

Title: The Criminal Justice Act 1988 (Offensive Weapons) (Amendment) Order 2016 IA No: HO0247 RPC Reference No: RPC-HO-3416(1) Lead department or agency: Home Office Other departments or agencies:	Impact Assessment (IA)			
	Date: 23/05/2016			
	Stage: Final			
	Source of intervention: Domestic			
	Type of measure: Secondary legislation			
	Contact for enquiries: Esperanza.Gomez@homeoffice.gsi.gov.uk			
Summary: Intervention and Options				RPC Opinion: Awaiting Scrutiny

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANDCB in 2014 prices)	One-In, Three-Out	Business Impact Target Status
-£0.899m	-£0.899m	£0.104m	Not in scope	Qualifying provision

What is the problem under consideration? Why is government intervention necessary?
 Police forces are seeing an increase in the number of zombie knives on the streets. They can be purchased online for as little as £10.00 and street gangs see them as status symbols and pose with them in videos inciting violence against rival gangs. This relatively new type of knife, with a cutting blade, and a serrated edge, can be very dangerous. In 2015 a young boy aged 17 was murdered in London with a zombie knife. The Government believes that sales of these weapons are relatively low but believes that these weapons, which glamourise violence, have no place on our streets.

What are the policy objectives and the intended effects?
 Our primary objective is public safety. Restricting the supply of weapons which are being used in violent crime is an important contributor to this aim. There are other types of blades used in crime, however, zombie knives are unique in that their design (with a combination of cutting and serrated edges) and the way they are marketed (for the purpose of violence) make these weapons particularly dangerous and appealing to certain sectors of society.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
Option 1 - Do nothing. This option was discarded. The Government is committed to reducing the number of weapons that are being sold for the purpose of violence and to persuade retailers to play their role in tackling knife crime and sell knives responsibly.
Option 2 - Complete ban on the manufacture, import, sale, hire, offer for sale or hire etc on zombie knives, zombie killer knives and zombie slayer knives. This is our preferred option. It will reduce the number of these weapons in circulation and reduce their use in crime. The cost to society of a homicide is estimated to be £1.96m. If one homicide were prevented as a result of this policy, the quantified benefits would be more than 18 times the costs. Similarly, the cost of a serious wounding is £29,000. If four serious woundings were averted each year, the quantified benefits of the policy would outweigh the costs.

Will the policy be reviewed? It will not be reviewed. If applicable, set review date: Month/Year				
Does implementation go beyond minimum EU requirements?			N/A	
Are any of these organisations in scope?			Micro Yes	Small Yes
			Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded:	
			Non-traded:	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister: Karen Bradley : **Date** 9th June 2016

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: -1.981	High: -0.624	Best Estimate: -0.899

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	0.073	0.624
High	0	0.230	1.981
Best Estimate	0	0.104	0.899

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

Retailers will be affected, because they will no longer be able to sell some of the products they currently do. The best estimate of the annual average cost of the policy, through lost sales, is £0.104m, with low and high estimates of £0.073m and £0.230m, respectively.

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

Those who buy and collect knives will forgo the satisfaction that they would have experienced from buying more zombie knives.
Border Force, HMRC, Police and the Criminal Justice System will face familiarisation and enforcement costs when the ban is violated.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/K	N/K	N/K
High	N/K	N/K	N/K
Best Estimate			

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

Though we expect to see a reduction in harm due to zombie-knife-related crime to the public as a result of this policy, it has not been possible to quantify the extent of this reduction. For this reason, the benefits of the policy have not been monetised.

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

The public's exposure to zombie-knife-related crime should decrease as the knives cease to be available for legal sale.

Key assumptions/sensitivities/risks

We assume the following:

All the zombie knives available in England and Wales are made available by two specific wholesalers. Retailers mark up wholesale prices by 60%.

Retailers' average monthly revenue would remain constant over time, if this measure was not introduced.

Discount rate (%)

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: 0.104	Benefits: 0	Net: -0.104	
			0.104

Evidence Base (for summary sheets)

A. Strategic Overview

A.1 Background

Section 141 of the Criminal Justice Act 1988 makes it an offence for any person to manufacture, sell or hire or offer for sale or hire, expose or have in his possession for the purpose of sale or hire, or lend or give to any other person, any weapon on the Criminal Justice Act (Offensive Weapons) Order 1988. Section 141 also prohibits the importation of these weapons. There are 18 descriptions of weapons already listed in this Order, including butterfly knives, push daggers, disguised knives and certain types of swords.

The possession of an article with blade or point in a public place or school premises is already a criminal offence under sections 139 and 139A of the Criminal Justice Act 1988 and section 1 of the Prevention of Crime Act 1953.

The Government wants to add weapons commonly known as ‘zombie knives’. This will be achieved by using the order making powers in s141(2) of the Criminal Justice Act 1988 (The Act) to add so-called zombie killer knives to the list of offensive weapons to which s141 applies. These weapons will be defined as:

“the weapon sometimes known as a “zombie knife”, “zombie killer knife” or “zombie slayer knife”, being a blade with—

- (i) a cutting edge;
- (ii) a serrated edge; and
- (iii) images or words (whether on the blade or handle) that suggest that it is to be used for the purpose of violence.”.

A.2 Groups Affected

- A number of **retailers** (13), mainly specialist firms who sell weapons online, will be affected, because they will no longer be able to sell some of the products they currently do.
- **Buyers** of zombie knives will be affected. This group includes those that may intend to use the knives to commit crime and those who buy these knives as collectors’ items.
- **The public** will be affected, because the risk of exposure to zombie-knife-related crime should decrease as the knives cease to be available for legal sale.
- **Border Force** and **Her Majesty Revenue and Customs** will need to become familiar with the new restrictions, and will need to enforce them.

B. Rationale

The police has reported an increase in the number of ‘zombie knives’ being found on the streets. The weapons are used in videos filmed by street gangs which are then freely available in social media and seek to incite violence against other gangs. Last year, a Renegade Zombie Killer Machete/Head Decapitator was used in the fatal stabbing of a young boy aged 17.

Unlike other types of knives, the ‘zombie knives’ have no legitimate purpose. These types of knives are designed for the purpose of violence and the way they are marketed, using names such as ‘headsplitter’, ‘slayer’, ‘decapitator’, ‘skullsplitter’, ‘chopper’, or ‘executioner’, clearly conveys this meaning. Some of these weapons include red paint that simulates blood, some include gut hooks which add to their menacing image, others have holes in the blade that decrease the friction and enable the blade to penetrate deeper into the intended target. The ease with which these weapons can be bought online, particularly by young people, pose a danger to the young people themselves and to the wider society, and without intervention there is a risk that one of these weapons may be used in violence again.

C. Objectives

To reduce the supply of weapons for use in violent crime.

D. Options

Option 1 Do nothing.

Option 2 Complete ban on the manufacture, import, sale, hire, offer for sale or hire etc on all weapons known as zombie knives, zombie killer knives and zombie slayer knives.

E. Appraisal (Costs and Benefits)

GENERAL ASSUMPTIONS & DATA

- We assume that all the zombie knives available in England and Wales are made available by either of two wholesalers: Anglo Arms, and BA Blades. An internet search found no retailers stocking zombie knives other than those sold by these two firms, so we believe this is a valid assumption.
- We assume that retailers mark up wholesale prices by 60%. This assumption is based on RetailOwner.com's online shopping average gross margin, 37.5% (Source: <http://www.retailowner.com/Benchmarks/Non-Store-Retailers/Online-Shopping#2916140-gross-margin>).
- Both of the wholesalers that were identified supplied revenue data. On an aggregate basis, the two suppliers have an average revenue from Zombie Knives of £5,440 per month.
- We assume that retailers' average monthly revenue would remain constant over time, if this measure was not introduced.
- We assume that the sale of all zombie knives sold by these firms would end, as a result of this law.
- We use costs of crime data from "The economic and social costs of crime against individuals and households 2003/04" (Dubuorg et al., 2005), inflated up to 2016 prices using GDP deflators for the ONS to show the costs of certain knife-related crimes, which are used to provide comparators for the costs to business of this policy.
- For the purpose of listing the sizes of the in-scope organisations, we have assumed that the businesses involved in the Zombie Knife trade are all either small or micro businesses.

OPTION 2 – Complete ban on the manufacture, import, sale, hire, offer for sale or hire etc on all weapons known as 'Zombie Knives'.

COSTS

- **Retailers:** The total monthly zombie knife wholesale revenue is estimated to be £5,440. This is calculated by adding the wholesalers' revenues. Multiplying this by 12 to give an estimate of the annual wholesale revenue gives £65,000. This is marked up to retail prices by 60%, giving a total annual retail value of £104,000. Because we assume that the entire zombie knife market will be banned, the cost to these businesses is an ongoing loss in revenue of £104,000 per year. Over a ten-year period, this loss would have a net present value of £899,000.
- **Collectors:** Those who buy and collect knives will forgo the satisfaction that they would have experienced from buying more zombie knives. This value has not been quantified.
- **Border Force and Her Majesty Revenue and Customs:** These organisations will incur a cost through the time taken by staff to familiarise themselves with these regulations. There will be an enforcement cost, if confiscations occur. Because the prevalence of these knives is quite low, it is expected that this cost will be small, but greater than zero. The cost has not been quantified.
- **Police and the Criminal Justice System:** These organisations will incur a cost through the time taken by staff to familiarise themselves with these regulations. Additionally, if existing zombie knife retailers choose to violate the ban on sale, there will be enforcement costs for the

Police, the Crown Prosecution Service, the Courts, probation services, prisons, and the Legal Aid system. Because zombie knife retailers have conventional, legal businesses which they would be unlikely to be willing to risk for the small additional profits attainable from zombie knives, it is expected that compliance will be high, and the volume of offences, and therefore enforcement costs, would be low. These costs have not been quantified. It is possible that black-market retailers could start selling zombie knives, which would lead to enforcement costs for the agencies mentioned above. These costs have not been quantified.

BENEFITS

- **The public:** The key benefit of this policy is the ongoing increase in public safety and peace of mind that should come about as a result of a reduction in the availability of zombie knives. It is not possible to accurately estimate the number of crimes that would be prevented by the introduction of this measure. However, for the purpose of comparison, the costs of certain crimes are presented here. The cost to society of a homicide is estimated to be £1.96m. If one homicide were prevented as a result of this policy, the quantified benefits would be more than 18 times the costs. To state this in another way, if one homicide were prevented in 18 years as a result of this ban, the benefits would outweigh the costs. Similarly, the cost of a serious wounding is £29,000. If four serious woundings were averted each year, the quantified benefits of the policy would outweigh the costs.

Business Impact Target

- The impact on businesses is estimated as a loss in revenue of £104,000, as explained under “Costs” above.

F. Risks

OPTION 2 – Complete ban on the manufacture, import, sale, hire, offer for sale or hire etc on all weapons known as 'Zombie Knives'

There is a risk that the mark-up applied to Zombie Knife sales may be different from the one assumed in calculating the best estimate (60%). This risk has been explored by performing online searches to find alternative estimates of the mark-up. These mark-ups, and the resulting impact, are shown in Table F.1.

Table F.1: Range of mark-up values and resulting business impact

	Low	Best estimate	High
Mark-up (%)	11	60	135
Revenue loss (£)	73,000	104,000	153,000
Sources (for Low and High Mark-ups): http://www.ukbusinessforums.co.uk/threads/typical-retail-markup.319261/			

There is a risk that we have failed to identify all of the distribution channels used for the sale of Zombie Knives. For example, they may be sold from abroad directly, or our search may have failed to identify a third (or additional) wholesaler(s). In Table F.2, the possible impact is explored by demonstrating the size of losses if there was one other wholesaler, of size equal to the average size of the ones that have been identified, operating in the market. The low-impact scenario has the same value as the best estimate here, as it is not plausible that there are actually fewer wholesalers than the best estimate value of 2.

Table F.2: Range of number of wholesalers and resulting business impact

	Low	Best estimate	High
Number of wholesalers	2	2	3
Revenue loss (£)	104,000	104,000	157,000

To identify an interval within which we have a high degree of confidence that the impact will fall, we show, in Table F.3, the outcome if both variable terms (mark-up and number of wholesalers) were both to fall at the same extreme (e.g., both at the high end of their ranges).

Table F.3: Cumulative impact of scenarios

	Low	Best estimate	High
Mark-up (%)	11	60	135
Number of wholesalers	2	2	3
Revenue loss (£)	73,000	104,000	230,000

There is a risk that new or existing sellers may not comply with ban, and sell the knives illegally. This risk has been mitigated through the proposed penalties for non-compliance (as shown in the Enforcement section), which should act as a deterrent.

G. Enforcement

Enforcement will be via the police and customs officers. The penalty will be a term of imprisonment of up to six months and/or an unlimited fine.

H. Summary and Recommendations

The table below outlines the costs and benefits of the proposed changes.

Table H.1 Costs and Benefits		
Option	Costs	Benefits
2	Cost to retailers: £0.899m (PV over 10 years) is the estimated value of foregone trade	Benefits to the public: increased safety and peace of mind due to reduced prevalence of Zombie Knives
	Cost to collectors: foregone enjoyment from buying more Zombie Knives	
	Cost to Border Force and HMRC: familiarisation and enforcement costs	
	Cost to Police and CJS system: familiarisation and enforcement costs	

Option 2 is the Government's preferred option. Even though the extent to which the ban will reduce knife crime has not been quantified, the costs associated with knife crime are very high. Even a small reduction in knife crime would make the policy net-beneficial. As stated in the Appraisal section, if one homicide were prevented in 18 years as a result of this ban, the benefits would outweigh the costs.

I. Implementation

The Government plans to implement these changes on the twenty-eighth day after the Order is made. A waiver from bringing the measure into force on a common commencement date has been requested from the Reducing Regulation sub-Committee in order to ensure that a ban comes into effect at the earliest possible opportunity to address public safety concerns.

J. Monitoring and Evaluation

Use of this provision will be monitored through the recorded crime statistics and convictions data.

K. Feedback

The Home Office did not undertake a formal consultation on the proposals outlined given the small number of UK based retailers that supply and sell zombie knives, however, contact has been made with known retailers and suppliers.

The British Retail Consortium (BRC) and the British Independent Retailers Association (bira) are not aware that any of their members sell zombie knives. We have therefore conducted an online search and have identified 13 UK-based online retailers that sell these knives. We have contacted all of them and sought feedback on the impact to their business of this policy.

The Home office also did receive significant numbers of correspondence and representation from a wide range of stakeholders who all expressed support to the proposals suggested – this includes from the police, Police and Crime Commissioners, Members of Parliament and members of the public.

Impact Assessment Checklist

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

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

Economic Impact Tests

Does your policy option/proposal consider...?	Yes/No (page)
<p>Business Impact Target The Small Business, Enterprise and Employment Act 2015 (s. 21-23) creates a requirement to assess the economic impacts of qualifying regulatory provisions on the activities of business and civil society organisations. [Better Regulation Framework Manual] or [Check with the Home Office Better Regulation Unit]</p>	No
<p>Review clauses The Small Business, Enterprise and Employment Act 2015 (s. 28) creates a duty to include a review clause in secondary legislation containing regulations that impact business or civil society organisations. [Check with the Home Office Better Regulation Unit]</p>	No
<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>	No
<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>	N/A
<p>Primary Authority Any new Government legislation which is to be enforced by local authorities will need to demonstrate consideration for the inclusion of Primary Authority, and give a rationale for any exclusion, in order to obtain Cabinet Committee clearance. [Primary Authority: A Guide for Officials]</p>	No
<p>New Burdens Doctrine The new burdens doctrine is part of a suite of measures to ensure Council Tax payers do not face excessive increases. It requires all Whitehall departments to justify why new duties, powers, targets and other bureaucratic burdens should be placed on local authorities, as well as how much these policies and initiatives will cost and where the money will come from to pay for them. [New burdens doctrine: guidance for government departments]</p>	N/A
<p>Competition The Competition guidance provides an overview of when and how policymakers can consider the competition implications of their proposals, including understanding whether a detailed competition assessment is necessary. [Government In Markets Guidance]</p>	N/A

Social Impact Tests

New Criminal Offence Proposals Proposed new criminal offences will need to be agreed with the Ministry of Justice (MOJ) at an early stage. The Justice Impact Test (see below) should be completed for all such proposals and agreement reached with MOJ before writing to Home Affairs Committee (HAC) for clearance. Please allow 3-4 weeks for your proposals to be considered.	N/A
Justice Impact Test The justice impact test is a mandatory specific impact test, as part of the impact assessment process that considers the impact of government policy and legislative proposals on the justice system. [Justice Impact Test Guidance]	Yes
Statutory Equalities Duties 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]	No
Privacy Impacts A Privacy Impact Assessment supports an assessment of the privacy risks to individuals in the collection, use and disclosure of information. [Privacy Impact Assessment Guidance] or [Contact the Corporate Security Information Assurance Team Helpline on 020 7035 4969]	No
Family Test The objective of the test is to introduce a family perspective to the policy making process. It will ensure that policy makers recognise and make explicit the potential impacts on family relationships in the process of developing and agreeing new policy. [Family Test Guidance]	N/A
Powers of Entry A Home Office-led gateway has been set up to consider proposals for new powers of entry, to prevent the creation of needless powers, reduce unnecessary intrusion into people's homes and to minimise disruption to businesses. [Powers of Entry Guidance]	N/A
Health Impact Assessment of Government Policy The Health Impact Assessment is a means of developing better, evidenced-based policy by careful consideration of the impact on the health of the population. [Health Impact Assessment Guidance]	N/A
<u>Environmental Impact Tests</u>	
Environmental Impacts The purpose of the environmental impact guidance is to provide guidance and supporting material to enable departments to understand and quantify, where possible in monetary terms, the wider environmental consequences of their proposals. [Environmental Impact Assessment Guidance]	N/A
Sustainable Development Impacts Guidance for policy officials to enable government departments to identify key sustainable development impacts of their policy options. <i>This test includes the Environmental Impact test cited above.</i> [Sustainable Development Impact Test]	N/A
Rural Proofing Guidance for policy officials to ensure that the needs of rural people, communities and businesses are properly considered. [Rural Proofing Guidance]	N/A