – *Proposals for implementing legislation to define antique firearms* - ran from 19 October to 14 December 2017 and 185 responses were received from individual collectors and dealers of antique firearms, as well as responses from the museum sector including English Heritage, the Royal Armouries, the Museum Weapons Group (MWG) and the Army Museum Trust. Responses were also received from the British Association for Shooting & Conservation (BASC), the Countryside Alliance, the Crown Prosecution Service (CPS), the Metropolitan Police Service, the National Police Chiefs Council (NPCC) and the National Ballistics Intelligence Service (NABIS).
15. All government departments (OGDs) were made aware of the consultation on antique firearms and had an opportunity to respond. The Home Office have continued to engage with the Department for Culture, Media & Sport (DCMS) to make them aware of our policy proposals and the impact they may have on the museum sector.

B. Rationale for intervention

16. Concerns have been raised by the police and others about the increased use of antique firearms in crime. The NABIS has reported an increasing number of recoveries of antique firearms in criminal circumstances since 2007 (see Background).
17. The convictions cited in the 'Background' demonstrate how criminals are exploiting the lack of clarity around the controls on antique firearms. Defining '*antique firearm*' in law will therefore provide much needed clarity for firearms control. This will help to prevent criminals from obtaining old but functioning firearms and increase the chance that they will not be put to criminal use, thereby helping to strengthen public safety.

C. Policy objective

18. The primary objective is to improve public safety by preventing criminals from obtaining old but functioning firearms. This is to be achieved by using the powers provided in section 126 of the Policing and Crime Act 2017 to define '*antique firearm*' in regulations, providing legal clarity for law enforcement, the courts, collectors and dealers.

D. Options considered and implementation.

19. **Option 1** - Make no changes (do nothing) and continue to rely on the non-statutory guidance. **Option 1** would not address the risks and issues that have been identified with antique firearms.
20. **Option 2** - Use the powers in the Policing and Crime Act 2017 to define '*antique firearm*' in regulations, based on the existing definition in non-statutory guidance, remove firearms used in

criminal offences from the definition of an '*antique firearm*' and add firearms to the definition which do not pose a risk to public safety.

21. **The Government's preferred option is Option 2. Option 2** would deliver Parliament's decision to define '*antique firearm*' in legislation and provide legal clarity, and further improve public safety through removing firearms which pose a risk to public safety from the definition of an antique and adding some additional firearms to the list of '*obsolete calibres*' which do not to pose a risk to public safety and for which ammunition is not readily available. The Government intends to implement these measures through regulations it will lay before Parliament in November 2020.

E. Appraisal

22. The IA for the firearms provisions in the Policing and Crime Act 2017 highlighted that there was insufficient information available at that time on the antique firearms trade in Great Britain to properly assess the impact of defining '*antique firearm*'. This was largely due to antique firearms being exempt from control.
23. Last year's public consultation sought to gather more information on the antique firearms trade to help develop the evidence base and inform baseline estimates for comparing the impact of policy options for making the regulations. In the public consultation respondents were asked about: the nature of their activities in relation to antique firearms; their views and estimates on the impact that regulatory changes to the definition of an '*antique firearm*' would have on the value of their business and the overall trade in antique firearms; and their knowledge of and business with the antique firearms trade. The responses to the consultation have been used to inform this IA. Several stakeholders have provided further feedback following the consultation, providing input on the specific assumptions used in this IA.

General assumptions and data

24. The costs and benefits associated with this legislative change are over a 10-year appraisal period using a discount rate of 3.5 per cent and presented in 2019 prices for both the price base year (PBY) and present value base year (PVBY).
25. Discussions with expert stakeholders informed the assumptions used in this analysis, given below:

Dealers

- It is assumed that 80 per cent of affected dealers are already registered firearms dealers.
- It is assumed that 80 per cent of dealers that are not registered firearms dealers will choose to retain the firearms, 10 per cent will sell the firearms before the regulations come into effect and the remaining 10 per cent will surrender the firearms.
- It is assumed that the domestic price of the newly controlled firearms will fall by 50 per cent following implementation of the legislation.
- It is also assumed that the export price is 33 per cent lower than the current domestic price of the newly controlled firearms, and it costs £150 in transport costs to export each firearm.
- It is assumed that 60 per cent of the firearms sold will be exported, and the remaining 40 per cent will be sold domestically either prior to the regulations taking effect or as historic handguns subject to control under section 7 of the Firearms (Amendment) Act 1997.
- It is assumed that 10 per cent of registered firearms dealers affected by the changes already hold Section 5 authority.
- It is assumed that 10 per cent of registered firearms dealers affected by the changes without Section 5 authority will apply for it.
- It is assumed that 80 per cent of the registered firearms dealers who do not apply for Section 5 authority will sell the firearms before the regulations come into effect, 10 per cent will retain them on licence as collectors afterwards and the remaining 10 per cent will surrender them.

- It is assumed that 10 per cent of affected firearms are traded each year, and that the average profit margin is 10 per cent per sale.
- It is assumed that the average reading speed is 228 words per minute.⁸
- It is assumed that the new guidance on antique firearms (including the list of firearms to be added/removed from the list) is approximately 2,000 words.

Collectors

- It is assumed that collectors hold 3.5 antique firearms each on average.
- It is assumed that 38 per cent of affected collectors hold firearms licences.
- It is assumed that 90 per cent of collectors without a licence will retain their firearms and apply for a licence, and the remaining 10 per cent will surrender their firearms.
- It is assumed that secure storage facilities, including a pistol safe and an alarm monitoring system, that are acceptable for Section 5 historic firearms cost £250, based on input from stakeholders.
- It is assumed that secure storage facilities acceptable for historic firearms hold around five handguns on average.
- It is assumed that 90 per cent of licence holders already have secure storage facilities acceptable for Section 5 historic firearms.

Museums

- It is assumed that 80 per cent of affected museums already hold a Home Office museum licence authorising the possession of prohibited weapons
- It is assumed that 40 per cent of the museums without a Home Office museum licence permitting the possession of prohibited weapons will apply for one, and that the remaining 60 per cent of museums will transfer their affected firearms to other museums

Option 2 (the Government's preferred option)

26. The IA appraises the three elements of the policy (removing certain firearms from the definition, adding certain firearms to it and adding the existing definition of '*antique firearms*' in regulations) considering the costs and benefits of each part in turn.

REMOVING FIREARMS FROM THE DEFINITION OF AN ANTIQUE

COSTS

SET UP COSTS

Dealers

27. When these regulations come into effect, the firearms being removed from the definition of antiques will be controlled under Section 5 of the Firearms Act 1968, where a dealer wishes to possess them for the purpose of their business. This prohibits the most dangerous types of firearm, and makes it an offence for anyone to possess, purchase, sell, manufacture etc a prohibited firearm without first holding the Secretary of State's authority. There will therefore be a cost to dealers (and auction houses) who trade in firearms chambered for these seven cartridges, as they will require Section 5 authority in order to sell these firearms after the regulations come into effect.

⁸ Trauzettel-Klosinski, Susanne; Dietz, Klaus (August 2012). "Standardized Assessment of Reading Performance: The New International Reading Speed Texts IReST". *Investigative Ophthalmology & Visual Science*. **53** (9)

28. Based on data provided by consultation respondents and by stakeholders following the consultation, it is estimated that dealers hold 1,500 of these firearms. Assuming that each dealer holds the same number of firearms (3.5) on average as collectors, it is assumed that a total of 437 dealers will be affected by this policy. Based on data provided by stakeholders, it is assumed that 80 per cent of this group (350 dealers) are already registered firearms dealers, and the remaining 20 per cent (87 dealers) are not.

Dealers who are not registered firearms dealers

29. It is assumed that dealers that are not already registered firearms dealers will decide not to apply for Section 5 authority as it may not be a worthwhile expense for them, given that the domestic market for the firearms affected will largely no longer exist. Their options will therefore be either to sell the newly controlled firearms domestically or abroad before the regulations come into effect, retain the firearms as a collector, or surrender them.
30. Based on discussions with stakeholders, it is assumed that 80 per cent of dealers (70 dealers) that are not registered firearms dealers will choose to retain the firearms as collectors, 10 per cent (9 dealers) will sell the firearms before the regulations come into effect, and the remaining 10 per cent (9 dealers) will surrender the firearms. Those retaining their firearms as collectors will require a firearm certificate and will therefore have to pay an upfront fee of £88. This licensing cost amounts to a total of £6,000 in the first year (£88 x 70 dealers). All of this group will also need to purchase new storage facilities compliant with Section 5 regulations, costing a total of £17,000 in the first year (£250 x 70 dealers).
31. The 10 per cent of dealers that choose to surrender their firearms will incur a cost equivalent to the current value of the firearm. Using estimated values provided by stakeholders on the market prices of each of the newly controlled firearms, the average value is estimated to be approximately £1,850. With each dealer estimated to hold 3.5 firearms on average, the total cost of surrender, occurring in the first year, is therefore estimated to be £57,000 (£1,850 x 3.5 firearms x 9 dealers).
32. The cost to the remaining 10 per cent of dealers, who hold in total 30 of the firearms which will newly controlled under this legislation, that sell their firearms before the regulations come into effect is the difference between the current value of the firearm and the price that they receive. The removal of these weapons from the definition of 'antique firearm' is likely to depress their prices, given the new trading restrictions and licensing requirements that will apply to these firearms. Based on input from stakeholders, it is therefore assumed that the domestic price of these firearms will fall by 50 per cent following this legislation. It is also assumed that the export price is 33 per cent lower than the current domestic price of these firearms, and that it costs £150 in transport costs to export each firearm. It is assumed that 60 per cent of these firearms (18 firearms) will be exported, and the remaining 40 per cent (12 firearms) will be sold domestically. The cost from exporting each individual firearm will be equal to the current market value (£1,850) multiplied by the reduction in value of exports (33 per cent), plus the transport costs, totalling approximately £750 (£1,850 x 33% + £150). The cost from selling domestically will just be equal to the current market value multiplied by the fall in domestic value (50%), or approximately £950. The total cost arising from the reduction in value of these firearms sold before the regulations come into effect is therefore estimated to be £25,000 (£950 x 12 + £750 x 18).

Dealers who are already registered firearms dealers

33. Dealers that are already registered firearms dealers also require Section 5 authority in order to trade in the newly controlled firearms following the legislation. It is assumed that 10 per cent of registered firearms dealers (35 dealers) already hold this authority. The cost to these dealers from the legislation is the fall in value of these weapons after they are no longer defined as antique firearms owing to the loss of a domestic market in which to sell them. These dealers are estimated to hold 122 firearms; as previously assumed 60 per cent (73 firearms) will be exported and 40 per cent (49 firearms) will be sold domestically. Using the same assumptions regarding falls in value, the total cost to this group in the first year is therefore estimated to be £101,000 (£950 x 49 + £750 x 73). There will also be a cost from having to store these firearms in line with Section 5 requirements following the legislation. As previously described, it is assumed that seventy per cent of dealers will

have to invest in new storage facilities, which results in an estimated cost of £4,000 (70% x 35 dealers x £150).

34. It is assumed that the remaining 90 per cent (315 dealers) of registered firearms dealers will not currently hold Section 5 authority to trade in these weapons. The fees for new Section 5 dealer licences are £796⁹ per application, and a strong business case to trade in these highly dangerous weapons must be put forward for this authority to be granted. As a result, it is assumed that only 10 per cent of dealers (31 dealers) will choose to do so, costing a total of £25,000 for new licences in the first year. This group will also experience costs from the fall in the value of these firearms following the legislation, and the cost of additional storage in line with Section 5 requirements. This group is estimated to hold 110 firearms. In the line with previous assumptions, it is assumed that 60 per cent (66 firearms) will be exported and 40 per cent (44 firearms) sold domestically. The cost to this group arising from the fall in value of these firearms is therefore estimated to be £91,000 (£950 x 44 + £750 x 66). The cost from the additional storage requirements is estimated to be £3,000 (31 dealers x 70% x £150).
35. The remaining 283 registered firearms dealers who do not obtain Section 5 authority will have three options:
- Sell the firearms before the regulations come into effect.
 - Retain them on a personal firearm certificate as a collector.
 - Surrender them.
36. As this group are registered firearms dealers it is assumed that they are likely to have sufficient trade networks to sell the majority of these firearms. It is therefore assumed that 80 per cent of dealers (227 dealers) will sell the firearms before the regulations come into effect, 10 per cent (28 dealers) will retain them and the remaining 10 per cent (28 dealers) will surrender them.
37. Using the same assumptions as previously described, the registered firearms dealers selling the weapons before the regulations come in effect are assumed to hold 794 firearms, 60 per cent of which (476 firearms) will be exported and the remaining 40 per cent (317 firearms) sold domestically. The cost to this group (in terms of the fall in value and the cost of exporting) is therefore estimated at £657,000 (£950 x 317 + £750 x 476). Registered firearms dealers retaining the firearms on a personal firearm certificate as a collector will incur the cost of the grant of a personal firearm certificate (£88) or the costs for varying their firearm certificate (£20) and the cost of additional storage. Using the same assumptions as previously described, these costs are estimated at £5,000 (£150 x 70% x 28 dealers + £20 x 99 firearms). For dealers that surrender their weapons, the cost is equivalent to the current value of these firearms, which is estimated at £184,000 (£1,850 x 99 firearms).
38. The total set-up cost of this legislation to all dealers from removing these seven cartridges from the definition of 'antique firearm' is therefore £1.2 million in the first year. Approximately £0.9 million of this first-year cost is from the fall in the saleable value of the firearms and the cost of exporting. The cost of surrendering firearms is estimated to be £240,000, while £33,000 is from additional licensing costs and £27,000 is from additional storage costs.

Firearms collectors

39. Under Option 2, seven types of cartridge which have featured in criminal offences would be removed from the definition of 'antique firearm'. As a result, old firearms chambered for these cartridges will be subject to licensing control under the Firearms Act 1968. There are a number of costs to collectors holding these firearms:
- 1) The cost of applying for a new firearms licence, or the cost of adding the firearm to their existing firearms licence.
 - 2) Additional storage costs to store the firearm.
 - 3) The lost value of the firearm.

⁹ <https://www.gov.uk/government/news/home-office-set-to-introduce-fees-for-section-5-firearms-licences>

40. Based on data supplied by respondents to the 2017 consultation, and by stakeholders following the consultation, it is estimated that collectors hold a total of approximately 23,000 firearms which will be subject to licensing control as a result of this policy. National statistics indicate that the average number of firearms per certificate is approximately 3.5¹⁰, so it is estimated that 6,600 individual collectors will be affected. In the consultation, 38 per cent of firearms collectors indicated that they held firearms licences, so it is assumed that 2,500 of the affected collectors will already hold firearms licences, and they will own approximately 8,800 firearms in scope of this policy. It is therefore assumed that the remaining 4,100 collectors do not hold firearms licences, and they own approximately 14,400 firearms in scope of this policy.

Firearms collectors who do not hold firearms licences

41. The 4,100 collectors who do not hold firearms licences will have two main options before the regulations come into effect:
- To surrender their firearms.
 - To retain their firearms and obtain a firearms licence and secure storage facilities.
42. Some owners might also sell or export their firearms before the regulations come into effect. As the value of these weapons generally exceeds the costs of licensing and obtaining secure storage, and based on input from stakeholders, it is assumed that 90 per cent of collectors without a licence (3,700 individuals) will retain their firearm. These collectors will incur a fee of £88 to obtain a firearms licence. This represents a set up cost of £325,000 in the first year (3,700 x £88).
43. Firearms controlled under Section 5 have more stringent storage requirements than other firearms, given the increased threat they pose to public safety, and must be stored securely in line with the Section 5 security guidelines. Based on data provided by stakeholders, secure storage that meets Section 5 requirements costs around £150, and an alarm costs about £100 in installation costs. A secure storage facility is assumed on average to hold five handguns (the firearms in scope of this part of the policy are all handguns). For the 3,700 collectors without a licence, this amounts to a cost of £924,000 in the first year (3,700 x £250).
44. The remaining 10 per cent of collectors (410 individuals) without a licence who choose to surrender their firearm will incur a cost equivalent to the current value of the firearm. This cost has been calculated using estimates provided by stakeholders on the market prices of each of the newly controlled firearms. The average market value across all of the newly controlled firearms was estimated to be approximately £1,850. Given each collector holds on average 3.5 firearms, the cost to each individual surrendering is estimated to be approximately £6,500. With 410 collectors surrendering, the total cost of surrendering firearms is estimated to be £2.7 million (410 collectors x £6,500).

Firearms collectors who already hold firearms licences

45. It is assumed that all of the 2,500 collectors who already hold firearms licences will retain their newly controlled firearms, as the additional costs of retaining the firearm are lower for this group. These collectors will need to pay a variation fee of £20 to add each weapon to their existing firearms licences. Holding 3.5 firearms on average, this represents a licensing cost of £70 to each individual collector retaining their firearms, totalling £175,000 for the group as a whole (2,500 collectors x £70).
46. Based on estimates provided by stakeholders, it is assumed that 90 per cent of licence holders (2,250 individuals) already have secure storage facilities acceptable for historic firearms. As these storage facilities hold five firearms on average and the average collector holds 3.5 firearms, it is assumed that 70 per cent of these collectors (1,580 individuals, owning 5,520 firearms) will need to purchase a new safe, incurring a total cost of £236,000 (2,250 collectors x 0.7 x £150). The remaining 10 per cent of licence holders (250 collectors) will all need to purchase new secure storage facilities, incurring a total one-off cost of £63,000 (250 collectors x £250).

¹⁰ <https://www.gov.uk/government/statistics/firearm-and-shotgun-certificates-in-england-and-wales-financial-year-ending-31-march-2018>

47. Summing all of the above costs, the total set-up cost arising from this legislation to collectors from removing these seven cartridges from the definition of 'antique firearm' will be £4.4 million in year 1.

Museums

48. As a result of this legislation, museums storing any firearms no longer regarded as antique will now have to store them in secure storage facilities that are acceptable for Section 5 historic firearms. Based on data provided by consultation respondents and by stakeholders following the consultation, it is estimated that a total of 200 museums hold 1,625 of these firearms. It is assumed that 80 per cent (approximately 160 museums) of these museums already hold a Home Office museum licence, enabling them to display and store firearms including prohibited Section 5 firearms. These museums will already have secure storage facilities suitable to store Section 5 controlled weapons, so it is assumed that the additional firearms can be added to this existing storage without incurring any additional costs.
49. The remaining 20 per cent (40 museums) of museums which do not hold a Home Office museum licence to hold Section 5 firearms will have two options:
- Apply for a Home Office museum licence (assuming that they meet the criteria for such approval under the Firearms Act).
 - Transfer the firearms to another museum that already holds a Home Office museum licence.
50. It is assumed that 60 per cent (24 museums) of museums will transfer their firearms to other museums, which is assumed to have no costs or benefits given that it involves a transfer between parties (and it is again assumed that there is sufficient storage available, for museums receiving these firearms).
51. It is assumed that the remaining 40 per cent (16 museums) of these museums will apply for a Home Office museum licence, which costs £200. The total licensing cost to museums in the first year is therefore estimated to be £3,200 (16 museums x £200). These museums will also need to invest in new storage compliant with Section 5, which is assumed to cost approximately £3,000 per museum. This gives a total set-up cost of £48,000 in the first year (16 museums x £3,000). The total set-up cost of this legislation occurring in the first year to these museums is therefore estimated to be £51,200 in the first year. This is the total set-up cost to museums as a result of this part of the policy.

Home Office and police forces

52. As a result of this legislation, there will be resource costs to the Home Office and police forces from processing additional applications for firearms licences and variations to existing ones. Based on the calculations described above, it is estimated that the new legislation will result in approximately 3,800 applications for new firearms licences, 8,900 applications for variations to existing licences, 31 applications for Section 5 dealer licences and 16 applications for museum licences. It is assumed that the resource costs of processing each of these licences are equal to the fees charged, so the total resource cost to the Home Office and police forces in the first year is therefore estimated at £331,000 for processing new firearms licences (3,750 x £88), £177,000 for variations (8,850 x £20), £25,000 for Section 5 dealer licences (31 x £796) and £3,200 for museum licences (16 x £200). This give a total set-up cost to the Home Office and police of £536,700 – figures may differ due to rounding.

Total set-up costs

53. **Total set-up costs for year 1** only are estimated to be **£6.2 million**.

ONGOING COSTS

Dealers

54. For the dealers that apply for a Section 5 licence as a result of this legislation, there will be an ongoing cost of licence renewal. As previously assumed, it is estimated that 31 dealers will apply for

this type of licence. A licence to deal in Section 5 weapons must be renewed every three years and costs £747 to do so. As a result, the ongoing cost to dealers as a result of this legislation is £24,000 in year four and every three years after (31 dealers x £747). The estimated cost is about £58,000 (PV) over 10 years.

55. Compared to the baseline 'Do Nothing' option, this legislation will impose a further ongoing cost on business through the foregone profits of dealers that would have traded these firearms in the future. Using data supplied by stakeholders on the price and volume of these firearms, it is estimated that the total value is approximately £45.8 million. Assuming that 10 per cent of these firearms are sold by dealers per year, and that the average profit margin per sale is also 10 per cent, this represents an annual loss of £458,000 in terms of foregone profit (£45.8 million x 10% profit margin x 10% circulation rate). The estimated cost is about £3.5 million (PV) over 10 years.
56. For the dealers that decide not to apply for a dealers' licence and instead retain their firearm(s) as a collector, there will be an ongoing cost of renewing their collectors' licence. In line with the previous assumptions, it is estimated that 70 dealers will choose to do this. Along with the previously identified one-off licensing cost, they will also be subject to a renewal cost. A collectors' licence must be renewed every five years and costs £62 to do so, and this occurs in year 6. The renewal cost was estimated as 70 dealers x £62 which is about £4,300 (PV) over 10 years.

Firearms collectors

57. For the collectors holding these seven types of cartridges without a licence that decide to apply for one as a result of this legislation, there will also be the ongoing cost of licence renewal. A collector's licence must be renewed every five years and costs £62 to do so. As previously assumed, there are estimated to be approximately 3,700 collectors in this group. The total on-going cost to this group will therefore be £229,000 in year 6 (3,700 x £62). The estimated cost is about £193,000 (PV) over 10 years.

Museums

58. For the museums holding these seven types of cartridges without a museum licence that decide to do so as a result of this legislation, there will also be the ongoing cost of licence renewal. A museum licence must be renewed every five years and costs £200 to do so. As previously assumed, there are 16 museums in this group. The total on-going cost to this group will therefore be £3,200 in year 6 (16 x £200). The estimated cost is £2,700 (PV) over 10 years.

Home Office and police

59. As a result of this legislation, there will be resource costs to the Home Office and police forces from processing additional applications for firearms licences and variations to existing ones. Along with the previously identified one-off costs in year 1, there will also be the resource costs arising from processing licence renewals. In line with previous assumptions, there are assumed to be approximately 3,800 applications for new collector's licences and the fee is assumed to cover resource costs. The fee to renew a collector's licence is £62. The total on-going cost (3,800 x £62) to police forces is estimated to be £233,000 in year 6. The PV of this cost is £197,000.
60. As previously assumed, it is estimated that there will be 31 applications for Section 5 dealer licences and 16 applications for museum licences. A Section 5 dealer licence costs £747 to renew and must be renewed every three years. The total on-going resource cost arising from Section 5 dealer licence renewals is therefore estimated to be £24,000 in year 4 and every three years thereafter, estimated as (31 x £747) and at £58,000 (PV) over 10 years.. A museum licence costs £200 to renew and must be renewed every five years. The total on-going resource cost arising from museum licence renewals (16 x £200) is therefore estimated to be £3,200 in year 6, an estimated cost of £2,700 (PV).
61. The total Home Office and police costs is estimated to be £257,000 (PV) over 10 years.
62. The **total ongoing cost** is estimated to be about **£4.0 million (PV) over 10 years** which is **£0.5 million per year**. The **total cost** is estimated to be approximately **£10.2 million (PV) over 10 years** which is **£1.1 million per year**.

BENEFITS

Home Office and police

63. As a result of this legislation, there will be a benefit to the Home Office and police in terms of the additional fee income from applications for firearms licences and variations to existing ones. Based on the previous calculations, in the first year this benefit is estimated at £331,000 for processing new firearms licences, £177,000 for variations, £25,000 for Section 5 dealer licences and £3,200 for museum licences.
64. There will also be the additional fee income to the Home Office and police arising from licence renewals. Based on previous calculations, the income from processing renewals of firearms licences is estimated to be £233,000 in year 6 (with a PV of £197,000). The income from processing Section 5 renewals is £24,000 in year 4 and every three years after (with a PV cost of £58,000), and the income from processing museum renewals is £3,200 in year 6 (with a PV of £2,700). The total PV of this income is £257,000.

ADDING FIREARMS TO THE DEFINITION OF AN ANTIQUE

COSTS

65. There are no identified costs associated with adding these weapons to the definition of an 'antique firearm'.

BENEFITS

66. A total of 23 cartridges will be added to the definition of antique, as the firearms chambered for these cartridges are not deemed to pose a risk to public safety. These firearms would no longer be subject to licensing control, which creates savings for collectors, dealers and museums from no longer having to hold these weapons in secure storage, or no longer having to apply for licences to hold these weapons. One of these cartridges is for firearms currently controlled under Section 5; the remainder are not.
67. To estimate the number of museums, collectors and dealers currently holding these 23 cartridges, data supplied by the police from the National Firearms Licensing Management System (NFLMS) was used. This gives the number of firearms chambered for these cartridges held on collector's licences (at least 152 firearms). As the average number of firearms held on an individual certificate is 3.5, it is then estimated that 43 collectors will be affected by this part of the policy. Using the data supplied by stakeholders for assessing the removal of cartridges from the definition of antique firearm, it is estimated that, relative to collectors, nine per cent of these weapons are held by museums (13 firearms). Each museum holds, on average, just over eight firearms; as a result, it is estimated that two museums will be affected. From the consultation, it is estimated that, relative to collectors and museums together, six per cent of these weapons are held by dealers. This gives nine firearms; using the same approach as before gives an estimate of three affected dealers.

Collectors

68. As discussed above, it is estimated that there are 43 collectors who currently hold weapons which are to be added to the definition of an 'antique firearm'. It is assumed that these collectors already hold other non-antique firearms and will still require firearms licences after the legislation. However, they will benefit from no longer having to store these firearms in secure storage facilities, freeing up space for other firearms that collectors may add to their collections in future. Four of these collectors are assumed to hold rifles or shotguns, and the remaining 39 collectors are assumed to hold handguns.

69. Safes are assumed to cost £150 and are assumed to store up to five handguns and up to three rifles or shotguns¹¹. The saved cost of no longer having to store a handgun is therefore assumed to be £30 per collector (£150 divided by five handguns), and the saved cost of no longer having to store a shotgun/rifle is assumed to be £50 per collector (£150 divided by three shotguns/rifles). Collectors are estimated to hold 137 handguns (39 collectors x 3.5 handguns per collector) and 15 shotguns/rifles (4 collectors x 3.5 shotguns/rifles), so the total cost of saved storage estimated to be £4,900 in the first year (137 handguns x £30, plus 15 shotguns/rifles x £50).

Dealers

70. For the three dealers who currently hold weapons which are to be added to the definition of an 'antique firearm', it is assumed that they also hold other firearms which are not defined as antique, so they will still need to be registered as a firearms dealer after the legislation takes effect. As with collectors they will benefit from no longer having to store these firearms in secure storage facilities, although this benefit is negligible (less than £500) given the small number of dealers holding these firearms.
71. There is also a benefit to dealers from the anticipated increase in the saleable value of these firearms, as removing licensing requirements is likely to make them easier to trade and more desirable. Based on input from stakeholders, it is assumed that Section 1 and 2 firearms will increase in value by a third when they are added to the definition of an 'antique firearm', while it is assumed that Section 5 firearms will double in value.
72. Using data provided by stakeholders, it is estimated that there is one firearm to be added to the definition of 'antique firearm' currently controlled under Section 5 held by dealers, which has an average value of £4,400. The increase in value for these firearms is therefore estimated at £4,400 (1 firearm x £4,400 x 100%). The same data suggests that eight of the firearms to be added to the definition held by dealers, which is currently controlled under either Section 1 or 2, with an average value of this set of firearms to be £650. The increase in value for these firearms is therefore estimated at £1,800 (8 firearms x £650 x 33%). The total increase in value is therefore estimated at £6,100 in the first year.
73. There will also be a benefit to dealers from additional profits, as they will now be able to trade freely in firearms previously subject to licensing. Using data supplied by stakeholders, it is estimated that the total value of these firearms will be approximately £19,500 after they double in value. As previously, it is assumed that 10 per cent of these firearms are traded annually and that the average profit margin per sale is 10 per cent, resulting in an estimated benefit to dealers of £195 in year two and each year following. The total benefit to dealers as a result of this part of the policy is therefore £6,100 in the first year, and £195 in each year following. Therefore, the total benefit to dealers is estimated to be £7,600 (PV) over 10 years.

Museums

74. For the two museum that currently hold weapons which are to be added to the definition of an 'antique firearm', it is assumed that they also hold other firearms which are not defined as antiques, so they will still require museum firearms licences after the legislation. As with collectors and dealers they will benefit from no longer having to store these firearms in secure storage facilities, although as the marginal cost of storing an extra firearm for a museum is assumed to be zero, this is assumed to represent no benefit.

¹¹ Stakeholder advice taken here to inform assumptions.

PUTTING THE EXISTING DEFINITION OF 'ANTIQUE FIREARMS' IN NON-STATUTORY GUIDANCE INTO LEGISLATION

SET UP COSTS

Dealers

75. As dealers read the guidance on the statutory definition of antique firearms and acquaint themselves with the list of firearms to be added and removed from the list, there may be some familiarisation costs. The current Home Office guidance on antique firearms¹² is approximately 1,300 words, so it is assumed that the new guidance is 2,000 words, allowing for additional text on the list of added/removed firearms.
76. It is estimated that it takes approximately 10 minutes to read the guidance, based on an average reading speed of 200 words per minute (2,000 words / 200 words per minute = 10 minutes). It is assumed that all 3,408 registered firearms dealers¹³ read the new guidance, regardless of whether they have any firearms in scope of the changes. This equates to a total reading time of 568 hours (10 minutes x 3,408 registered firearms dealers / 60 minutes = 568 hours). Dealers are assumed to earn the mean hourly wage of £16.72 per hour¹⁴. This wage is then uprated by 22 per cent to account for non-wage labour costs¹⁵, giving a total hourly cost of £19.76. The total familiarisation cost, occurring in the first year, of reading the guidance is therefore estimated at approximately £11,200 (568 hours x £19.76 per hour = £11,200).

Collectors

77. There may also be some familiarisation costs to collectors as they read the guidance on the statutory definition of antique firearms and acquaint themselves with the list of firearms to be added and removed from the list. As previously detailed, it is assumed that it takes approximately 10 minutes to read the guidance. This is multiplied by the 6,600 collectors affected by the policy, resulting in a total reading time of 1,100 hours (10 minutes x 6,600 collectors / 60 minutes = 1,100 hours). Using the average value of leisure time of £5.21 per hour in 2018 prices¹⁶, the total familiarisation cost of reading the guidance is estimated at approximately £5,700 (1,100 hours x £5.21 per hour = £5,700). This may be an underestimate, as more collectors than just those who are affected by the policy may read the updated guidance.

Museums

78. There may also be some familiarisation costs to museums as their staff read the guidance on the statutory definition of antique firearms and acquaint themselves with the list of firearms to be added and removed from the list. As previously detailed, it is assumed that it takes approximately 10 minutes to read the guidance. It is assumed that two people are responsible for firearms in each of the 200 museums that are affected, so a total of 400 museum staff must read the new guidance. Multiplying the average reading time by the number of museum staff gives a total reading time of 67 hours (10 minutes x 400 museum staff / 60 minutes = 67 hours). Using the average hourly wage of £16.72 per hour¹⁷ and uprating by 22 per cent to account for non-wage labour costs, the total familiarisation cost of reading the guidance is estimated at approximately £1,300 (67 hours x £19.76 per hour = £1,300).

¹²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/518193/Guidance_on_Firearms_Licensing_Law_April_2016_v20.pdf

¹³<https://www.gov.uk/government/statistics/statistics-on-firearm-and-shotgun-certificates-england-and-wales-april-2018-to-march-2019>

¹⁴<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2017provisionaland2016revisedresults/relateddata>

¹⁵http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lc_lci_lev&lang=en

¹⁶<https://www.gov.uk/government/publications/webtag-tag-data-book-december-2017>

¹⁷<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupshetable6>

Police forces

79. There may also be some familiarisation costs, as police officers read the guidance on the statutory definition of antique firearms and acquaint themselves with the list of firearms to be added and removed from the list. As previously detailed, it is assumed that it takes approximately 10 minutes to read the guidance.
80. It is assumed that there is an average of 12 police officers in the firearms licensing department of a police force, resulting in a total of 516 police officers who need to read the guidance across all 43 police forces in England and Wales. Multiplying the average reading time by the number of police officers gives a total reading time of 86 hours (10 minutes x 516 police officers / 60 minutes = 86 hours). Using the average hourly wage of £16.72 per hour¹⁸ and uprating to account for non-wage labour costs, the total familiarisation cost of reading the guidance is estimated at approximately £1,700 (86 hours x £19.76 per hour = £1,700).

BENEFITS

Society

81. There is a benefit to society from improved public safety, as defining 'antique firearm' in regulations provides legal clarity for law enforcement and the criminal justice system, allowing them to better prevent criminals from obtaining old but functioning firearms. This may result in fewer firearms-related injuries and fatalities. From when NABIS was established in 2008 to October 2019, they had recorded 439 recoveries from crime involving firearms that will be subject to licensing control as a result of this legislation. Antique firearms have been responsible for 22 injuries and six fatalities. Whilst it is not possible to quantify the benefit of putting the definition of 'antique firearms' into law due to a lack of data and difficulties in forecasting future crime trends, this illustrates the scale of the current problem surrounding 'antique firearms' and the significance of implementing this legislation.

Collectors and dealers of antique firearms

82. Collectors and dealers would benefit from greater legal clarity of which firearms can be regarded as antique and, as a result, a reduced risk of prosecution and legal costs. This may increase market confidence and boost trade in antique firearms, although this benefit cannot be quantified due to a lack of data.

Law enforcement and criminal justice system

83. Clarifying the definition of 'antique firearm' would assist police and criminal justice agencies in enforcing the law. A clearer understanding of which firearms can be held as antique could reduce unnecessary investigations and prosecutions, reducing court and police time, custody and offender management.

Total costs and benefits, NPV, BNPV and EANDCB

84. **Total costs are £10.2 million (PV) and total benefits are £0.8 million (PV) over 10 years.** This gives an estimated **NPSV of -£9.4 million.** The **Business Net Present Value is -£4.7 million.** The **Estimated Annual Net Direct Costs to Business (EANDCB) is £0.5 million** (the cost to business per year). Table E.1 presents the cost and benefit estimates of this policy. It should be noted that the total cost to Home Office and police is £0.8 million (PV) over 10 years which is exactly matched by the total benefit to these organisation and therefore is a transfer as these two amounts net each other off to zero (although it is presented as a cost and a benefit).

¹⁸<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupshetable6>

Table E.1 Total and business costs and benefits, £ million (PV) over 10 years.

| Option | Costs and Benefits, £ million | Total | | | Business | | |
|--------|-------------------------------|-------------|------------|-------------|------------|------------|-------------|
| | | Cost | Benefit | NPSV | Cost | Benefit | BNPV |
| 2 | Collectors | 4.6 | <0.0 | | | | |
| | Dealers | 4.7 | <0.0 | | 4.7 | 0.0 | |
| | Museums | 0.1 | - | | | | |
| | Home Office and police forces | 0.8 | 0.8 | | | | |
| | | | | | | | |
| | Total | 10.2 | 0.8 | -9.4 | 4.7 | 0.0 | -4.7 |
| | EANDCB | | | | | | 0.5 |

Source: Home Office, own estimates, 2020 NPSV and BNPV is discounted benefits minus discounted costs.

The **Government's preferred option is Option 2** as this has the greatest benefit in terms of public safety. It would deliver Parliament's decision to define '*antique firearm*' in legislation and provide legal clarity. It would further improve public safety through removing firearms which pose a risk to public safety from the definition of an antique.

F. Proportionality

85. Given the costs and benefits involved, the level of analysis used in this IA is reasonable and a proportionate approach has been taken to the analysis.

G. Risks

86. **OPTION 2** – This option would result in some old firearms ceasing to be regarded as antique, and some old firearms becoming eligible to be regarded as antique. There may be a risk of fluctuations in the antique firearms trade and the numbers of applications for firearm and shotgun certificates and may affect the value of the firearms concerned. However, as noted in the benefits to society section, breakeven analysis suggests that the net present social value will be positive if five homicides are prevented as a result of the policy across the 10-year appraisal period. While the benefits have been robustly assessed there is no robust evidence to indicate that re-classifying antique firearms in this way will reduce firearms offences, serious injuries or homicides and therefore the monitoring and evaluation of these changes will be important.

H. Direct costs and benefits to business calculations

87. As at 31 March 2019 there were 3,408 registered firearms dealers in England and Wales. The Gun Trade Association estimates that 86 per cent of dealers have fewer than 4 employees, 11 per cent have 4-10 employees and 3 per cent have 11+ employees.
88. However, there is no data available on how many of these dealers trade in antique firearms affected by this policy. As there is no requirement for sales of antique firearms to only be conducted by registered firearms dealers, some general antique dealers may also sell antique firearms as part of their day-to-day business activities. Additionally, it should be noted that a large number of transactions will also be conducted by individual owners and at gun fairs by dealers.
89. The public consultation asked respondents for information about the trade in antique firearms, to gauge the size of businesses affected by the policy. Of the 185 respondents, 15 indicated that they traded a total of 112 antique firearms in cash, and 21 indicated that they traded a total of 130 using electronic payments. Not all respondents answered the subsequent question about the value of these firearms, but the total disclosed value of firearms traded by cash was £98,015 from 14 respondents, and the value of those traded by electronic payments £170,725 from 14 respondents.

The average value of firearms traded by respondent was £7,001 in cash and £12,195 by electronic payment. Whilst specific responses regarding turnover were sparse, the three respondents to this question providing an average value of £55,465.

Small and Micro-Business Assessment

90. As noted in paragraph 87, it is not known how many firearm dealers trade in antique firearms. Though, based on the available data, it is likely that Option 2 will have an impact on small and micro-businesses, as the majority of affected dealers are likely to fall within these classifications. These businesses will experience costs from the removal of certain firearms from the definition of an antique, and they will experience benefits from the addition of firearms to the definition of an antique. Therefore, it is expected that this policy will not place a large burden on firearms dealers. It is also not possible to exempt these businesses from this policy because these changes are legislative changes that look to prevent the criminal misuse of antique firearms.

I. Wider impacts

Society

91. There is a benefit to society from improved public safety, as defining ‘*antique firearm*’ in regulations provides legal clarity for law enforcement and the criminal justice system, allowing them to better prevent criminals from obtaining old but functioning firearms. There may also be an additional benefit to public safety from removing several firearms from the definition of an antique, to mitigate the risk of these weapons being used in criminal offences. However, this benefit could not be quantified due to a lack of data.
92. A breakeven analysis has been conducted, in order to demonstrate the magnitude of the benefit to public safety that is required in order for the policy to have a positive net present value. Using the most recently published unit cost for a homicide¹⁹ (£2,037,404, after uprating to 2019 prices), this policy has a positive net present social value if it prevents five homicides over the 10-year period for which costs and benefits have been considered. However, there is no robust evidence to indicate that re-classifying antique firearms in this way will reduce criminality involving firearms offences, serious injuries or homicides.

J. Trade

93. There is unlikely to be any significant impact on trade from this measure.

K. Monitoring, feedback and evaluation

94. The proposed regulatory approach to the definition of an ‘*antique firearm*’ aims to support compliance and law enforcement activity by specifying in statute which firearms can benefit from the exemption as an antique. The regulations would remove ambiguity in the interpretation and implementation of the law and support law enforcement and criminal justice agencies to make more effective use of their resources in dealing with infractions.
95. The regulations would be made under section 126 of the Policing and Crime Act 2017 and be subject to Parliamentary approval. The Government intends to lay the regulations in November 2020 and expects to bring them into effect as soon as possible following Parliamentary approval. Recent criminal cases (see Background) have shown that criminals are continuing to exploit the lack of legal clarity around the definition of ‘*antique firearm*’. On public safety grounds the Home Office would

¹⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/118042/IOM-phase2-costs-multipliers.pdf

bring the regulations into effect at the earliest opportunity, which would likely be outside the Common Commencement Date.

96. The public consultation sought views on how best to monitor and review the regulations. After considering responses to the consultation, the Government has decided to establish a non-statutory group of experts which would meet annually to consider the latest developments in the criminal use of antique firearms. The Government has also decided to carry out a review of the regulations every three years. The regulations could be amended at any time in response to significant new developments, but in line with the principle that that they should only be amended when it is necessary and proportionate to do so. Consideration will be given to NABIS data on the latest trends on antique firearms recovered in crime (numbers, types etc) and statistics on injuries and fatalities from antique firearms.

Impact Assessment Checklist

| Mandatory specific impact test - Statutory Equalities Duties | Complete |
|---|---|
| <p data-bbox="140 264 520 300">Statutory Equalities Duties</p> <p data-bbox="140 367 1251 801">No significant PSED implications have been identified as arising from the regulations. Since antique firearms are exempt from control, no data is held on the personal characteristics of collectors or dealers. To try and address this, the consultation asked for views on the impact of the Government’s proposals on protected characteristics. Only four respondents commented: two of them suggesting that antique firearms tend to be owned by older collectors, one simply stating that any changes to the law must be compliant with the Equality Act 2010, and one whose comments did not relate to equality issues. If it is the case that antique firearms tend to be owned by older collectors, the Policing and Crime Act 2017 mitigates the effect of the SI on those firearms which cease to be exempt as antiques by allowing owners to retain them on a firearm certificate.</p> <p data-bbox="140 824 1007 860">The SRO has read and agreed with these summary findings.</p> | <p data-bbox="1337 546 1390 582" style="text-align: center;">Yes</p> |

. Any test not applied can be deleted except **the Equality Statement**, where the policy lead must provide a paragraph of summary information on this.

The Home Office requires the **Specific Impact Test on the Equality Statement** to have a summary paragraph, stating the main points. **You cannot delete this and it MUST be completed.**

Economic Impact Tests

| | |
|---|----------------------------------|
| <p>Small and Micro-business Assessment (SaMBA)</p> <p>The SaMBA is a Better Regulation requirement intended to ensure that all new regulatory proposals are designed and implemented so as to mitigate disproportionate burdens. The SaMBA must be applied to all domestic measures that regulate business and civil society organisations, unless they qualify for the fast track. [Better Regulation Framework Manual] or [Check with the Home Office Better Regulation Unit]</p> <p>It is not known how many firearm dealers trade in antique firearms. Though, based on the available data, it is likely that Option 2 will have an impact on small and micro-businesses, as the majority of affected dealers are likely to fall within these classifications. These businesses will experience costs from the removal of certain firearms from the definition of an antique, and they will experience benefits from the addition of firearms to the definition of an antique. Therefore, it is expected that this policy will not place a large burden on firearms dealers. It is also not possible to exempt these businesses from this policy because these changes are legislative changes that look to prevent the criminal misuse of antique firearms.</p> | <p>Yes Pages 17 - 19</p> |
| <p>Clarity of legislation</p> <p>Introducing new legislation provides an opportunity to improve the clarity of existing legislation. Legislation with multiple amendments should be consolidated, and redundant legislation removed, where it is proportionate to do so.</p> <p>Option 2 will provide a statutory definition of ‘<i>antique firearm</i>’ to provide legal clarity on which old firearms can safely be held without a licence as an antique, and which still present a risk to public safety and need to be licensed.</p> | <p>Yes Page 6</p> |