

INFORMATION REQUEST	
Arms Transition Plan - Preparatory Activities	
Deadline: 14 May 2021	Date of Response: 14 May 2021

Purpose

1. The purpose of this briefing is to note the activities that Police can continue to progress in the absence of a Cabinet decision on whether the Arms administrative regulatory functions will be undertaken by a Branded Business Unit within Police or by a new Crown Agent. It also discusses some of the timing and financial risks.

Important points to note

2. A Stage One Transition Plan (the Stage One Plan) has been developed to enable the delivery of activities which are common to both the Branded Business Unit option and the Crown Agent option to ensure the timely implementation of recent amendments to the Arms Act and wider improvements to the administration of the Arms Regulatory system.
3. The Stage One Plan outlines seven areas which need to proceed in order to progress modernisation of the Arms Regulatory System and meet commitments to deliver.
4. Some transitional activities can continue in the absence of a decision on the entity structure, but a critical choke point arises in early September across a number of these areas for delivery of the Detailed Business Case (the Business Case). More broadly, continuing uncertainty is problematic for some key appointments and for staff confidence.
5. It is therefore important that a Cabinet decision on whether to progress the Branded Business Unit or the Crown Agent is made as soon as is practicable and certainly by early September.

Background

6. An Indicative Business Case (IBC) was completed by Deloitte to confirm the scope of change required and an indicative level of investment needed to improve the administration of the Arms Regulatory system.
7. The IBC supported:
 - the draw down from a \$60 million tagged contingency to ensure legislative requirements are being met through the effective administration of the Arms Regulatory system, with Cabinet agreeing to allocations in FY2020/21 of \$15.4m and FY2021/22 of \$23.5m
 - the report back on options for an independent regulatory entity to take over accountability for some of the Arms Act 1983 regulatory functions,

including the estimated additional funding that may be required across the different options.

8. On 12 April 2021, Cabinet considered the IBC and:

- noted the proposals set out in the paper on the options for the operating model for delivering improvements in the management of the firearms regime
- deferred a decision on the preferred option to allow time for consultation with the Ministerial Arms Advisory Group
- invited the Minister of Police to:
 - consult the Advisory Group on the preferred options, including the option of a Branded Business Unit (BBU) within the Police but with a review after three years
 - report back to Cabinet on the preferred options following consultation with the Advisory Group [CAB-21-MIN-0115]

Consultation with the Arms Advisory Group

9. A Detailed Business Case is required by the end of the year to support a 2022 Budget bid and to ensure the delivery of the Registry by June 2023 is not put at risk. In the next few months, work on the Business Case can continue in the absence of a decision on the options.
10. However, parts of the Business Case will depend on the decision about where the administrative regulatory functions sit. A Cabinet decision by the beginning of September 2021 will enable the Business Case to be finalised by the end of the year. Consultation with the Arms Advisory Group on the preferred options will therefore need to conclude by August.
11. The Arms Advisory Group will shortly be convened for their first meeting. At this meeting they will formalise their responsibilities, operating meeting cadence, and reporting.
12. The Arms Advisory Group's ability to provide informed advice on the preferred options for the Entity will be limited. The majority of members will have limited background or experience of the Arms administrative processes and the Arms Regulatory framework. Police will provide support to facilitate their consideration. Police considers an independently facilitated meeting would be the most efficient way to consult the Advisory Group on the preferred options.

Stage One Transition Plan

13. The Stage One Plan outlines seven areas which need to proceed in order to progress modernisation of the Arms Regulatory System and meet commitments to deliver. These areas will prepare the Arms business function to be transitioned into either Entity option.

Ministerial Arms Advisory Group

14. Police is developing a performance framework for the Arms system and intends to consult with the Arms Advisory Group on the measures and approach. This work would take place in parallel with Government seeking advice on the preferred regulatory 'ownership'.

Governance

15. The existing governance for Arms has evolved over time and worked well for the delivery of the Arms Buy-back and to support internal process improvement. However, the current governance arrangements need to incorporate operational and public engagement functions.
16. A transition board is needed to provide governance oversight for implementation of the new regulatory capability (policy, operations, change and public engagement) within the Arms system. The Board will likely exist for 18-24 months and oversee the transition from the existing business model to the new business model and the transition from Police (if a Crown Agent is progressed) or within Police (if the Branded Business Unit is progressed).
17. The Board membership will consist of experts in governance, regulatory affairs, service delivery, firearms, and enforcement. Members will be from inside and outside of Police. The Chair of the Board will be Deputy Commissioner Jevon McSkimming.
18. The Board Chair will consult with the Minister of Police on the membership of the transition board. The Chair will manage the Ministerial relationship and public facing activities.

Leadership

19. Police will appoint a Transitional Executive Director (for 6-12months) to lead transition activities, establish a management team, deliver the Business Case, and expedite improvements in operational performance for the Arms system.
20. Both Entity options will require a management team and the Transitional Executive Director will appoint a leadership team focused on bringing together Operational Policy, Operations, Change, and Public Engagement. The Chair will work with the Executive Director to expedite this as a priority.
21. Policy input will also be key to this stage to ensure the new function delivers the policy intent of the legislation. However, though funded from the core firearms output class/appropriation, Policy will remain separate to, and independent of, the new firearms management team. This reflects your view that Firearms Policy will remain part of the core Police Policy function regardless of the decision on the establishment of an E
22. ntity.
23. The management team will drive performance of the Arms operating system through striking a balance between quality and throughput for licensing.

24. Upon confirmation of a Cabinet decision on the Entity option, the Board Chair will work with the Public Service Commission on the appointment of a permanent Executive Director.

Detailed Business Case

25. A Business Case will be developed to confirm the level of investment necessary for delivering the public safety objectives outlined in the Arms Act.
26. As noted above, a Cabinet decision on the Entity options is required to enable the finalisation of the Business Case by the end of the year. The Business Case will support a 2022 Budget bid and will ensure the delivery of the Registry by June 2023 is not put at risk.
27. The Arms Act enables recovery of costs for specified activities. A report-back is required to Cabinet on the specific options for cost recovery once the costs become clearer through the development of the Business Case. This will provide an opportunity for Cabinet to consider the balance it wishes to maintain between the Crown contribution and service user contribution to the administration of the Act.
28. As part of developing the Business Case, consultation with interested parties, such as your Advisory Group, the Firearms Community Advisory Forum (FCAF), and the Arms Engagement Group will be required. It will also be important to engage with the Muslim and wider ethnic and faith communities, particularly in the context of the wider Royal Commission community engagement.
29. In June, work on the Business Case will begin in the absence of a decision on the Entity options. However, finalisation of the management and financial cases of the Business Case will depend on the decision on Entity, cost recovery, and the completion of consultation.

Financial

30. Achieving transparency of funding for Arms is essential for demonstrating the increased focus on improving arms safety for New Zealand. Currently, funding is spread across multiple cost centres and is particularly intertwined with District budgets. Both Entity options require the separation of funding and financial management for Arms.
31. The following matters need to be addressed within the next six months:
- establish an output class for funding of Firearms
 - separate finances for Arms from District and Centre
 - provide the district arms groups with their own budgets
 - set up the new Financial structure by 1 July
 - discuss with Treasury the most appropriate Appropriation/output class for Firearms

- put in place the appropriate Delegated Financial Authorities.

Operating Model

32. Both Entity options require changes to the operating model for the delivery of arms regulatory services. Whilst a decision will be required to finalise the system-wide operating model, there are activities which can be completed in order to progress this area.
33. There are three areas to be addressed:
 - confirm the district operating model and identify the constabulary activities that would remain within Police
 - move the reporting lines of district arms groups into a nationally led operational leadership team
 - draft the regulatory operating model, subject to confirmation of the Entity option.
34. The Arms Transformation Programme will continue with implementing the legislative changes and operational improvement activities, including procurement of a Registry.

Independence

35. Both Entity options require the establishment of an Arms business function. The following preparatory activities are essential for both options:
 - formalise employment arrangements for staff
 - establish Management processes for human resources, financial management, independent delivery programme oversight, assurance, and operational performance
 - draft the potential hosting agreement for services (ICT, HR, Finance, and Policy) provided by Police.
36. These initial changes are the first steps towards establishing greater independence of the Arms Regulatory business unit. Confirmation by Cabinet of the final Entity structure will enable further change activity to be confirmed, which specifically will address cultural, process, security, and engagement aspects of the new operating model. Establishing perceived independence is a priority for the Government.

Risks/Opportunities

37. The significant risks associated with the Stage One Plan are:

- a Cabinet decision on the final Entity organisation is required by early September in order to deliver the Business Case to Government by the end of the year
- separation of existing district arms functions may reveal additional costs or scope which has not been considered in planning and potentially may have an operational impact
- some Arms licence holders may perceive Police as entrenching their ownership of the regulatory function and consequently raise concerns in the media or with Ministers
- a delay in progressing the sourcing of a firearms Registry will impact on the agreed delivery timeframe for implementation of the Arms Act
- funding provided for FY2021 may be insufficient to enable the implementation of preparatory activities and this will be confirmed as part of reviewing the Business Case financial model.

Transition Schedule

38. The following schedule outlines key activities for the Minister to be aware of:

	Date
Arms Advisory Group first meeting	Tues 1 June
Transition Governance Board membership confirmed with Minister of Police	June 2021
Facilitated meeting with the Arms Advisory Group on the Entity options	June/July
Arms Cost Recovery Options report back and Cabinet decision on Entity	Aug/Sept 2021
Investment case financial model discussion	October 2021
Arms staff consolidation – creating a national business function	November 2021
Detailed Business Case – Minister of Police	December 2021

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Approved by	Deputy Commissioner Jevon McSkimming	s.9(2)(a) OIA

PROACTIVE RELEASE