

# Impact Assessment

Title: Firearms Licensing Fees

Type of measure: Secondary legislation

Department or agency: Home Office

IA number: HO IA 1006

Type of Impact Assessment: Final

RPC reference number: N/A

Contact for enquiries:

Date: 26/11/2024

## 1. Summary of proposal

1. Firearms licensing fees are being increased to achieve full-cost recovery for the police based on current estimates of costs.
2. The fees were last revised in 2015 and are now considerably below the cost of the service provided by the police. The government's manifesto committed to increase the fees to achieve full-cost recovery. This will support policing to provide more effective and efficient firearms licensing controls, helping them to safeguard the public from the misuse of licensed firearms and to provide a professional service to applicants.
3. The licence fees were calculated based on estimates of current costs of processing a licence. The fee level is fixed until it is reviewed, likely in three years, therefore full-cost recovery is only achieved in the first year. However, the loss to policing budgets is significantly reduced.

## 2. Strategic case for proposed regulation

4. The licensing of firearms and shotguns is administered by local police forces and requires a fee to be paid by applicants. The fees were last revised in 2015<sup>1</sup> and are now considerably below the cost of the service provided. Police forces are therefore having to subsidise their firearms licensing teams from other force budgets. HM Treasury guidance on Managing Public Money states that where a fee is charged for a licence the amount should normally reflect the full cost of the service provided.
5. The Home Office carried out a review to identify the full cost to the police of administering firearms licensing, using data collected from 31 police forces during January 2023. Analysis of the data shows that police costs are now over double the fees set in 2015.
6. The government's manifesto<sup>2</sup> committed to increase firearms licensing fees to achieve full-cost recovery for the police. This will help safeguard the public by providing police forces with extra income to better resource and train their firearms licensing teams, and to carry out thorough checks and continuous assessment of the suitability of applicants to possess firearms. Following the shootings in Keyham in August 2021<sup>3</sup>, the Senior Coroner for the inquests into those who were killed made recommendations for improving firearms licensing controls, including that fees should be based on full-cost recovery and should include the costs of providing police licensing staff with improved training<sup>4</sup>.
7. The fees can only be changed by means of secondary legislation and it falls to government to make any changes. Firearms fees are governed by the Firearms Act 1968<sup>5</sup>. Section 43 enables the Secretary of State for the Home Department (Home Secretary) to amend the fees by order.

## 3. SMART objectives for intervention

8. The objectives are to enable police forces to move to full cost recovery for issuing firearm certificates, shotgun certificates and other chargeable licences, thereby addressing the shortfall in funding generated by the current fee levels; to improve the service that the police deliver to applicants; and to support public safety by ensuring the police have the resources they need to carry out effective checks on applicants' suitability. This will occur from the point of implementation onwards.

---

<sup>1</sup> Firearms Variation of Fees Order 2015: <https://www.legislation.gov.uk/uksi/2015/611/contents/made>

<sup>2</sup> Labour Party Manifesto 2024. Change – The Labour Party: <https://labour.org.uk/change/>

<sup>3</sup> <https://www.bbc.co.uk/news/uk-england-devon-58200336>

<sup>4</sup> The Senior Coroner for Plymouth, Torbay and South Devon issued Prevention of Future Deaths reports to the Home Office and other parties on 8 March 2023: <https://tqchambers.com/wp-content/uploads/2023/03/KEYHAM-INQUESTS-Combined-PFD-reports-1.pdf>

<sup>5</sup> Firearms Act 1968: <https://www.legislation.gov.uk/ukpga/1968/27/contents>

9. The government intends to increase fees to full-cost recovery as soon as possible, in line with its manifesto commitment<sup>6</sup>. This is in line with HM Treasury guidance on Managing Public Money<sup>7</sup>, which requires that fees and charges for public services should normally recover the full cost of providing them.
10. The additional income from fees will support policing to provide more effective firearms licensing controls. It will help safeguard the public by providing police forces with the extra income they need to better resource and train their firearms licensing teams, to carry out thorough checks and the continuous assessment of the suitability of applicants, as required by the statutory guidance for police on firearms licensing. This will support the government's Safer Streets mission<sup>8</sup> by helping to reduce gun crime. Increased fees will also support the police to provide an efficient and professional service to applicants and certificate holders.

#### **4. Description of proposed intervention options and explanation of the logical change process whereby this achieves SMART objectives**

11. There are four options examined in this impact assessment including the do nothing option. Option 0 (do nothing) does not achieve government objectives. Options 1 and 2 involve increasing firearms licence fees with inflation. This is based on CPI in Option 1 and RPI in Option 2. They achieve some cost recovery as they lead to a significant increase in fees which would reduce the burden on policing budgets. However, they do not meet the manifesto commitment to achieve full cost recovery. These options were explored in spite of this as the appraisal process was started prior to the election.
9. **Option 3 is the government's preferred option** which is to increase firearms licensing fees to achieve full-cost recovery, based on current estimates of costs to the police. This is in line with HM Treasury guidance on Managing Public Money, which requires that fees and charges for public services should normally recover the full cost of providing them. Increasing firearms licensing fees to full-cost recovery will support police forces to better resource and train their firearms licensing teams and to carry out thorough checks and continuous assessment of the suitability of applicants to possess

#### **5. Summary of long-list and alternatives**

12. All realistic options to achieve the government's intended outcomes were taken through to shortlist stage. The appraisal process for this policy began under the Interim Better Regulation Framework in which there was no expectation for a long list. Therefore,

---

<sup>6</sup> Labour Party Manifesto 2024 - Take back our streets – The Labour Party: <https://labour.org.uk/change/take-back-our-streets/>

<sup>7</sup> Managing Public Money HMT: <https://www.gov.uk/government/publications/managing-public-money>

<sup>8</sup> Labour Party Manifesto 2024 - Take back our streets – The Labour Party: <https://labour.org.uk/change/take-back-our-streets/>

creating a long list would have entailed retroactively creating a longlist which has been deemed disproportionate in this case.

## 6. Description of shortlisted policy options carried forward

13. Options considered are as follows:

- **Option 0. Do-nothing.** Firearms licensing fees remain at current levels. See table 1.
- **Option 1.** Increase firearms licensing fees in line with inflation since 2014 using the Consumer Price Index (CPI). See table 1.
- **Option 2.** Increase firearms licensing fees in line with inflation since 2014 using the Retail Price Index (RPI). See table 1.
- **Option 3.** Increase firearms licensing fees to achieve full-cost recovery based on 2024 costs to police. See table 1. **This is the government's preferred option as it meets the strategic and objective.**
- **Non-regulatory options:** There are no non-regulatory options that could meet the government's manifesto commitment or achieve the policy objectives. Fee levels can only be changed by means of secondary legislation and it therefore falls to government to make any changes.

### Appraisal Process outline

14. The Home Office completed a data capture exercise in January 2023 to understand the time taken by police firearms licensing teams undertaking each chargeable activity for processing applications. Labour costs were then obtained from BlueLight Commercial, an organisation that works with policing to help transform their commercial services<sup>9</sup>, to establish a cost per license.
15. For options 1 and 2 current fee levels were inflated by the CPI (for Option 1) and RPI (for Option 2). These used the monthly indices to obtain the percentage increase from October 2014 (when the previous fee regime was estimated), and September 2024 (the latest available data). For option 3 the fee levels were set at the estimated cost in 2024.
16. Then the costs to business, individuals and police were calculated for the 10-year appraisal period. Option 3 was selected as the preferred option as it provides the most cost recovery and therefore best meets the objectives set.
17. The EANDCB was not high enough to qualify these measures for a small and micro business assessment. However, the impacts on smaller businesses and Registered Firearms Dealers are considered in section F of the Evidence Base.

---

<sup>9</sup> BlueLight Commercial | Transforming commercial services together: <https://bluelightcommercial.police.uk/about/>

## 7. Regulatory scorecard for preferred option

Please provide quantitative estimates and qualitative descriptions of impacts under each heading in the following sections. The right-hand column for directional ratings should be based on the description of impact and the sign of the suggested indicator (NPV, NPSV, all impacts): **Green** – positive impact, **red** – negative impact, **amber** – neutral or negligible impact, **blue** – uncertain impact. Please use the colours in the examples shown below, as these are suitable accessible colours. Please see BRF guidance technical annex for definitions.

### Part A: Overall and stakeholder impacts

<b>(1) Overall impacts on total welfare</b>		<b>Directional rating</b> Note: Below are examples only
<b>Description of overall expected impact</b>	<p>This regulation will mean increased revenue to the police estimated at £10.3 million per year. This will reduce the current subsidisation of firearms licensing teams from other police budgets, allowing that money to be spent on other police priorities.</p> <p>The increased police revenue will be generated through increased costs to firearms licence applicants estimated at £9.3 million per year, and increased costs to firearms dealers estimated at £1 million per year.</p>	<b>Positive</b> Based on all impacts (incl. non-monetised)
<b>Monetised impacts</b>	<p>NPSV is 0 in all scenarios as the change in fees represents a transfer from businesses and individuals to the public sector.</p> <p>The cost to individuals is estimated between £64.9 million and £120.5 million with a central estimate of £92.7 million (PV)</p> <p>The cost to business is estimated between £7.3 million and £13.6 million with a central estimate of £10.5 million (PV)</p> <p>The benefit of increased revenue to the police is estimated between £72.2 million and £134.1 million with a central estimate of £103.2 million (PV).</p>	<b>Neutral</b> Based on likely £NPSV
<b>Non-monetised impacts</b>	<p>There will likely be additional benefits as the reduction of the subsidisation of firearms licencing activity through the police budget will effectively act as an increase to police budgets as that money can be spent elsewhere.</p> <p>The benefit has not been monetised as it is not known how the police will choose to use this budget and thus what the impacts would be.</p>	<b>Positive</b>
<b>Any significant or adverse distributional impacts?</b>	No	<b>Neutral</b>

## (2) Expected impacts on businesses

<b>Description of overall business impact</b>	<p>The increase in firearms fees will result in an increase in costs to businesses that hold firearms licenses.</p>	<b>Negative</b>
<b>Monetised impacts</b>	<p>The Business NPV is estimated as between -£7.3 million and -£13.6 million with a central estimate of -£10.5 million</p> <p>The approx. net financial cost to business EANDCB is estimated between £0.9 million and £1.6 million with a central estimate of £1.2 million.</p> <p>No pass through has been deducted from these figures.</p>	<b>Negative</b> <b>Based on likely business £NPV</b>
<b>Non-monetised impacts</b>	<p>There may be an indirect impact on Registered Firearms Dealers (RFD) as the fee increase might impact demand on firearms. A large change in demand is not expected as the increased licence fees remain cheaper than other common licenses for cheaper goods than firearms such as TV licenses and some fishing licenses.</p>	<b>Neutral</b>
<b>Any significant or adverse distributional impacts?</b>	<p>Registered Firearms Dealers face the largest increase in licence cost; however it is unlikely to be significant enough to impact businesses.</p> <p>It is estimated that the majority of licence holders are small and microbusinesses. Whilst the impacts are disproportionate mitigating or excluding this business would prevent the policy from achieving cost recovery. In addition, unless these businesses hold a very large number of firearms licences the cost per business is likely to be low.</p>	<b>Uncertain</b>

### (3) Expected impacts on households

<b>Description of overall household impact</b>	<p>The increase in firearms fees will result in an increase in costs to individuals that hold firearms licenses.</p>	<b>Negative</b>
<b>Monetised impacts</b>	<p>Household NPV is estimated to be between -£64.8 million and -£120.4 million with a central estimate of -£92.6 million.</p> <p>The approx. net financial cost to households EANDCH is estimated between £7.5 million and £14.0 million with a central estimate of £10.8 million.</p> <p>No pass through has been deducted from these figures.</p>	<b>Negative</b> <b>Based on likely household £NPV</b>
<b>Non-monetised impacts</b>	<p>Benefits to all individuals (both those who hold licences and those who do not) from firearms licencing activity no longer being subsidised by the police budget allowing a potential increase in other policing activity.</p>	<b>Positive</b>
<b>Any significant or adverse distributional impacts?</b>	<p>It is likely that the increase in fees will cost rural communities more than urban ones. This is largely due to the fact most non-RFD businesses that hold licenses are Farmers. However, it is possible that the money will go towards police activity in the same rural areas so the net impact to those communities is uncertain.</p>	<b>Uncertain</b>

**Part B: Impacts on wider government priorities**

Category	Description of impact	Directional rating
<p><b>Business environment:</b></p> <p>Does the measure impact on the ease of doing business in the UK?</p>	<p>Assessed that this will likely have no significant impact.</p>	<p><b>Neutral</b></p>
<p><b>International Considerations:</b></p> <p>Does the measure support international trade and investment?</p>	<p>Assessed that this will likely have no significant impact.</p>	<p><b>Neutral</b></p>
<p><b>Natural capital and Decarbonisation:</b></p> <p>Does the measure support commitments to improve the environment and decarbonise?</p>	<p>Assessed that this will likely have no significant impact.</p>	<p><b>Neutral</b></p>

## **8. Monitoring and evaluation of preferred option**

18. The government will keep firearms licensing fees under review annually to check whether they remain in line with police costs for administering the service, and will conduct a further comprehensive review after three years, based on full-cost recovery and taking account of increased efficiencies and new burdens.
19. Reviews will continue to involve the Fees Working Group comprising key stakeholders, including the police and the main representative shooting organisations, to inform the process.

## **9. Minimising administrative and compliance costs for preferred option**

20. There are no administrative or compliance costs for any of the options considered, including the preferred option.

## **10. Main assumptions / sensitivities and economic / analytical risks**

21. The impact on costs and revenues of any fee changes is dependent upon future volumes of firearms licensing applications. These are inherently uncertain, especially following the interruption of the COVID-19 period. To capture this uncertainty, sensitivity analysis was conducted which evaluated the effect of future total volumes - which are 30 per cent lower and 30 per cent higher than the central forecast.
22. The estimated cost of producing a licence is assumed to grow at the rate that labour costs grew historically. It is possible that if labour costs grow at a faster / slower rate, the estimated cost of a licence will be different.

# Declaration

Department:

Home Office

Contact details for enquiries:


Dennis Wilmer, Home Office ([dennis.wilmer@homeoffice.gov.uk](mailto:dennis.wilmer@homeoffice.gov.uk))

Minister responsible:

The Rt Hon. Dame Diana Johnson DBE MP, Minister of State  
for Policing, Fire and Crime Prevention

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:



Date:

26.11.24

## Summary: Analysis and evidence

Price base year:

2024

PV base year:

2024/25

This table may be reformatted provided the side-by-side comparison of options is retained		0. Maintain Current Fees Do Nothing(baseline)	1. Increase with CPI	2. Increase with RPI	3. Full Cost Recovery in Year 1, applied across 10 years
<b>Costs (£m)</b>	Low	0	17.1	23.2	72.2
	High	0	31.7	43.1	134.1
	<b>Best</b>	0	24.4	33.2	103.2
(Distinguish between setup and ongoing costs, as well as private/public costs)		Costs to Business and Individuals	Costs to Business and Individuals	Costs to Business and Individuals	Costs to Business and Individuals
<b>Benefits (£m)</b>	Low	0	17.1	23.2	72.2
	High	0	31.7	43.1	134.1
	<b>Best</b>	0	24.4	33.2	103.2
(Distinguish between setup and ongoing benefits, as well as private/public benefits)		Benefit to police	Benefit to police	Benefit to police	Benefit to police
<b>Net present social value (£m)</b>	Low	0	0	0	
	High	0	0	0	
	<b>Best</b>	0	0	0	

This table may be reformatted provided the side-by-side comparison of options is retained	<b>0. Business as usual (baseline)</b>	<b>1. Do-minimum Option</b>	<b>2. Preferred way forward (if not do-minimum)</b>	<b>3. More ambitious preferred way forward</b>
<b>Public sector financial costs</b> (with brief description, including ranges)	None	None	None	None
<b>Significant un-quantified benefits and costs</b> (description, with scale where possible)	None	Unmonetized benefit of increase funding for other policing activities.	Unmonetized benefit of increase funding for other policing activities	Unmonetized benefit of increase funding for other policing activities.
<b>Key risks</b> (and risk costs, and optimism bias, where relevant)	Key analytical risk is changes if volumes of firearms licenses.	Key analytical risk is changes if volumes of firearms licenses.	Key analytical risk is changes if volumes of firearms licenses.	Key analytical risk is changes if volumes of firearms licenses.
<b>Results of sensitivity analysis</b>	Varying volumes lead to increased overall costs and benefits but there is no anticipated changes to per licence costs and benefits.	Varying volumes lead to increased overall costs and benefits but there is no anticipated changes to per licence costs and benefits.	Varying volumes lead to increased overall costs and benefits but there is no anticipated changes to per licence costs and benefits.	Varying volumes lead to increased overall costs and benefits but there is no anticipated changes to per licence costs and benefits.

# Evidence base

## A. Strategic objective and overview

### Strategic objective

1. The policy proposals appraised in this impact assessment would increase the fees charged by police forces for issuing firearm and shotgun certificates and other chargeable licences. Increasing the fees will provide police forces with the resources they need to provide an effective firearms licensing system to safeguard the public from the misuse of firearms, and to support an efficient and professional service to applicants and certificate holders. This supports the government's Safer Streets mission<sup>10</sup> by helping to reduce gun crime.

### Background

2. Firearms licensing is a chargeable service provided by the police. The Home Office is responsible for the fee structure and sets national fees in discussion with key partners, including the National Police Chiefs' Council (NPCC), the Association of Police and Crime Commissioners, representative organisations from the shooting community, the Countryside Alliance, the Scottish Government, and other government departments.
3. The fees for firearm and shotgun certificate applications were last revised in 2015 and are now considerably below the cost of the service provided. Firearms certificates are valid for five years and the registration of firearms dealers is valid for three. The owner of the firearm or shotgun must renew his or her certificate at the end of the relevant cycle and will incur a renewal fee.
4. Firearms fees are governed by the Firearms Act 1968<sup>11</sup>. Section 43 of the Firearms Act 1968 enables the Secretary of State for the Home Department (Home Secretary) to amend the fees by order.
5. In 2023/24 police forces in England, Wales and Scotland granted 23,952 firearm and shotgun certificates (21,852 in England and Wales, and 2,100 in Scotland) and renewed a further 74,733 certificates (67,523 in England and Wales, and 7,210 in Scotland)<sup>12</sup>. It should be noted that the volume of applications fluctuates over time due to the cyclical period for the renewal of certificates.
6. When the fees were revised in 2015, the government committed to an annual review of firearm fees and for a more comprehensive review after five years. The five years point for a planned review of police fees coincided with the start of the COVID-19 pandemic and the introduction of public health restrictions on society in 2020. In view of the pressures this presented, it was considered that it would not be a good time to undertake such a review.

---

<sup>10</sup> Labour Party Manifesto 2024 - Take back our streets – The Labour Party: <https://labour.org.uk/change/take-back-our-streets/>

<sup>11</sup> Firearms Act 1968: <https://www.legislation.gov.uk/ukpga/1968/27/contents>

<sup>12</sup> Firearm and shotgun certificates, April 2023 to March 2024 - GOV.UK ([www.gov.uk](http://www.gov.uk)):

<https://www.gov.uk/government/statistics/firearm-and-shotgun-certificates-april-2023-to-march-2024> and Police Scotland Firearms Licensing Statistical Publication 2023-2024 <https://www.scotland.police.uk/about-us/what-we-do/firearms-and-explosives-licensing?view=Standard>.

7. Following the lifting of COVID-19 restrictions, the Home Office commenced a review of firearms licensing fees in April 2022, working with key partners including the police and shooting organisations. The key aim of the review was to move towards full-cost recovery for the police, in line with HM Treasury guidance<sup>13</sup>, while providing a more effective service by police forces that supports public safety and at the same time provides an efficient service to applicants
8. In 2024, the government committed to increase firearms licensing fees to achieve full-cost recovery for the police in its manifesto<sup>14</sup> as part of the Safer Streets Mission.

## **Groups affected**

### **Police forces in England, Wales, and Scotland**

9. Police forces issue certificates for licensed firearms and incur costs from having to process applications (for example, making background checks on applicants and visiting them at home to check their security) and monitoring compliance throughout the duration of the certificate. These costs will vary across different licence types.
10. The police will recoup a greater proportion of the estimated costs of processing firearm and shotgun certificates when the licensing fees are revised. Communities may also benefit as the police will be able to redirect funding which would have been used to subsidise the licensing process to other policing priorities relevant to a particular area.

### **Registered firearms dealers**

11. An important group of commercial users of the firearms licensing system are RFDs. This covers any person who is registered in Great Britain under the Firearms Act 1968 who, by way of trade or business (a) manufactures, sells, transfers, repairs, tests or proves firearms or ammunition to which section 1 of the Firearms Act 1968 applies, or shotguns; or (b) sells or transfers air weapons.
12. In 2023/2024 police forces in England, Wales and Scotland granted 267 new applications for registration as a firearms dealer (258 in England and Wales, and 9 in Scotland) and renewed a further 718 (540 in England and Wales, and 178 in Scotland).

### **Businesses with firearm/shotgun certificates**

13. There are several occupations that require the use of a firearm or shotgun and therefore require a certificate. These include farmers, gamekeepers, and vets. Table 1 shows the numbers for each occupation in 2023 and is taken from the National Firearms Licensing Management System (NFLMS) for England and Wales and from the Shotgun system for Scotland. This data is management information that is collated for operational purposes and has not been quality assured to the standards of published statistical publications by the Home Office.

---

<sup>13</sup> Managing public money – GOV.UK: <https://www.gov.uk/government/publications/managing-public-money>

<sup>14</sup> Labour Party Manifesto - Take back our streets – The Labour Party: <https://labour.org.uk/change/take-back-our-streets/>

**Table 1 - Numbers of businesses in England, Wales and Scotland that will be affected by updating fees for firearm or shotgun licences.**

<b>Occupation</b>	<b>Number in England and Wales</b>	<b>Number in Scotland</b>
Farmer	46,505	6,338
Gamekeeper	3,542	1,429
Vet	1,287	211
Forester	955	494
Zookeeper	288	18
Pest controller	227	319
Deer stalker	58	130
<b>Total</b>	<b>52,862</b>	<b>8,939</b>

Source: Management Information from National Firearms Licensing Management System (NFLMS) - March 2023 and from Shogun – July 2023

### **Other sectors which may hold firearm/shotgun licences**

14. NFLMS and Shogun does not categorise any other business types of any volume that hold firearms/shotgun certificates. Other sectors which will be affected will be primarily those with a leisure interest including shooting enthusiasts who require licences for their sport as well as those who wish to own firearms for collection or conservation.

### **B. Problem under consideration, with business as usual, and rationale for intervention**

15. The licensing of firearms and shotguns is administered by local police forces and requires a fee to be paid by applicants. The fee levels can only be changed by means of secondary legislation and it therefore falls to government to make any changes.
16. The fees were last revised in 2015 and are now considerably below the cost of the service provided. Police forces are therefore having to subsidise their firearms licensing teams from other force budgets. The Home Office has carried out a review to identify the full cost to the police of administering firearms licensing, using data collected from 31 police forces during January 2023. Analysis of the data shows that police costs are now over double the fees set in 2015.
17. The government's manifesto committed to increase firearms licensing fees to achieve full-cost recovery for the police. This will help safeguard the public by providing police forces with extra income to better resource and train their firearms licensing teams, and to carry out thorough checks and continuous assessment of the suitability of applicants to possess firearms. Following the shootings in Keyham in August 2021<sup>15</sup>, the Senior Coroner for the inquests into those who were killed made recommendations for improving firearms licensing controls, including that fees should be based on full-cost

<sup>15</sup> <https://www.bbc.co.uk/news/uk-england-devon-58200336>

recovery and should include the costs of providing police firearms licensing staff with improved training.

## C. Policy objective

18. The government's manifesto committed to increase firearms licensing fees to achieve full-cost recovery for the police. This is in line with HM Treasury guidance on Managing Public Money, which requires that fees and charges for public services should normally recover the full cost of providing them.
19. The additional income from fees will support policing to provide more effective firearms licensing controls, helping them to safeguard the public from the misuse of licensed firearms and to support an efficient and professional service to applicants and certificate holders. This will support the government's Safer Streets mission by helping to reduce gun crime. The increased income from fees will enable police forces to better resource and train their firearms licensing teams, and to carry out thorough checks and continuous assessment of the suitability of applicants to possess firearms.

## D. Description of options considered

### Long List

20. All realistic options to achieve the government's intended outcomes were taken through to shortlist stage and appraised in this impact assessment.
21. The appraisal process for this policy began under the Interim Better Regulation Framework in which there was no expectation for a long list of policy options. Retroactively creating a longlist would be both disproportionate and not accurate depiction of how the policy was constructed and appraised.

### Short Listed Options

22. Options considered are as follows:
  - **Option 0.** Do-nothing. Firearms licensing fees remain at current levels. See table 1.
  - **Option 1.** Increase firearms licensing fees in line with inflation since 2014 using the Consumer Price Index (CPI). See table 2.
  - **Option 2.** Increase firearms licensing fees in line with inflation since 2014 using the Retail Price Index (RPI). See table 2.
  - **Option 3.** Increase firearms licensing fees to achieve full-cost recovery based on 2024 costs to police. See table 2. **This is the government's preferred option as it meets the strategic and objective.**

## Non-regulatory options

23. There are no non-regulatory options that could meet the government's manifesto commitment or achieve the policy objectives. Fee levels can only be changed by means of secondary legislation and it therefore falls to government to make any changes.
24. **Option 3 has been determined as the preferred option** as it best achieves the government's manifesto commitment to achieve full cost recovery. The government plans to implement these changes by way of a negative procedure statutory instrument, to come into force at the earliest opportunity.

**Table 2 - Proposed fees (£) under each Option, £s (values rounded to nearest £)**

Type of License	Option 0 (Current Fees)	Option 1 (Increased with CPI)	Option 2 (Increased with RPI)	Option 3 (Full Cost Recovery)
Firearm Certificate Grant	88	117	132	198
Firearm Certificate Renewal	62	83	93	131
Shotgun Certificate Grant	80	106	120	194
Shotgun Certificate Renewal	49	65	74	126
Coterminous Grant	90	120	135	202
Coterminous Renewal	65	87	98	155
Registered Firearms Dealers Grant	200	267	301	466
Registered Firearms Dealers Renewal	200	267	301	466
Replacement firearm / shotgun certificate	4	5	6	9
Visitor's Permit Individual	20	27	30	47
Visitor's Permit Group	100	133	150	233
Registered Firearms Dealers - Game fairs	13	17	20	30
Variation of Firearm Certificate (not like for like)	20	27	30	47

Source: Home Office Analysis and Insight

## General assumptions and data

25. A social discount rate of 3.5 per cent is used to obtain present values, see HM Treasury (2022) Green Book.<sup>16</sup> Any estimate quoted (PV) or the Net Present Social Value (NPSV) is discounted using this rate. The appraisal is over a ten-year period of 2024/25 to 2033/34. Figures are presented in 2024 prices unless specified otherwise.

### Cost of a licence

26. To properly assess the deficit faced by police forces in all options, and to calculate Option 3 full-cost recovery fees, the total cost for police forces to process the different types of firearms licence has been estimated.
27. To estimate this, Home Office conducted a data capture exercise for two weeks in January 2023 to identify the time taken by police firearms licensing teams undertaking each of the chargeable activities for processing applications. These time estimates were then multiplied by estimates of the total labour costs for firearms licencing professionals, including salary 'on-costs' (such as pensions and national insurance) and overheads to obtain cost estimates for firearms licencing activity.
28. Labour costs were obtained from Bluelight Commercial<sup>17</sup>. Wage and non-wage data for nine police forces were provided. Separate training costs were then estimated by consulting thirteen police forces and added to the labour costs. Labour costs by role type are provided in Table 3 below.

**Table 3 - Labour Costs by Role Type and Cost Component (£ per hour), 2024 prices**

Role Type	Labour Cost without Training	Labour Cost with Training
Management & Supervision	61.21	61.51
Licence & Enquiry	41.33	41.62
Administration & Support	34.73	34.80

Source: Bluelight Commercial and Home Office Analysis and Insight

29. Since the first year of the new fees regime will involve central Home Office funding for Learning and Development (L&D), this appraisal uses the figure for total labour costs without training costs to estimate the cost of licences for the first year (2024/25), and then the labour costs with the training costs included for the second year (2025/26) onwards.
30. It is assumed that costs grow nominally each year by 4.3 per cent. To obtain this, the analysis takes the midpoint of the percentage changes in hourly labour costs (including training) between the labour costs in the IA for the 2015 increase in firearms fees<sup>18</sup> and the ones in Table 3. This was 3.2 per cent for Enquiry Officers (equivalent to Firearms Enquiry Officer) and 5.4 per cent for Administrative Officers (equivalent to Administration).

<sup>16</sup> The Green Book and accompanying guidance and documents – GOV.UK: <https://www.gov.uk/government/collections/the-green-book-and-accompanying-guidance-and-documents>

<sup>17</sup> Bluelight Commercial - <https://bluelightcommercial.police.uk/about/>

<sup>18</sup> The Firearms (Variation of Fees) Order – GOV.UK: [https://assets.publishing.service.gov.uk/media/5a74a1bb40f0b616bcb18114/Impact\\_assessment.pdf](https://assets.publishing.service.gov.uk/media/5a74a1bb40f0b616bcb18114/Impact_assessment.pdf)

31. The data capture exercise provided sufficient data samples with which to estimate the average costs across police forces for the most common types of licence applications (grants and renewals for firearms, shotgun and coterminous certificates<sup>19</sup>), however a small sample size limited the ability to do this for the less common licences. It is estimated that these less common licence types make up approximately 12 and 15 per cent of licences.

## Fee Options

32. To calculate the new fee options, the current fee levels were inflated by the CPI<sup>20</sup> (for Option 2) and RPI<sup>21</sup> (for Option 3). These used the monthly indices to obtain the percentage increase from October 2014 (when the previous fee regime was estimated), and September 2024 (the latest available data). **This represented increases of 33 per cent for Option 2 and 50 per cent for Option 3**
33. To calculate fees for Option 3 the cost for police forces to process the different types of firearms licence has been estimated. The fee was set at the cost of processing a firearms licence in year 0 (2024/25) but with training costs included. This is because whilst there are no training costs in year 0, the rest of the period will include training costs. For Option 3 the fee increases range from 112 to 157 per cent to achieve full cost recovery in 2024/25, with **an average percentage increase of 134 per cent.**
34. The costs of less common licence types (including registered firearms dealers, replacement certificates, visitor permits and certificate variations) could not be estimated accurately from the collected data. Therefore, fees were increased proportionally in line with the average increases for the more common licence types. This approach keeps the increases in line with those proposed for the main licence types and maintains a consistent fees structure.
35. For the purpose of this modelling, these fees are held constant throughout the appraisal period. It is likely they will change when the next comprehensive review of fees takes place in three years, however it is unknown how they would change so they are assumed to remain the same for the purposes of this Impact Assessment.

## Volumes of Firearms Licenses

36. To estimate the impact on overall revenue and expenditure over the appraisal period, the analysis estimates future forecasts for volumes of licence applications. There is significant uncertainty around future volumes of applications. To capture this uncertainty, sensitivity analysis was conducted (see below) under which the total volume of applications over the appraisal period is 30 per cent below and 30 per cent above those of the central scenario.
37. For firearm certificate grants, shotgun certificate grants, RFD grants, firearm certificate variations and visitor permits, the central scenario assumes that future volumes would return over a five year period to the pre-COVID-19 average (between 2015/16 and 2019/20).

---

<sup>19</sup> A coterminous certificate allows the certificate holder's firearm and shotgun certificates to expire on the same day. Combining the certificates reduces fees for the certificate holder and reduces the burden on police firearms licensing teams.

<sup>20</sup> CPI INDEX 00: ALL ITEMS 2015=100 – Office for National Statistics:  
<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bt/mm23>

<sup>21</sup> RPI All Items Index: Jan 1987=100 – Office for National Statistics:  
<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/chaw/mm23>

38. For firearm, shotgun, cotermious and RFD certificate renewals the assumption is that a fixed proportion of grants and renewals that would expire in any one year would be renewed. The fixed proportion was estimated as the average renewal rate over the pre-COVID-19 period (between 2005/06 and 2019/20 for firearm, shotgun and cotermious renewals, between 2010/11 and 2019/20 for RFD renewals).
39. These forecasts are based upon published data for England and Wales over the period 2000/01 to 2023/24.<sup>22</sup> To incorporate Scotland, the proportion of licence holders relative to England and Wales over the period for which published data is available (2018/19 to 2023/24) was used to scale up the forecasts.<sup>23</sup>

**Table 4 - Volume of grants and applications for more common licence types, England and Wales, 2018/19 to 2023/24**

	Firearm Grants	Firearms Renewals	Shotgun Grants	Shotgun Renewals	Cotermious Grants	Cotermious Renewals
2018/19	8,467	17,283	21,006	45,141	4,314	15,914
2019/20	7,745	20,736	18,238	52,506	3,956	19,804
2020/21	4,882	32,012	10,612	82,575	2,488	29,221
2021/22	6,164	26,820	15,266	69,794	3,411	24,635
2022/23	6,322	26,175	15,711	66,886	3,374	24,428
2023/24	6,395	20,610	15,457	46,913	3,492	19,359

Source: Statistics on firearm and shotgun certificates, England and Wales: April 2023 to March 2024<sup>24</sup>

**Table 5 - Volume of grants and applications for less common licence types, England and Wales, 2018/19 to 2023/24**

	RFD Grants	RFD Renewals	Variations	Visitor Permits, Individual	Visitor Permits, Groups
2018/19	444	546	9,672	7,481	319
2019/20	436	1,124	9,465	7,205	268
2020/21	149	570	7,663	2,110	80
2021/22	310	614	8,186	3,957	152
2022/23	267	1,059	7,608	4,733	168
2023/24	258	540	7,720	5,035	159

Source: Statistics on firearm and shotgun certificates, England and Wales: April 2023 to March 2024

## Transfers

40. As this policy represents a fee change, the monetised impact is considered a transfer. This means the costs to businesses and individuals from increased fee levels is matched by the benefit to the police in increased fee revenue.

<sup>22</sup> Statistics on firearm and shotgun certificates, England and Wales: April 2022 to March 2023 – GOV.UK: <https://www.gov.uk/government/statistics/statistics-on-firearm-and-shotgun-certificates-england-and-wales-april-2022-to-march-2023/statistics-on-firearm-and-shotgun-certificates-england-and-wales-april-2022-to-march-2023>

<sup>23</sup> The number of Scottish licence holders as a proportion of England, Scotland and Wales over this period is 14 per cent for firearms certificates, 8 per cent for shotgun certificates, 10 per cent for RFD licence holders and 42 per cent for visitor permits. <https://www.scotland.police.uk/about-us/what-we-do/firearms-and-explosives-licensing?view=Standard>

<sup>24</sup> Firearm and shotgun certificates, April 2023 to March 2024 - GOV.UK ([www.gov.uk](http://www.gov.uk)): <https://www.gov.uk/government/statistics/firearm-and-shotgun-certificates-april-2023-to-march-2024>

41. Table 5 outlines the estimated revenue, expenditure and estimated surplus/deficit for the different options for the more common licence types over the 10 year appraisal period and has been deflated using a value of 3.5 per cent per year as per Green Book<sup>25</sup> guidance.
42. The estimated revenue is obtained by multiplying the forecasted volumes by the different fee levels. The estimated expenditure is obtained by multiplying the forecast volumes by the estimates for the cost of a licence provided by the data capture exercise.
- **Option 0** 'Do-nothing' would result in an estimated £131.0 million deficit (2024/25 Present Value) over the 10 year appraisal period, for the most common licence types.
  - **Option 1** would result in an estimated £108.4 million deficit (2024/25 Present Value) over the 10-year appraisal period.
  - **Option 2** would result in an estimated £100.2 million deficit (2024/25 Present Value) over the 10-year appraisal period.
  - **Option 3** would result in an estimated £35.0 million deficit (2024/25 Present Value) over the 10-year appraisal period.
43. Tables 6 to 9 below outline the impacts on overall fee revenue for all licence types from the four options. These are referred to in the costs and benefits sections below.

---

<sup>25</sup> <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

**Table 6 - Fee Analysis for Most Common Licence Types over 10 year appraisal period, central volume scenario (£ million, 2024 prices, 2024/25 PV)**

Licence Type	Option	Fee (£)	Revenue (£m)	Expenditure (£m)	Surplus/Deficit (£m)
<b>Firearms Grants</b>	0	88	6.4	17.6	- 11.2
	1	117	8.4	17.6	- 9.2
	2	132	9.2	17.6	- 8.5
	3	198	14.4	17.6	- 3.2
<b>Firearms Renewals</b>	0	62	13.4	34.4	- 21.0
	1	83	17.8	34.4	- 16.6
	2	93	19.3	34.4	- 15.1
	3	131	28.4	34.4	- 6.0
<b>Shotgun Grants</b>	0	80	12.9	38.9	- 25.9
	1	106	17.2	38.9	- 21.7
	2	120	18.7	38.9	- 20.1
	3	194	31.8	38.9	- 7.1
<b>Shotgun Renewals</b>	0	49	21.9	68.2	- 46.2
	1	65	29.0	68.2	- 39.2
	2	74	31.9	68.2	- 36.3
	3	126	56.5	68.2	- 11.7
<b>Coterminous Grants</b>	0	90	3.3	9.0	- 5.7
	1	120	4.3	9.0	- 4.6
	2	135	4.7	9.0	- 4.3
	3	202	7.4	9.0	- 1.6
<b>Coterminous Renewals</b>	0	65	11.1	32.1	- 20.9
	1	87	14.9	32.1	- 17.2
	2	98	16.2	32.1	- 15.9
	3	155	26.6	32.1	- 5.4
<b>Total</b>	<b>0</b>	-	<b>69.0</b>	<b>200.1</b>	- <b>131.1</b>
	<b>1</b>	-	<b>91.7</b>	<b>200.1</b>	- <b>108.5</b>
	<b>2</b>	-	<b>99.9</b>	<b>200.1</b>	- <b>100.2</b>
	<b>3</b>	-	<b>165.1</b>	<b>200.1</b>	- <b>35.0</b>

Source: Home Office Analysis and Insight

**Table 7 - Impact on fee revenue / costs, most common licence types, central volume scenario (£ million, 2024 prices, 2024/25 PV)**

<b>Licence Type</b>	<b>Option</b>	<b>Fee (£)</b>	<b>Average Revenue / Cost per year (£m)</b>	<b>Average increased Revenue / Cost per year (£m)</b>	<b>Increased Revenue / Cost 10 years (£m)</b>
<b>Firearms Grants</b>	0	88	0.8	-	-
	1	117	1.0	0.2	2.1
	2	132	1.1	0.3	2.8
	3	198	1.7	0.9	8.0
<b>Firearms Renewals</b>	0	62	1.6	-	-
	1	83	2.1	0.5	4.5
	2	93	2.2	0.7	5.9
	3	131	3.3	1.8	15.0
<b>Shotgun Grants</b>	0	80	1.5	-	-
	1	106	2.0	0.5	4.2
	2	120	2.2	0.7	5.8
	3	194	3.7	2.2	20.0
<b>Shotgun Renewals</b>	0	49	2.6	-	-
	1	65	3.4	0.8	7.1
	2	74	3.7	1.1	9.9
	3	126	6.6	4.0	34.6
<b>Coterminous Grants</b>	0	90	0.4	-	-
	1	120	0.5	0.1	1.1
	2	135	0.5	0.2	1.4
	3	202	0.9	0.5	4.1
<b>Coterminous Renewals</b>	0	65	1.3	-	-
	1	87	1.7	0.4	3.7
	2	98	1.9	0.6	5.0
	3	155	3.1	1.8	15.5

Source: Home Office Analysis and Insight

**Table 8 - Impact on fee revenue / costs, less common licence types, £ million, 2024 prices, 2024/25 PV**

Licence Type	Option	Fee (£)	Average Revenue / Cost per year (£m)	Average increased Revenue / Cost per year (£m)	Increased Revenue / Cost 10 years (£m)
<b>RFD Grants</b>	0	200	0.1	-	-
	1	267	0.1	0.0	0.2
	2	301	0.1	0.0	0.3
	3	466	0.2	0.1	0.9
<b>RFD Renewals</b>	0	200	0.1	-	-
	1	267	0.1	0.0	0.3
	2	301	0.1	0.0	0.4
	3	466	0.2	0.1	1.2
<b>Visitor Individual</b>	0	20	0.2	-	-
	1	27	0.2	0.1	0.6
	2	30	0.3	0.0	0.8
	3	47	0.4	0.0	2.4
<b>Visitor Group</b>	0	100	0.0	-	-
	1	133	0.0	0.0	0.1
	2	150	0.0	0.0	0.1
	3	233	0.1	0.0	0.5
<b>Variation</b>	0	20	0.2	-	-
	1	27	0.2	0.1	0.5
	2	30	0.2	0.1	0.7
	3	47	0.4	0.2	2.1

Source: Home Office Analysis and Insight

**Table 9 - Total impact on fee revenues / costs for all licence types, £ million, 2024 prices, 2024/25 PV**

Option	Revenue / Cost per year	Increased Revenue / Cost per year	Revenue / Cost 10 years	Increased Revenue / Cost 10 years
0	7.4	-	74.3	-
1	9.9	2.4	98.7	24.4
2	10.7	3.3	107.5	33.2
3	17.7	10.3	177.5	103.2

Source: Home Office Analysis and Insight

## E. NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

44. Any change in fees would represent a transfer of funds from individuals and businesses to the police. Thus, the Net Present Social Value of all options in all scenarios is zero.
45. Given that volume estimates are the same for each option the change in costs and revenue is driven by the change in Licence Fees. Given the increase is largest in fees and fee revenues occurs in option 3.
46. It should also be noted that in the calculations of costs and revenue changes the firearms licence fees are expected to remain fixed across the whole appraisal period. In practice the fees will likely change when the next comprehensive review of fees takes place in three years. Total costs would then change depending on what fees are changed to after the review. This has not been incorporated as it is unknown what fees will change to.
47. Table 10 shows the total increased costs, increased revenue and NPSVs for each option in the central volume scenario for the ten-year appraisal period.

**Table 10 – Central volume scenario total impacts on individuals, businesses, police revenue and net present social value (£ million, 2024 prices, 2024/25 PV)**

	Option 0	Option 1	Option 2	Option 3
<b>Increased Costs to individuals</b>	0.0	21.9	29.7	<b>92.6</b>
<b>Increased Costs to business</b>	0.0	2.5	3.4	<b>10.5</b>
<b>Increased Revenue to Police</b>	0.0	24.4	33.2	<b>103.2</b>
<b>NPSV</b>	0.0	0.0	0.0	<b>0.0</b>

Source:

### Sensitivity Analysis

48. The total impact on revenue and costs for individuals, businesses and the police from fee changes is dependent upon the volume of licence applications over the appraisal period. To capture the uncertainty of the future number of licence applications a sensitivity analysis evaluating alternative scenarios with the total volume of applications 30 per cent below and 30 per cent above the central volume forecasts were conducted.
49. The estimates of costs under the low and high-volume scenarios produce estimates for the range of impacts on businesses, individuals, and the police. Tables 11 and 12 below show the Increases in revenue and costs as well as the NPSVs for all options.

**Table 11 – High volume scenario total impacts on individuals, businesses, police (£ million, 2024 prices, 2024/25 PV)**

	Option 0	Option 1	Option 2	Option 3
<b>Increased Costs to individuals</b>	0.0	28.4	38.6	120.4
<b>Increased Costs to business</b>	0.0	3.3	4.5	13.6
<b>Increased Revenue to Police</b>	0.0	31.7	43.1	134.1
<b>NPSV</b>	0.0	0.0	0.0	0.0

Source: Home Office Analysis and Insight

**Table 12 – High volume scenario total impacts on individuals, businesses, police (£ million, 2024 prices, 2024/25 PV)**

	Option 0	Option 1	Option 2	Option 3
<b>Increased Costs to individuals</b>	0.0	15.3	20.8	64.9
<b>Increased Costs to business</b>	0.0	1.8	2.4	7.3
<b>Increased Revenue to Police</b>	0.0	17.1	23.2	72.2
<b>NPSV</b>	0.0	0.0	0.0	0.0

Source: Home Office Analysis and Insight

### Value for Money (VfM)

50. As this is a transfer, overall NPSV is neutral in all scenarios. However, it is likely that with the added fee revenue, police can use existing resources elsewhere, reducing crime in other areas. Therefore, all options provide Value for Money. However, Option 3 is preferred option as it is the only option that provides significant cost-recovery which was the government’s manifesto commitment.

## F. Costs and benefits to business calculations

### Cost to business and Business Net Present Values

51. In the central scenario:
- Option 1 is estimated to have an average annual cost business of £0.3 million and a 10-year cost of £2.5 million (PV)
  - Option 2 is estimated to have an average annual cost business of £0.3 and a 10-year cost of £3.4 million (PV)
  - Option 3 is estimated to have an average annual cost business of £1.0 million and a 10-year cost of £10.5 million (PV)
52. In all scenarios, it is estimated that there is no benefit to business therefore the Business Net Present Value (BNPV) is equivalent to the negative of the 10-year cost. Table 13 shows the average annual and 10-year costs to business and the BNPVs in all scenarios.

**Table 13 – Average Annual Costs, 10-year costs and BNPVs for all volume scenarios (£ million, 2024 prices, 2024/25 PV)**

	Volume scenario	Option 0	Option 1	Option 2	Option 3
Average Annual Cost	High	0.0	0.3	0.4	1.4
	Low	0.0	0.2	0.2	0.7
	<b>Best</b>	<b>0.0</b>	<b>0.3</b>	<b>0.3</b>	<b>1.0</b>
Total Cost to Business	High	0.0	3.3	4.5	13.6
	Low	0.0	1.8	2.4	7.3
	<b>Best</b>	<b>0.0</b>	<b>2.5</b>	<b>3.4</b>	<b>10.5</b>
BNPV	High	0.0	-3.3	-4.5	-13.6
	Low	0.0	-1.8	-2.4	-7.3
	<b>Best</b>	<b>0.0</b>	<b>-2.5</b>	<b>-3.4</b>	<b>-10.5</b>

Source: Home Office Analysis and Insight

### Equivalent Annual Net Direct Cost to Business

53. In the central scenario

- Option 1 is estimated to have an Equivalent and Net Direct Cost to Business (EANDCB) of £0.3 million (PV)
- Option 2 is estimated to have an EANDCB Of £0.4 million (PV)
- Option 3 is estimated to have an EANDCB of £1.2 million (PV)

54. Table 14 below shows the EANDCB's for all options in all three volume scenarios.

**Table 14 – EANDCBs for all volume scenarios (£ million, 2024 prices, 2024/25 PV)**

	Option 0	Option 1	Option 2	Option 3
High	0.0	0.4	0.5	1.6
Low	0.0	0.2	0.3	0.9
<b>Best</b>	<b>0.0</b>	<b>0.3</b>	<b>0.4</b>	<b>1.2</b>

Source: Home Office Analysis and Insight

### Registered Firearms Dealers

55. Registered Firearms Dealers (RFDs) represent a key group of businesses that hold Firearms licences. The fee for a Registered Firearms Dealers Licence (both grants and renewals) is the same. Table 15 shows the change in RFD grants and renewals in each option.

**Table 15 – RFD licence grant and renewal fees and fee increases (£, 2024 prices)**

	Current fees	Option 1	Option 2	Option 3
Fee level (£)	200	267	301	466
Increase in Fees (£)	0	67	101	266
Percentage increase (%)	0%	33%	50%	133%

Source: Home Office Analysis and Insight

56. As of 31 March 2024, there were 3,208 RFDs in England, Wales and Scotland. Table 16 shows the Average annual increase in cost to RFD's as well as the total ten-year cost increase and BNPV.

- Option 1 has an estimated Total Cost increase to RFDs of between £0.4 million and £0.7 million with a central estimate of £0.5 million.
- Option 2 has an estimated Total Cost increase to RFDs of between £0.5 million and £0.9 million with a central estimate of £0.7 million.
- Option 3 has an estimated Total Cost increase to RFDs of between £2.7 million and £5.0 million with a central estimate of £3.8 million.

**Table 16 – Average Annual and Total Cost Increases to RFDs and BNPVs for RFDs (£ / £ million, 2024 prices, 2024/24 PV)**

		Option 0	Option 1	Option 2	Option 3
Average Annual Cost increase to RFDs (£)	High	0	68,916	92,765	495,252
	Low	0	37,109	49,951	266,674
	<b>Best</b>	<b>0</b>	<b>53,013</b>	<b>71,358</b>	<b>380,963</b>
Total Cost increase to RFDs (£ million)	High	0.0	0.7	0.9	5.0
	Low	0.0	0.4	0.5	2.7
	<b>Best</b>	<b>0.0</b>	<b>0.5</b>	<b>0.7</b>	<b>3.8</b>
BNPV for RFDs (£ million)	High	0.0	-0.7	-0.9	-5.0
	Low	0.0	-0.4	-0.5	-2.7
	<b>Best</b>	<b>0.0</b>	<b>-0.5</b>	<b>-0.7</b>	<b>-3.8</b>

Source: Home Office Analysis and Insight

### Place-based analysis

57. The increase in fees is likely to cost rural communities more than urban ones. This is because many farmers hold firearm licences. As per Table 1, there were 46,505 farmers in England and Wales and 6,338 farmers in Scotland who held firearms licences in 2023.

58. Since these fees will be paid to the police, it is possible the money will go towards police activity in the same rural areas, however it is not known for certain where police forces will allocate this increased revenue. As a result, the overall effect to rural communities is uncertain.

### Impact on small and micro-businesses

59. Since the EANDCB estimates are well below the threshold for a small and micro-business assessment, proportionate analysis is provided below.

60. It is not known what proportion of businesses in table 1 are considered small or micro businesses. Using estimates of the proportion of businesses of each size by industry from Department of Business and Trade's business population estimates<sup>26</sup> the approximate amount of small and micro businesses with firearms licence has been estimated.

<sup>26</sup> Business Population Estimates Business population estimates 2024 - GOV.UK ([www.gov.uk](https://www.gov.uk)): <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

61. This assumes that the industry wide proportions of business size apply to businesses with a firearms licence. This may not be the case in practice, but it should provide a basis for an approximate estimate given limited data.
62. Businesses are categories into industry groups based on Standard Industrial classification (SIC) of economic activities codes<sup>27</sup>. The business types from Table 1 have been allocated the SIC code most relevant to their industry. In this case 2 digit SIC codes are used as there was not adequate data available to group them into more granular SIC code groups.
63. Table 17 shows how the businesses that hold firearms licences are categorised into 2 digit SIC codes.

**Table 17 - 2 digit SIC Code Definitions**

<b>2 Digit SIC Code</b>	<b>Firearms Licence Holders</b>
01 Crop and animal production, hunting and related service activities	Farmer, Game Keeper, Pest Controller, Deer Stalker
02 Forestry and logging	Forester
75 Veterinary activities	Vet
91 Libraries, archives, museums and other cultural activities	Zookeeper

Source: Companies House SIC Codes and Management Information from NFLMS - March 2023 and from Shotgun – July 2023

64. Table 18 shows business population estimates proportions of businesses that have no employees alongside the proportions of Micro (1 to 9 employees), Small (10 to 49 employees), Medium (50 to 249 employees) and Large (250 or more employees) business in each SIC code group.
65. The proportions in table 18 are applied to the total number of businesses that hold firearms licenses to estimate the number of businesses of each size that hold firearms licenses shown in table 19

**Table 18 - Proportion of Businesses group by size in each SIC code group (%)**

<b>SIC Code</b>	<b>No Employees</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
01	63.87	33.16	2.54	0.36	0.07
02	81.10	16.90	1.87	0.12	0.00
75	88.42	7.11	3.92	0.47	0.08
91	80.93	11.64	4.91	2.10	0.42

Source: DBT Business Population Estimates

<sup>27</sup> SIC Code definitions <https://www.gov.uk/government/publications/standard-industrial-classification-of-economic-activities-sic>

**Table 19 – Estimated number of businesses who hold firearms licenses**

<b>Business Type</b>	<b>All Businesses</b>	<b>No Employees</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
Farmer	52,843	33750	17520	1344	190	38
Gamekeeper	4,971	3175	1648	126	18	4
Vet	1,498	1325	107	59	7	1
Forester	1,449	1175	245	27	2	0
Zoo-keeper	306	248	36	15	6	1
Pest controller	546	349	181	14	2	0
Deer stalker	188	120	62	5	1	0
<b>Total</b>	<b>61,801</b>	<b>40141</b>	<b>19799</b>	<b>1591</b>	<b>226</b>	<b>45</b>

Source: Home Office Analysis and Insight

66. Based on above estimates excluding or providing a significant mitigation for small and micro businesses would likely apply to the vast majority of businesses that are firearms licence holders. This would mean the policy would not come close to achieving significant cost recovery.
67. In addition, although Option 3 represents a proportionately large increase in licence fees, the resulting licence fees are still considerably lower than other licenses for common goods. Most firearms licences last between three to five years, other than visitors' permits which last up to a year. For Firearms, Shotguns and Cotermious licences the renewal is considerably cheaper than the initial fee. Unless a business holds a very large number of licenses then it is unlikely that this will have a substantial impact on business costs.
68. Table 20 shows the fee levels for each option and the amount of time the licenses last for.

**Table 20 – Fee levels and Licence lengths (£)**

<b>Licence Type</b>	<b>Length of time the licence lasts</b>	<b>Current fees</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
Firearm Certificate Grant	5 years	88	117	132	<b>198</b>
Firearm Certificate Renewal	5 years	62	83	93	<b>131</b>
Shotgun Certificate Grant	5 years	80	106	120	<b>194</b>
Shotgun Certificate Renewal	5 years	49	65	74	<b>126</b>
Coterminous Grant	5 years	90	120	135	<b>202</b>
Coterminous Renewal	5 years	65	87	98	<b>155</b>
Registered Firearms Dealers Grant	3 years	200	267	301	<b>466</b>
Registered Firearms Dealers Renewal	3 years	200	267	301	<b>466</b>
Replacement firearm / shotgun certificate	-	4	5	6	<b>9</b>
Visitor's Permit Individual	up to 1 year	20	27	30	<b>47</b>
Visitor's Permit Group	up to 1 year	100	133	150	<b>233</b>
Registered Firearms Dealers - Game fairs	up to 3 years	13	17	20	<b>30</b>
Variation of Firearm Certificate (not like for like)	-	20	27	30	<b>47</b>

Source: Home Office Analysis and Insight

## **G. Costs and benefits to households' calculations**

69. In the central scenario:

- Option 1 is estimated to have an average annual cost households of £2.2 million and a 10-year cost of £21.9 million (PV)
- Option 2 is estimated to have an average annual cost households of £3.0 and a 10-year cost of £29.7 million (PV)
- Option 3 is estimated to have an average annual cost households of £9.3 million and a 10-year cost of £92.7 million (PV)

70. In all scenarios, it is estimated that there is no benefit to households therefore the household Net Present Value (NPV) is equivalent to the negative of the 10 year cost. Table 21 shows the average annual and 10 year costs to households and the household NPVs in all scenarios.

**Table 21 – Average Annual Costs, 10 year costs and household NPVs for all volume scenarios (£ million, 2024 prices, 2024/25 PV)**

		Option 0	Option 1	Option 2	Option 3
Average Annual Cost	High	0.0	2.8	3.9	12.0
	Low	0.0	1.5	2.1	6.5
	<b>Best</b>	<b>0.0</b>	<b>2.2</b>	<b>3.0</b>	<b>9.3</b>
Total Cost to Households	High	0.0	28.4	38.6	120.5
	Low	0.0	15.3	20.8	64.9
	<b>Best</b>	<b>0.0</b>	<b>21.9</b>	<b>29.7</b>	<b>92.7</b>
Household NPV	High	0.0	-28.4	-38.6	-120.5
	Low	0.0	-15.3	-20.8	-64.9
	<b>Best</b>	<b>0.0</b>	<b>-21.9</b>	<b>-29.7</b>	<b>-92.7</b>

Source: Home Office Analysis and Insight

### Equivalent Annual Net Direct Cost to Households

71. In the central scenario
- Option 1 is estimated to have an Equivalent and Net Direct Cost to Households (EANDCH) of £2.5 million (PV)
  - Option 2 is estimated to have an EANDCH Of £3.5 million (PV)
  - Option 3 is estimated to have an EANDCH of £10.8 million (PV)
72. Table 22 below shoes the EANDCH's for all options in all three volume scenarios.

**Table 22 – EANDCHs for all volume scenarios (£ million, 2024 prices, 2024/25 PV)**

	Option 0	Option 1	Option 2	Option 3
High	0.0	3.3	4.5	14.0
Low	0.0	1.8	2.4	7.5
<b>Best</b>	<b>0.0</b>	<b>2.5</b>	<b>3.5</b>	<b>10.8</b>

Source: Home Office Analysis and Insight

73. Individuals make up approximately 90 per cent of licence holders, so it is likely the high total costs to households are driven by the high volumes of firearms licence applications.
74. The increase in costs of a licence under option 3 represents a proportionately large increase on the fees set in 2015 on average 133 per cent. Whilst this increase is proportionately large, the fees that result from this increase are similar to the costs of licences for other common goods.
75. Table 23 shows the costs of 12-month Fishing licences and TV licenses. It also shows the costs multiplied for three and five years.

**Table 23 - Costs of Rod Fishing and TV Licences in 2024 (£)**

License Type	Fishing rod licence: Trout and coarse 3-rod	Fishing rod Licence - Salmon and sea trout	TV Licence
12-month Licence costs	53.70	90.40	169.50
3 years	161.10	271.20	508.50
5 years	268.50	452.00	847.50

Source: Gov.uk Find a license: TV Licenses<sup>28</sup> and Rod Fishing License<sup>29</sup>

76. 5-year Firearms Licenses and their fees under option 3:
- Firearm Certificate Grant - £198
  - Firearm Certificate Renewal - £131
  - Shotgun Certificate Grant - £194
  - Shotgun Certificate Renewal - £126
  - Cotermious Grant - £202
  - Cotermious Renewal - £155
77. All 5-year licenses individuals could hold are cheaper than both rod fishing licenses and a TV license. Under option 3, Visitors Permits are £47 for individuals, this is also cheaper than all three licences in table 22.
78. Visitors Permits for groups would be £233 under option 3 which is the only licence more expensive than the rod fishing and TV licences. However, this is for multiple individuals and is a small proportion of overall licences.
79. These licenses act as useful comparators to demonstrate that while there is a proportionately large increase, the fee uplift does not put firearms licenses at a level above other licenses of more common goods. In addition, whilst this represents a cost to households who hold licenses, all households may benefit from firearms licencing activity no longer being subsidised by the police budget allowing an increase in other policing activity.

## H. Business environment

80. Changes to firearms licencing fees in England, Wales and Scotland are not estimated to have any significant impact on the Business Environment beyond those outlined in this impact assessment.

<sup>28</sup> TV Licence - GOV.UK (www.gov.uk): <https://www.gov.uk/find-licences/tv-licence>

<sup>29</sup> Buy a rod fishing licence: Buy a rod fishing licence for England and Wales - GOV.UK (www.gov.uk): <https://www.gov.uk/fishing-licences/buy-a-fishing-licence>

## **I. Trade implications**

81. Changes to firearms licencing fees in England, Wales and Scotland are not estimated to have any significant impact on trade.

## **J. Environment: Natural capital impact and decarbonisation**

82. Changes to firearms licencing fees in England, Wales and Scotland are not estimated to have any significant impact on the environment.

## **K. Other wider impacts (consider the impacts of your proposals)**

83. Changes to firearms licencing fees in England, Wales and Scotland are not estimated to have any significant wider impacts beyond those outlined in this impact assessment.

## **L. Risks and assumptions**

84. The impact on costs and revenues of any fee changes is dependent upon future volumes of firearms licensing applications. These are inherently uncertain, especially following the interruption of the COVID-19 period. To capture this uncertainty sensitivity analysis was conducted evaluating the effect of future total volumes which are 30 per cent lower and 30 per cent higher than the central forecast.
85. The estimated cost of producing a licence is assumed to grow at the rate that labour costs grew historically. It is possible that if labour costs grow at a faster / slower rate, the estimated cost of a licence will be different. However, this can be examined during the next review.

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p>The Home Office have considered how increased fees would impact groups with protected characteristics, including age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex or sexual orientation. As at 31 March 2024, 94 per cent of firearm or shotgun certificate holders were male. An increase in firearms licensing fees will therefore impact male certificate holders disproportionately. As at 31 March 2024, 69 per cent of firearm or shotgun certificate holders were aged 50 and over, including 33 per cent aged 65 and over. An increase in firearms licensing fees will therefore disproportionately impact certificate holders aged 50 and over. However, an increase in fees is necessary to maintain and improve the efficiency and effectiveness of firearms licensing and it is likely that the benefits of this improved service will also accrue disproportionately to these same groups.</p> <p><b>The SRO has agreed these summary findings.</b> <i>(you must get SRO agreement here)</i></p>	<p><b>Yes</b></p>

