

Impact Assessment, The Home Office

Title: Rescheduling of Gamma-Butyrolactone (GBL) and 1,4-Butanediol (1,4-BD) and reclassification of GHB and related substances (GHBRs)

Date: 05/11/2021

Stage: Final

IA No: HO0399

RPC Reference No: N/A

Intervention: Domestic

Other departments or agencies:

Measure: Secondary legislation

Enquiries:

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RPC Opinion: Not Applicable

Business Impact Target: Not a regulatory provision

Cost of Preferred (or more likely) Option (in 2021/22 prices)

Net Present Social Value NPSV (£m)	-0.65	Business Net Present Value BNPV (£m)	-0.54	Net cost to business per year EANDCB (£m)	0.06
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What is the problem under consideration? Why is government intervention necessary?

Gamma-Hydroxybutyric Acid (GHB) is a drug that causes profound unconsciousness and has been used in high-profile drug-facilitated sexual assault (DFSA) cases, murders and robberies. It is lawful to import/export, produce, supply or possess GBL and 1,4-BD for legitimate use without a licence. Criminals put GBL and 1,4-BD to illegal use, imposing high harms and uncompensated costs on society. There is no incentive for participants in the market to account for the uncompensated costs that accrue to others. Government intervention is needed to legislate to reduce the misuse of GHBR and the harms imposed on society.

What is the strategic objective? What are the main policy objectives and intended effects?

Strategic objective: Improve public safety and security.

Policy objectives: Rescheduling aims to reduce the availability of GBL and 1,4-BD for misuse in criminal activity. To introduce a licensing requirement for those who have a legitimate use of GBL and 1,4-BD. The reclassification of GHBRs to Class B reflects significant new evidence of the harms of these compounds, meaning that their harms are most commensurate with compounds in Class B and that law enforcement should have the increased deterrence and sentencing power derived from Class B status. This is intended to reduce the harms imposed on society (sexual assault and rape), seen in fewer GHBRs-related harms. Under-reporting and scientific issues with collecting data of this crime create issues with measurement, but work is commencing to improve reporting.

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

Option 1: Do-nothing: Illegal misuse of GHBRs continues to impose uncompensated costs on society.

Option 2: Impose control measures by rescheduling GBL and 1,4-BD to Schedule 1. Use the existing controlled drug licensing regime to regulate proper and appropriate use of these substances and reclassifying GHBRs to Class B. **This is the Government's preferred option.**

Main assumptions/sensitivities and economic/analytical risks

Discount rate (%)

3.5

There may be a disproportionate distributional impact of licensing costs on smaller businesses. If too many small firms are forced to exit, there may be a few firms dominating the market. Criminals or drug users may still be able to access GHBRs via an illicit market. Low responsive change in demand for GHBRs: Criminals or drug users are unresponsive to price increases and may continue to misuse the drug. Criminals and drug users may substitute other drugs for GHBRs. Consumers of GHBRs may not understand the classification system and may not change their behaviour.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 12/2023

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:

Kit Malthouse

Date:

13th December 2021

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2021/22	PV Base	2021/22	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	-0.55	High:	-0.64	Best:	-0.64	Best BNPV	-0.54	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0.0	0.55	0.55	0.05	0.5
High	0.0	0.65	0.65	0.05	0.5
Best Estimate	0.0	0.65	0.65	0.06	0.5

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

Total familiarisation and admin costs are estimated at about **£2,200** (about £500 applies to business) in year 1 only, but no more than £5,500 in a high scenario and a low scenario of £0. Licensing costs to business are expected to cost **£0.5 million (PV)** over 10 years. Cost to the criminal justice system (CJS) due to the reclassification are estimated to be **£0.1 million (PV)** over

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

There is limited and inconclusive evidence as to the effect of re-classification on drug consumption and prevalence. If consumption of GHBRs increases following the reclassification, there is a potential that costs relating to drug-related harms may increase.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0	0	0	0	0
High	0	0	0	0	0
Best Estimate	0	0	0	0	0

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

No benefits have been monetised due to a lack of robust and accurate data. The drug, GHBRs, is difficult to detect in a medical setting after consumption. The misuse and weaponisation of GHBRs is likely to be significantly under-reported.

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

Harm benefits: The cost of a drug death is reported as £3.6 million and rape as £44,000, therefore if the policy prevented a drug-related death or a rape, then these costs would be avoided.

CJS benefits: If the interventions decrease the misuse of these drugs there may be reduced costs of prosecution and subsequent imprisonment of criminals, which may benefit the UK taxpayer.

Enable safer international trade: Reclassification may make it easier for well-documented trade of GHBRs to take place through secure international channels.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m: (= benefit – cost)										
Cost, £m	0.06	Benefit, £m	0.0	Net, £m	-0.06					
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
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Evidence Base (for summary sheets)

A. Strategic Objective and Overview

A.1 Strategic Objective

1. The overarching strategic objective of this intervention is to meet the Home Office objective of improving public safety and security. The rescheduling and reclassification of GHBRs seeks to protect the public from the harmful effects of misusing and weaponising these substances. This intervention aims to fulfil one of the People's Priorities, namely protecting homeland security by better protecting UK citizens from GHBRs misuse.

A.2 Background

2. Gamma-Hydroxybutyric acid (GHB) and related substances (GHBRs) are central nervous system depressants. Gamma-Butyrolactone (GBL) and 1,4-Butanediol (1,4-BD) are used in industry in the manufacturing of many products. GHB has medicinal value in the treatment of narcolepsy. GHBRs have been used as recreational drugs and as date-rape drugs to commit drugs-facilitated sexual assault (DFSA) and other crimes. Data on the prevalence of GHBRs misuse in the UK is limited. The ACMD conducted a review of the available literature on prevalence¹ which found that, overall, the prevalence of GHBRs misuse is low in the UK, including the devolved administrations. Prevalence increased steadily from 2005 to 2015 and has plateaued since 2015. Gamma-butyrolactone (GBL) and 1,4-butanediol (1,4-BD) are converted to GHB on ingestion.
3. GBL and 1,4-BD are not placed in a schedule to the 2001 Regulations. They have a bespoke status, under which it is lawful to import, export, produce, supply, or possess them in circumstances where it is not intended to be used for the purposes of human ingestion. Some irresponsible suppliers currently market these products as purported cleaning products. These transactions have resulted in GHBRs misuse for human consumption which then imposes harms on society.
4. The ACMD¹ has provided evidence and recommendations relating to the misuse and harms of GHBRs. This impact assessment (IA) lays out the potential costs, benefits, and risks of a rescheduling of GBL and 1,4-BD into Schedule 1, which would subject businesses seeking to import, export, produce, possess or supply them to a Home Office licensing regime.
5. The ACMD has also recommended reclassifying GHBRs from Class C to Class B under the Misuse of Drugs Act 1971. The classification of drugs sets out the criminal penalties relating to criminal activity involving a given drug. These penalties corresponding to the three-tier system relate to the harms associated with drugs in each tier, with Class A drugs being the most harmful and therefore having the most severe penalties.

A.3 Groups Affected

6. The main groups affected by the reclassification and rescheduling will be the industry members who will be required to purchase a licence from the Home Office to possess, import, export and/or supply GHBRs, the tax payer, victims of DFSA and the MSM (men who have sex with men) community.

¹ Covering letter from ACMD on GHB, GBL and related compound report (accessible version) - GOV.UK (www.gov.uk)

7. The companies which use or sell GBL or 1,4-BD will need to pay licensing costs and will also be required to maintain standards such as record keeping and secure facilities. These all represent costs to the industry.
8. There will likely be increased criminal justice system (CJS) costs due to the reclassification of GHBRs from Class C to Class B. Based on historical data from the Ministry of Justice (MoJ) Quarterly Crime Statistics, the average increase in custodial sentence relating to such a change is 0.4 years. This reclassification will result in longer sentences for criminals convicted of possession, production, permitting use of a premises for unlawful purposes and supply of GHBRs. This increase in sentence length has been included as a public sector cost which will be incurred by the taxpayer.
9. Men who have sex with men (MSM) who may use GHBRs for the purposes of chemsex² are likely to be disproportionately affected by this policy change. MSM may initially consent to the taking of GHBRs but may subsequently become unable to give or rescind sexual consent due to their intoxicated state. Therefore, any potential benefits from reducing the prevalence and harms from GHBRs misuse may disproportionately benefit MSM. However, given the more severe criminal penalties associated with the reclassification of GHBRs to Class B, it is possible that MSM may also incur a disproportionate cost. To caveat, those charged and sentenced from GHBRs-related crime is extremely low (1-2 custodial sentences annually)³.

A.4 Consultation

Informal industry consultation

10. Following advice received from the ACMD, an informal consultation with industry stakeholders took place. A series of questions surrounding the potential impacts to UK firms involved in the importation, exporting, supply and production of GHBRs was answered by the industry membership organisations, the Chemical Business Association (CBA) and the Chemical Industries Association (CIA). These questions formed the basis for the spreadsheet cost modelling of licensing costs to the GHBRs industry (See Annex 1).

B. Rationale for intervention

11. The ACMD¹ has provided new evidence which states that the harms from criminal misuse of GHBRs are significant, including harms from drug-facilitated murder, sexual assault, and robbery. The ACMD concluded that the harms from these crimes are severe and in the worst cases, result in death. Survivors of DFSA require support from a variety of services for complex and wide-ranging harms. When weaponised, GHBRs can leave the victim in a state of profound unconsciousness, causes amnesia, and is rapidly eliminated from the body, making it very difficult to definitively identify in criminal cases.
12. The illicit use of GHBRs imposes uncompensated costs on wider society. These uncompensated societal costs include, and are not limited to, the physical and emotional trauma caused by the crime, the costs incurred by the healthcare services used by the victims, and the costs incurred by the criminal justice system (CJS) to bring

² Definition: Is a term often used by gay or bisexual men to describe sexual activity engaged in while under the influence of stimulant drugs such as methamphetamine or mephedrone, typically involving several participants.

³ Criminal Justice System Statistics Quarterly, MoJ 2020, [Criminal justice system statistics quarterly: December 2020 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly)

the criminals and drug users to justice. These costs are not taken into account by the behaviour of those who purchase and use GHBRs. When GHBRs users purchase and use GHBRs they impose damage costs on society. Government intervention is necessary to reduce these uncompensated costs associated with GHBRs misuse, in part because the private market does not provide law enforcement. This is because it is not possible to exclude an individual from reaping the benefits from this law enforcement which encourages people not to spend on this essential service.

13. New evidence provided by the ACMD shows that GHBRs misuse and weaponisation inflicts greater harms on society than was previously known. The ACMD noted severe harms from the crimes committed using GHBRs and mental health harms associated with GHBRs use. Reclassifying GHBRs to Class B will increase the maximum penalty for unlawful possession communicate the newly understood harms of GHBRs consumption. GHB related deaths have been increasing over the last 18 years with 27 deaths recorded in 2018 where GHB was mentioned on the death certificate⁴. The number of GHB related deaths is likely to be significantly underreported. This stems from the difficulty in identifying the presence of GHB in a post-mortem examination.

C. Policy objective

14. **Re-scheduling of GBL and 1,4-BD:** The first objective of this policy is to reduce the ease with which criminals and drug users can access GHBRs on the open market. Currently, GBL and 1,4-BD can be purchased very easily online. The licensing regime proposed in this IA would attempt to filter out the criminal consumers from the market, allowing only legitimate businesses to use GBL and 1,4-BD for industrial purposes.
15. The reduction in quantity of GHBRs available to criminals and drug users should decrease the prevalence of criminal their misuse for the purposes of murder, DFSA and robbery, amongst other crimes. As the prevalence of these crimes decreases, the harms inflicted on society by them will also decrease. Avoiding these costs will be a net benefit to wider society.
16. **Reclassification of GHB and GHBRs:** The second objective of this policy is to better inform the general public of the harms of GHBRs through a reclassification to Class B of the Misuse of Drugs Act 1971.⁵ The current classification does not reflect the newly understood harms of GHBRs misuse. Further, the reclassification will mean that the criminal penalties for the misuse of GHBRs will typically be more severe. The objective of this increase in severity is to deter criminals from misusing and weaponising GHBRs and to inform the public that these drugs result in greater harm than was previously known. If this results in a reduction in misuse, this should lead to a reduction in harms caused by GHB and GHBRs misuse.
17. The overarching policy objective of both a re-scheduling of GHBRs and a reclassification of GHBRs is **to protect the public from the harmful effects of the drugs in question.**

⁴ [Deaths related to drug poisoning by selected substances - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

⁵ ACMD: Review of the classification and scheduling of GHB, GBL and closely related compounds.

D. Options considered and implementation

18. This is a final impact assessment and considers both the reclassification and rescheduling together as two components of one option. **The preferred option is option 2 – rescheduling of GBL and 1,4-BD and reclassifying GHBRs.** This option will be most likely to reduce the harms caused by GHBRs misuse. This preference is mainly driven by the rescheduling recommendation as this will close the current legal loophole whereby individuals in the UK can freely purchase GHBRs from the clear web. **The expected benefits from the reclassification recommendation are less certain due to varying existing evidence on changes in harms from reclassification, this is discussed further in the costs and benefits sections.**

Option 1: Do nothing

19. This option represents the ‘do nothing’ approach whereby no intervention takes place and the current situation remains. The current criminal and drug user misuse of GHBRs will continue and the harms associated with its misuse will continue to be inflicted upon society.
20. Based on the evidence provided by the ACMD¹ laying out the significant harms which GHBRs causes, this option would not be acceptable as the unimpeded access to GHBRs will continue, which will have no effect on reducing harms.

Option 2: Rescheduling of GBL and 1,4-BD and reclassifying GHBRs

21. This option represents the intervention of **rescheduling 1,4-BD and GBL under Schedule 1 of the Misuse of Drugs Regulation 2001.** In addition, this option includes **a reclassification of GHBRs (GHB, GBL and 1,4-BD) from Class C to Class B under the Misuse of Drugs Act 1971.**
22. Currently GBL and 1,4-BD are only controlled if they are proven to be for the purpose of human consumption. However, **in practice this has allowed the UK consumer to freely purchase these substances for illicit purposes.**
23. In this option, businesses seeking to import/export, possess, supply, or produce GBL and 1,4-BD would need to apply for a licence from the Home Office to do so. This licence would impose direct costs on the business in the form of application and renewal fees for the licence (Annex A), as well as indirect costs, such as administrative and data-collection costs. The extent of any burden will depend on whether the companies are currently holders of Home Office controlled drug licences (which may enable them to handle controlled materials other than those in schedule 1), the activities they intend to undertake (production and manufacture licences are more expensive than those for possession and supply) and whether or not they engage in import or export activities.
24. In addition, the reclassification of GHBRs to Class B of the Misuse of Drugs Act 1971 would communicate the newly understood harms of GHBRs misuse and weaponisation. The reclassification would also increase the severity of criminal penalties for crimes involving these drugs.

E. Appraisal

General assumptions and data

25. **This section models the costs of a rescheduling of 1,4-BD and GBL to Schedule 1 of the Misuse of Drugs Regulations 2001 and of reclassifying GHBRs to Class B under the Misuse of Drugs Act 1971.** Both the quantifiable and non-quantifiable costs are laid out in this section.
26. In modelling the costs to business from the rescheduling of GHBRs, it is understood that there are 65 businesses which operate domestically and thus, will be affected by the licensing regime. This figure was provided to Home Office analysts by the Chemical Business Association (CBA) through an informal consultation. Data relating to imports, exports and other available licences for GHBRs was collated from Home Office held data and through consultation with the industry. Using historical data of licences previously purchased, future demand for licences is modelled under the assumption that there is no change to the number of licences purchased each year. In this analysis, it is assumed that there is full compliance with the licensing regime.
27. Sixty-five firms in the industry are considered to be a maximum as a result of this informal consultation⁶. A range is used to demonstrate the potential costs if firms leave the industry, with the central estimate based upon 5 per cent of firms exiting and low estimate based on 10 per cent of firms exiting. As per Green Book standard practice, an appraisal period of 10 years has been used in modelling the costs and benefits of the options.
28. Additionally, from this consultation, we concluded that 65 firms is the best estimate but is also the high estimate as consultation indicated that it was unlikely that firms would choose to enter or exit the market as a result of the rescheduling of GBL and 1,4 BD.
29. Costs were discounted at 3.5 per cent in line with Green Book guidance and converted to real values using GDP deflators taken from the OBR future GDP estimates⁷. This is carried out throughout all monetised costs and benefits throughout the model.
30. Throughout the appraisal section below, multiple sources of evidence are cited to demonstrate the variability of findings, particularly with regards to reclassification impacts. Importantly, all research into this area is limited by the inability to establish what would have occurred if the reclassification did not take place. Therefore, it is not possible to know with certainty whether the reclassification caused the change in consumption, hospital admissions or public attitudes. The correlations between reclassifications and effects are presented below, however, **these correlations do not necessarily represent causal effects.**
31. For clarification, the equivalent annual net direct cost to business (EANDCB) will be referred to as the **net cost to business per year** throughout this appraisal section. This cost refers to the **annual cost**, not the full 10-year appraisal period.

COSTS

Set-up costs (Private and Public), if applicable, normally year 1 only.

⁶ See Annex A.

⁷ GDP deflators at market prices, and money GDP September 2021, [GDP deflators at market prices, and money GDP September 2021 \(Quarterly National Accounts\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-september-2021)

Cost 1: Familiarisation costs to police and border force

- 32. There will be set-up familiarisation costs whereby police officers and Border Force officers will need to become aware of the reclassification and rescheduling of GHBRs. These costs represent the time required to read and comprehend the regulatory changes. It has been assumed that a range between 5 to 15 senior officers⁸ will need to read and understand the changes in each of the 45 police force areas and each of the 140 Border Force suites. The 5 to 15 senior officers per police force/suite figure was chosen as a best estimate in the absence of any other evidence of how many officers would need to read the change.
- 33. A Readingsoft calculator⁹ was used to calculate high, low and central estimates for the duration of time required to read and understand the changes¹⁰. The time required per officer was multiplied by the median gross hourly pay of senior police officers (in 2021 prices)¹¹ multiplied by the number of police and Border Force officers that will read the changes across the UK. Previous Home Office circulars, which convey regulatory changes, relevant to reclassification and rescheduling normally range between 250 and 350 words within the introduction and summary paragraphs. Therefore, this analysis uses this range in the low, central and high estimates. Non-wage labour cost share is taken from Eurostat as 18 per cent and so, the wage cost share is 82 per cent, where $18 / 82 \times 100$ gives a wage uplift of 22 per cent.¹² This has been used to uplift the wage costs to reflect all costs associated with familiarisation.
- 34. The values used to estimate the police familiarisation costs is presented in Table 1 and given as:

$$\text{reading time} \times (\text{median senior police officer wage} \times \text{non-wage uplift of 22\%}) \times \text{number of police/Border Force officers}$$

Table 1, Familiarisation cost calculations, reading values and wage £, 2021.

Scenario	No. of Words	Speed (wpm)	Total Time (Hours) ¹³	Senior Officers	Median Wage (£)	Wage Uplift	No. police readers	No. BF readers
High	350	200	0.05	15	28.30	1.22	675	2,100
Central	300	300	0.033	10	28.30	1.22	450	1,400
Low	250	700	0 ¹⁴	5	28.30	1.22	225	700

Source: Home Office, own estimates, 2021.
 Note: BF = Border Force.

- 35. The high, central and low estimates of familiarisation cost are presented in Table 2.

⁸ A Senior Officer is an officer who leads a team of offices within a force.
⁹ Readingsoft.com, 2021, see: <http://www.readingsoft.com/>
¹⁰ High and medium estimates have been used to demonstrate varying reading speeds presented by the readingsoft calculator. Costs are reflected in Table 2.
¹¹ Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14 - Office for National Statistics (ons.gov.uk)
¹² Eurostat - Data Explorer (europa.eu)
¹³ Reading time were calculated from Readingsoft calculator. Readingsoft.com, 2021, see: <http://www.readingsoft.com/>
¹⁴ The low estimate assumes that there will not be any affect on reading time or minutes spent to accustom to the change in legislation.

Table 2, Estimated familiarisation cost (police and BF), £, 2021.

Scenario	Police	BF	Total Costs
High	1,164	3,622	4,787
Central	512	1,594	2,106
Low	0	0	0

Source: Home Office, own estimates, 2021.

36. There will also be an initial familiarisation cost associated with firms in the GHBR industry. The same approach was taken for this familiarisation cost as the cost to police forces. The calculation was updated to reflect the wages of business/administrative personnel working for these companies. The calculation used is below (and in Table 3):

reading time x median worker wage x number of workers x 22% (non-wage uplift)

37. In this calculation the median wage used is £22.80 per hour¹⁵ (2021 prices) and the number of workers is assumed to be five workers per business. This figure is used as a best estimate given the majority of these businesses are medium or large firms. The number of businesses is estimated to be 65 based on information provided by the CBA/CIA. As above, high, central and low estimates of the duration of time required to read the regulatory changes is used to produce a range of costs.

38. The high, central and low estimates are presented in Table 2:

Table 3 Estimated familiarisation costs to businesses, £, 2021

Scenario	No. Words	Speed (wpm)	Total Time (Hours)	No. staff per firm	No. firms	No. staff	Median Wage £	Wage Uplift	Total Cost £
High	350	200	0.05	5	65	325	22.80	1.22	452
Central	300	300	0.03	3	65	195	22.80	1.22	163
Low	250	700	0 ¹⁶	1	65	65	22.80	1.22	0

Source: Home Office, own estimates, 2021

Total familiarisation cost

39. Total familiarisation costs are estimated to lie in a range of **£0 to £5,239**, with a central estimate of **£2,269** in year 1 only. Familiarisation costs to business are estimated to be no more than £452 even in the high scenario.

Ongoing and total costs (Private and Public)

Cost 2: Licensing costs to possess, supply or produce controlled drugs.

40. **There are four types of licences which businesses may need to apply for and maintain each year.** These four licence types are: a licence to possess controlled drugs, a licence to supply, or offer to supply controlled drugs, a licence to produce preparations containing controlled drugs and a licence to produce controlled drugs. Which licence a company will require depends on the activities of the company and

¹⁵ [Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14 - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

¹⁶ The low estimate assumes that there will not be any affect on reading time or minutes spent to accustom to the change in legislation.

they only need to hold one licence of the relevant type at each site handling the material.

41. A company with one site will only be required to pay for one licence fee in this tier of fees, if they do not currently own any other controlled drugs licence. Hence, the maximum licence issue fee that a company will have to pay for a site is £4,700. **If a company already holding a Home Office controlled drug licence for another schedule needs to obtain a Schedule 1 licence to handle GBL or 1,4-BD at the same site, the lower tier of fees would apply.** However, it is likely for Schedule 1 controlled drugs that for each additional licence a site visit will be required at a cost of £1,371¹⁷.
42. Each year the company must pay £326 to maintain the licence provided the company does not require a site visit and the company complies with the rules. If a site visit is required, the fee is £1,371. This higher fee is paid on average every four years.
43. A company requires only one licence to carry out an activity for multiple controlled drugs. A company would only need to pay for one licence to supply, possess or produce GBL or 1,4-BD. Through informal consultation with the industry, it is understood that none of the businesses which deal with GBL or 1,4-BD currently possess a Home Office controlled drugs licence. Hence, these businesses will need to pay for at least one licence in full.
44. In modelling the costs of these licences over a 10-year period, it is assumed that the **maximum £4,700 application fee** is paid and that visits are required every **three to five years**. An average of four years between site visits has been used. Based on informal consultation with the Chemical Business Association (CBA) there are approximately 65 businesses that will need at least one licence. The cost schedule of one business is shown in the below table:

Table 4, Licence cost to possess, supply and produce controlled drugs, £, .

Year	1	2	3	4	5	6	7	8	9	10
Licence cost	4,700	326	326	326	1,371	326	326	326	1,371	326

Source: Home Office, own estimates, 2021.

45. The costs were converted to real values because, although the licensing regime is a cost-recovering regime, the actual licence costs have remained constant over the last 10-year period. As such, the value of the cost will decrease in real terms over time.
46. The costs were then multiplied by 65, which is the number of businesses in this industry likely requiring a license following this legislative change. The net cost to business per year from this licensing regime ranges between **£0.45** and **£0.53 million**, with a central estimate of **£0.50 million** over the 10-year period (PV)¹⁸.

Cost 3: Licensing costs to import and export controlled drugs.

47. A firm seeking to import or export controlled drugs must pay a £24 fee for a single consignment (see Annex A). A single consignment may be one container or 1,000 containers. Currently, firms must purchase a licence to import or export GHB, hence, there will be no additional cost to importing or exporting GHB. Through informal

¹⁷ Controlled Drugs and Precursor Chemicals: License Fees, HO, 2019, [Controlled drugs and precursor chemicals: licence fees - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

¹⁸ 10 year cost discounted by 3.5% each year. [Green Book supplementary guidance: discounting - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

consultation with the industry, it is understood that businesses will require 20 consignments of GBL and 45 consignments of 1,4-BD per year going forward. All these consignments are imports as the industry does not predict future exporting into the EU due to regulations and tariffs. The calculation used to calculate the net cost to business per year is £24 x 65 (No. of firms).

48. The future values were adjusted for expected inflation as the £24 figure has historically remained the same. Hence, the £24 licence cost will be of less value in real terms in the future.
49. The estimated licencing cost to business is in a range of **£20,000 to £24,000 (PV)**, with a central estimate of **£22,500 (PV)** over 10 years.

Cost 4: Costs to the Criminal Justice System (CJS)

50. The reclassification of GHBRs from Class C to Class B will result in more severe criminal penalties due to the increased severity of the crime committed. The longer sentence lengths will result in greater costs as more prisoners will need to be accommodated. The cost of a prisoner (in 2021/22 prices) is **£44,500¹⁹** per year and the cost of an individual on probation is **£2,800**. It is understood that half of a given sentence is usually spent in the prison system and the subsequent half is spent in the probationary system. Data from the Ministry of Justice (MoJ) on the length of GHBRs offence sentences and the number of offenders was acquired²⁰. This data was used to calculate the costs to the CJS due to GHBRs offences currently. The calculation is given as:

$$(cost\ of\ a\ prisoner\ per\ year\ \times\ years\ in\ prison\ \times\ number\ of\ prisoners) + (cost\ of\ a\ person\ on\ probation\ per\ year\ \times\ years\ on\ probation\ \times\ number\ of\ people)$$

Table 5, Costs to the Criminal Justice System, £ million, 2021

CJS 10-year (PV) costs	Real NPSV
Current CJS Cost of GHBRs as Class C offenders	£0.26m
Annual CJS Cost of GHBRs as Class B offenders	£0.38m
Additional Cost from the Baseline	£0.12m

Source: Home Office, own estimates, 2021

51. To estimate the change in CJS costs, MoJ data on the average custodial sentence length for Class B offences was used. This analysis assumes that GHBRs offence sentence lengths will be similar to the current sentence lengths of Class B offences. The GHBRs CJS costs as Class C were subtracted from the estimated cost of GHBRs offences after the reclassification to Class B to estimate the additional cost due to the reclassification.
52. Operational partners in the police service were consulted regarding any potential change in the number of GHBRs convictions following reclassification. It is understood that GHBRs offences may be prioritised following the reclassification which may result in an increase in charges and subsequent convictions. Hence, the annual number of GHBRs offenders was doubled to account for this prioritisation. To note, the number of offenders convicted is very low at approximately one to two offenders per year.

¹⁹ Cost per Place and Cost Per Prisoner, MoJ, 2018-19, adjusted for inflation, [costs-per-place-costs-per-prisoner-2018-2019.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

²⁰ This data is from the MoJ Sentencing Tool, [Criminal justice system statistics quarterly: December 2019 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

53. The estimated cost to the criminal justice system due to the reclassification is estimated to be **£117,700** (in 2021/22 prices) over 10 years. A range was not used due to the consistently low conviction rate of one person per year.

Non-Quantified Costs

Cost 5: Potential increased consumption / harms

54. **The evidence base surrounding the effect of reclassification of drugs on consumption and harms is extremely limited** given that it is not possible to understand what would have happened in the absence of the reclassification. Because of this, statistical experiments cannot conclusively state whether reclassification **causes** an increase or decrease in consumption/prevalence of a drug. The evidence base for the effects of reclassification is mixed.
55. Some studies demonstrate that reclassification from Class C to Class B have been correlated with increased or no changes in prevalence and, based on some measures, increased harms. For example, Barbor et al. (2010)²¹ report that the reclassification of cannabis from Class C to Class B had no impact on the prevalence of the drug. To note, **cannabis and GHBRs are markedly different** in terms of psychopharmacological effects, the average user demography and the length of time before the drugs are metabolised by the body. These factors will affect the impact reclassification has on prevalence and harms which limits Barbor et al.'s research with respect to GHBRs, however, this research still represents relevant analysis relating to this proposed policy change.
56. In terms of harms, Hamilton et al. (2014)²² report that the reclassification of cannabis from Class B to Class C and then subsequently back to Class B correlated with a decrease and subsequent increase in hospital admissions due to cannabis psychosis. This correlation empirically demonstrates that at least in this case, increased healthcare costs have been seen following a reclassification from Class C to Class B. **However, this evidence does not infer a causal relationship as other confounding factors may be at play.**

Cost 6: Other administrative costs

57. Under the Misuse of Drugs Regulations 2001, a scheduled drug being produced, supplied, possessed, imported or exported, must have records kept relating to storage requirements, quantities and any missing amounts. Additional information such as the levels of stock, quantities produced, quantities destroyed all must be recorded and accounted for. The administrative costs of these processes will also be imposed on businesses.
58. The Home Office Drugs and Firearms Licensing Unit were consulted as to how significant this cost to business may be. It is understood that businesses will likely have data collection and record-keeping practices in place for the chemicals which they deal with. Hence, **the additional cost to businesses of maintaining records for GBL or 1,4-BD is likely to be negligible** and has therefore not been monetised.

²¹ Barbor et al, Drug Policy and the Public Good (Oxford University Press, 2010), p 173

²² Hamilton et al, Effect of reclassification of cannabis on hospital admissions for cannabis psychosis: A time series analysis (International Journal of Drug Policy), p 151 - 156

Total costs

59. The cost to businesses is estimated in the range of **£0.47 to £0.54 million (PV)**, with a central estimate of **£0.53 million (PV)**²³ over 10 years. Total estimated yearly cost ranges between **£55,000** and **£65,000** with a central estimate of **£60,000**.

BENEFITS

Ongoing and total benefits (Private and Public)

60. Benefits 1 to 5 may be conferred on society if the reclassification and rescheduling, either individually or together, result in a decrease in the illicit supply of GHBRs and a subsequent decrease in the quantity of these drugs which are consumed and weaponised. It is likely that the rescheduling of GBL and 1,4-BD from a bespoke status to schedule 1 will correspond to a reduction in the supply of these drugs because, in practice, the current legislation allows for unimpeded access to these drugs via the clear web.

Benefit 1: Homicide costs avoided

61. **The economic and social cost of a homicide is £3.6 million**²⁴. This cost is driven by a number of factors, such as physical and emotional harm, health services and lost output amongst other factors. If the intervention is successful in reducing the misuse and weaponisation of GHBRs then the number of homicides may decrease. For every homicide avoided as a result of this intervention, there will be a £3.6 million benefit to society in terms of cost-avoided. According to the ONS, between 2008-17, there were on average 19 deaths per year related to GHB²⁵.

Benefit 2: Crime and Justice System (CSJ) costs avoided and savings

62. If the intervention is successful in preventing the illicit supply of GHBRs to criminals to misuse in weaponisation or DFSA then there may be fewer criminals entering the CJS to be prosecuted and subsequently imprisoned. This reduction in costs would be a benefit to the UK taxpayer. However, there is a risk (see Risk/Sensitivities section) that criminals would find a GHBR substitute to facilitate their crimes.
63. The reclassification of GHBRs to Class B under the Misuse of Drugs Act 1971 could change the behaviour of individuals and criminals misusing and weaponising the drug, for example, for DFSA. This reduction in misuse would lead to a reduction in the number of individuals committing crimes and subsequently entering the CJS. The resources saved in these cost-savings represent a benefit of the intervention. However, as caveated in the Risk/Sensitivities section, there is a risk that criminals and drug users would simply substitute GHBRs for a different drug which would negate this benefit.

²³ 10 year cost discounted by 3.5% each year. [Green Book supplementary guidance: discounting - GOV.UK \(www.gov.uk\)](#)

²⁴ Home Office. The economic and social costs of crime – found [here](#) Table 1

²⁵ Number of drug-related deaths involving GHB, England and Wales, Deaths Registered 1993-2017, [Number of drug-related deaths involving GHB, England and Wales, deaths registered 1993 to 2017 - Office for National Statistics \(ons.gov.uk\)](#)

Benefit 3: Other harm reductions

64. There are other harms incurred by society from the misuse and weaponisation of GHBRs. In recent years there have been prolific serial rapes committed using GHBRs²⁶. These DFSA impose significant costs on society. The economic and social cost of a **rape is £44,400** in 2021/22 prices.²⁷ The economic and social cost of other **sexual assaults is £7,400** in 2021/22 prices³. The cost of these crimes include health service costs, victim services, police costs, other CJS costs, physical and emotional harm. If this intervention successfully reduces the incidence of any of these crimes, there would be a benefit in terms of costs avoided equivalent to the respective unit costs.
65. There is some evidence to suggest that increasing **control on drugs has been correlated with a reduction in consumption and prevalence**, for example, such as that which was seen in the Review of the Psychoactive Substances Act ²⁸. To note, in the same way as outlined for the changes outlined relating to the changes in harms following the cannabis reclassification, this observed change in prevalence is not necessarily a causal link. It is possible that other factors impacted the decrease in the consumption of New Psychoactive Substances (NPS). If a decrease in consumption were to occur following the reclassification to Class B, cost-savings would be made in healthcare costs, CJS costs and other harms. As with cannabis (see paragraph 53) psychoactive substances and GHBRs may well differ significantly in terms of their pharmacological effects and other factors. These differences limit the extent to which the evidence from the Psychoactive Substances Act 2016, as with the cannabis research outlined above, can be applied to the reclassification of GHBRs.

Benefit 4: Enable international trade

66. Through an informal consultation with the GHBRs industry, it is understood that it is currently difficult to secure export rights from countries such as China where exports are only permitted on provision of official documentation from the importing country affirming that the UK company is trading legitimately. A licensing regime in place domestically in the UK will enable UK companies to provide that evidence. Hence, **the licensing regime which would be imposed on those companies dealing with GHBRs may enable international trade.**
67. Better enabling international trade may confer a number of economic benefits on different groups in the UK. International trade increases competition in the market for GHBRs as there are more firms able to sell to the UK. This may put downward pressure on prices which benefits the end consumer. This benefit may be bolstered if the exporting country can produce the GHBRs more efficiently or at scale.

Breakeven Analysis

68. It was not possible to model the predicted change in costs and benefits due to a lack of data. A breakeven analysis has been conducted. This analysis examines the unit cost of a number of crimes which GHBRs misuse/weaponisation has been associated with and compares these unit costs to the cost to business due to the regulatory

²⁶ BBC News Article: GHB: The drug used as a 'rapist's weapon of choice', [GHB: The drug used as a 'rapist's weapon of choice'](#) - BBC News

²⁷ Home Office. The economic and social costs of crime - found [here](#) Table 1

²⁸ [Review of the Psychoactive Substances Act 2016 \(publishing.service.gov.uk\)](#)

change. The analysis then communicates the number of these crimes **which must be avoided** (the benefit) **for the regulatory change cost to breakeven**. If any further crimes are avoided over and above this breakeven point, then the regulations will have provided a net benefit to society.

69. The breakeven points are presented in Table 5 below.

Table 5, Breakeven point calculation, £, 2021.

Crime	Yearly Cost to Industry	Unit Cost of Crime	Breakeven Point
Rape	£64,609	£44,427	1.45
Sexual assault	£64,609	£7,207	8.96
Homicide	£64,609	£3,631,970	0.02

Source: Home Office, own estimates, 2021.

70. This analysis can be interpreted to mean that **at least two rapes must be avoided** because of this regulatory change for the intervention to provide a net societal benefit. This is because a rape imposes many different costs on society, for example, costs to the healthcare system, mental health and policing costs. Hence, if one rape is prevented, this represents a cost avoided for society.
71. Finally, if just one homicide is avoided because of this regulatory change, this intervention will not only recover the costs of this intervention, but will provide significantly greater benefits than the cost. This is because the cost avoided due to a prevented homicide is £3.6 million (2021/22 prices).
72. To note, the benefits derived from avoiding costs in this breakeven analysis are not conferred on those who bear the costs of the licensing regime. The benefits are likely to be derived primarily by individuals who, as a result, do not become victims of drug-facilitated crime, those who may misuse GHBRs recreationally and to the taxpayer from reduced spend on support services associated with these crimes. The costs will mainly fall on the businesses which utilise and sell GBL and/or 1,4-BD.

Impact on small and micro-businesses

73. Based on correspondence with the GHBRs industry, there is currently one micro-business and one small business. It is likely that these two firms represent the only small and micro-businesses in the industry. It is not possible to make these small or micro-businesses exempt from the regulations as this would create a clear diversionary route for criminals to facilitate illicit supply of GHBRs. This would likely result in no change to supply of GHBRs and subsequent consumption and weaponisation of the drugs. As such, there would likely be no change to the harms imposed on society through GHBRs misuse. The potential cost to these businesses is limited to **£8,155 per business over a 10 year appraisal period**. There may also be alternative chemicals which these businesses could substitute GBL and/or 1,4-BD for.

F. Proportionality

74. The analysis is proportionate to the high-profile nature of the options appraised. The total monetised net cost to business per year is estimated to range between **£55,000** and **£64,100**.

G. Risks

75. There are several risks associated with **Option 2**: rescheduling of GBL and 1,4-BD and reclassifying GHBRs. These risks are laid out below.

Risk 1: Distributional considerations

76. There is a risk that the costs associated with licensing fees will be so significant that firms will exit the UK market and enter foreign markets for GHB. It is unlikely that large chemical firms would find the licensing cost great enough to exit the UK market. However, smaller firms further down the supply chain may not be able to afford the licensing costs and exit the market. This is a distributional consideration as some firms may be impacted more severely depending on their ability to pay for the required licence. Currently, there is one small and one micro business in the market. None of the firms in the GBL/1,4-BD industry have a Home Office controlled drug licence. Hence, these firms will bear a cost due to the intervention. The other companies represented by the Chemical Business Association are medium or large companies and will likely not be significantly impacted by this regulation.

Risk 2: Market power risk

77. If too many firms choose to exit the market due to high licensing costs, there may be a concentration of market power among the remaining firms. The result of this lack of competition may be an increase in the market price of GHB for consumers which will decrease the quantity of GHB that consumers will purchase. This would not be efficient for the market. If the market is not efficient, this means that some buyers and/or sellers could be made better off without making anyone else worse off, in terms of price paid or quantity purchased.

Risk 3: An illicit Market for GHBRs

78. The benefits of the rescheduling of GBL and 1,4-BD are based on harm reduction associated with a reduction in the criminal and drug user misuse of the drug. The intervention of rescheduling the precursors of GHB is intended to filter out the criminal consumers and allow only legal consumers to participate in the market. However, it is still possible for GHBRs, like many other illicit drugs, to be illegally trafficked into the UK. The licensing regime may well increase the price that criminals and drug users must pay to buy GHBRs, however, it is likely that it would still be possible for criminals and drug users to obtain GHBRs through an illicit market.

Risk 4: Demand for GHBRs is unresponsive to price

79. If GHBRs become very difficult to obtain due to this intervention and the price on illegal markets increases substantially then the quantity of the drug which is demanded by criminals and drug users may decrease. This would lead to a reduction in the harms caused by GHBRs misuse and weaponisation. However, if the price elasticity of demand for GHBRs is inelastic (demand for the product is not very responsive to changes in price), then even if the price of GHBRs were to increase significantly, there would be a small or negligible decrease in the quantity of the drug which is demanded. Hence, there would be no reduction in harms caused by GHBRs and the harms of GHBRs misuse would continue to be imposed on society.

Risk 5: Substitutability of demand for GHBRs

80. The benefits of this intervention are based on harm reduction. However, if this intervention is successful in diverting criminals from accessing GHBRs then they may substitute GHBRs with another drug. If the harms associated with this drug are equal to those of GHBRs use, then the intervention will have had no overall benefit whilst imposing costs on UK businesses. Criminals may substitute GHBRs with a more harmful drug which would impose a greater level of harm on wider society. This risk is mitigated because any substitute which is currently uncontrolled under the Misuse of Drugs Act 1971 would likely be subject to the Psychoactive Substances Act 2016.

Risk 6: Lack of understanding of the level of harm of GHBRs

81. The general public may not be made aware of the reclassification of GHBRs. This may be the result of a misunderstanding of the tiered system or simply not seeing any government communication of the change in classification. This lack of awareness may then have no effect on individual's behaviour relating to GHBRs misuse. This will then have no effect on reducing the levels of harms imposed on wider society, assuming they are able to continue to find supply of these drugs.

Risk 7: Increase in price and revenue for criminals supplying GHBRs

82. If the supply of GHBRs is reduced by the rescheduling of GBL & 1,4 BD to Schedule 1 of the 2001 regulations then the price of these drugs on the illicit market may increase. However, the demand for these drugs may be unresponsive to changes in the price, given that these drugs are used to commit serious crimes such as rape and murder. If the quantity of these drugs which is demanded by criminals remains unchanged but the price increases, there will be an increase in the revenue generated by criminals supplying the drugs. This increase in the available revenue in the market may, as some literature from America suggests²⁹, result in an increase in serious violence. This violence would impose further harms on society without reducing the harms from GHBRs misuse.

²⁹ Evelina Gavrilova, Takuma Kamada, Floris Zoutman, Is Legal Pot Crippling Mexican Drug Trafficking Organisations? The Effect of Medical Marijuana Laws on US Crime, *The Economic Journal*, Volume 129, Issue 617, January 2019, Pages 375–407, <https://doi.org/10.1111/eoj.12521>

Risk 8: High-harm serial offenders may continue to commit a significant number of crimes

83. There have been several prolific serial offenders who have weaponised GHBRs for the purposes of DFSA, rape and murder. The criminal penalties for these crimes are much more severe than the penalties for Class C drug offences. This indicates that a reclassification of GHBRs from Class C to Class B may not deter these serial offenders from committing these high-harm crimes. For example, the serial rapist Reynhard Sinaga is thought to have used GHBRs to incapacitate his victims. He was convicted on 136 rape charges, and is thought to have committed further offences. This demonstrates that a very significant level of harm can be imposed on society by one criminal. Hence, there is a high level of risk associated with another high-harm criminal weaponising GHBRs and imposing extremely high harms on society.

Total cost and benefits

84. Total cost is estimated to be in a range of **£0.55 to £0.64 million (PV)**, with a central estimate of **£0.61 million (PV)** over 10 years. Set-up costs are estimated to be **close to zero**. Ongoing costs are estimated to be in the range of **£0.55 million to £0.64 million (PV)**, with a central estimate of **£0.61 million (PV)** over 10 years. Total monetised benefits are estimated to be **zero**. While the net present social value (NPSV) is **-£0.64 million**, this does not accurately reflect the benefits of this policy because the benefits are not monetised.

H. Direct costs and benefits to business calculations

85. There are no benefits (monetised or otherwise) to UK businesses due to this intervention. Only the monetised costs of the rescheduling and reclassification have been modelled and used to calculate the direct cost to business per year. The (NPSV), which subtracts the total costs from the total benefits is **-£0.64 million**³⁰. Additionally, the business net present value (BNPV) calculates the total benefits which accrue to businesses minus the total costs which are conferred upon them. This figure is in the range of **-£0.47 million** and **-£0.55 million**, with a central estimate of **-£0.53 million**.

86. Table 6 summarises the results of this analysis.

Table 6, Total Costs to Businesses, £ million, 2021.

NPSV	- 0.64
BNPV	- 0.54
Direct cost to business per year	0.06
BIT	0.64
Appraisal period	10 years

Source: Home Office Internal Analysis,, 2021.

I. Wider impacts

³⁰ Range shown in the paragraph above.

87. A wider impact associated with the reclassification of GHBRs from Class C to Class B may be that unintended consequences will be imposed on the MSM community and individuals consuming GHBRs for the purposes of chemsex. As stated in the ACMD's assessment of the harms of GHBRs³¹, these two groups may be disproportionately impacted by reclassification as stricter criminal penalties are likely to fall on these groups. To note, the ACMD has provided a number of further recommendations which seek to mitigate these negative impacts. These recommendations include data collection and reporting of GHBRs use and sexual orientation.
88. More severe punitive measures taken against those in possession of GHBRs may deter those who have fallen victim to drugs facilitated sexual assault (DFSA) from reporting the assault to the police. This may be due to the victims reluctance to tell the police about their GHBRs consumption due to concerns that they may face higher criminal penalties themselves. These disincentives to report crimes may result in fewer DFSA crimes (or other crimes associated with GHBRs misuse) from being reported. Reclassification may also force GHBRs users to withdraw from the drug in an uncontrolled way. The ACMD report⁷ states there may be consequent impacts on the individual's mental and physical health due to this withdrawal.

J. Trade Impact

89. This cost is unlikely to have a significant negative impact on imports or exports. There may be a small impact on trade due to the additional licensing costs to import or export controlled drugs. It is expected that the industry will demand 65 import consignment licences at £24 each. This insignificant cost has been estimated to be **£11,900 (PV)** over a 10-year period or £1,560 per year.

K. Monitoring and evaluation (PIR if necessary), enforcement principles

90. Under the 1971 Act, the ACMD is required to undertake its statutory duties of constantly reviewing the misuse of drugs. This involves reviewing data on the prevalence and misuse of GHBRs. Historically, inferring the causal impact of drug reclassifications on consumption has been difficult due to the inability of researchers to establish a control group for a robust statistical experiment. Hence, monitoring and evaluating this reclassification or rescheduling will likely take the form of examining trends over time. These trends will represent correlations and not necessarily causations, making conclusive evaluation of this intervention difficult. Home Office analysts are working with the ONS to assess the feasibility of measuring GHBR usage via the Crime Survey of England and Wales (CSEW) to assist in monitoring any changes in trends.

³¹ [Assessment of the harms of gamma-hydroxybutyric acid, gamma-butyrolactone, and closely related compounds - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Annex A

1. An informal consultation was undertaken with two industry stakeholder groups, namely the Chemical Business Association (CBA) and the Chemical Industries Association (CIA). Both groups provided background and contextual information to the GHBRs industry and helped Home Office analysts to better understand the marginal impacts of the proposed reclassification and rescheduling. A number of telephone calls and email correspondence helped Home Office analysts to model the marginal costs of the two interventions using assumptions underpinned by CBA and CIA insight. A formal questionnaire was not issued to these industry stakeholders.
2. These stakeholders informed Home Office analysts of the number of UK businesses participating in the GHBRs market and what activities these firms undertake. This informed the assumptions made in the spreadsheet modelling of licensing costs with regard to what licences these firms will be required to purchase. In instances where the industry was unable to provide robust estimates, for example, the number of UK firms which already hold a Home Office controlled drugs licence, analysis used an estimate of the highest possible cost to ensure that the cost to industry was not underestimated in the absence of good-quality data. Also, a range of costs is reported to account for any uncertainty in the cost estimations.

Annex B

1. The impact of small and micro businesses is anticipated to be minimal as there are only 2 businesses which fit this description. This is detailed further in paragraph 73.

Impact Assessment Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p>Statutory Equalities Duties</p> <p>The public sector equality duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations in the course of developing policies and delivering services. [Equality Duty Toolkit]</p> <p>The SRO has agreed these summary findings.</p> <p>The EIA considers the impact of these policy changes on people sharing a protected characteristic as outlined in the Equality Act 2010. The changes in classification and scheduling will disproportionately impact MSM as the largest user group and the effects may include, for example, higher penalties for possession. However, any potential benefits from reducing the prevalence and harms from GHBRs misuse will also benefit MSM. Additionally, the legislative changes will not act in isolation. The ACMD's educational and treatment-based recommendations, which will be delivered by OHID, should help to counteract any negative impact of the reclassification of GHBRs. Therefore, we consider that the measures as a whole, in aiming to restrict access and thereby use of GHBRs, particularly for DFSA, are a proportionate means to achieve a legitimate goal.</p>	<p>Yes</p>

Economic Impact Tests

<p>Small and Micro-business Assessment (SaMBA) 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>Yes (see Annex B)</p>
<p>Clarity of legislation 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>The rescheduling of GBL and 1,4-BD will simplify the Misuse of Drugs Regulations, as there will no longer be a bespoke status for these substance. Instead, they will have the same status as other Schedule 1 drugs.</p>	<p>Yes</p>