

Summary: Analysis & Evidence

Policy Option 2

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2017	PV Base Year 2017	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: -7.66

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	-	-	-
High	-	-	-
Best Estimate	-	-£0.89m	-£7.66 m

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

The groups affected by this police that we are able to monetise at this stage are the Police and the Criminal Justice System there costs have been outlined below.

Police: Total – **£0.29 million**

- Cost to Police per year from Possession in Private: **£0.21 million**
- Cost to Police per year from Educational Knife Possession: **£0.08 million**

Criminal Justice System: Total – **£0.6 million**

- Cost to CJS per year from Possession in Private: **£ 0.2 million**
- Cost to CJS per year from Education Knife Possession: **£0.12 million**
- Cost to CJS per year from threatening with a weapon: **£0.28million**

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

The key Costs have been monetised

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'

It is not possible to directly monetise the benefits of this analysis as we don't know what impact it will have. However using break even analysis it has been estimate that in order for the policy to breakeven approximately 0.5 knife related homicides would need to be avoided per year or approximately 30 serious woundings related to knife attacks will have to be avoided.

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

The key benefits have included.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

There may be a disproportionate impact to small and Micro Buisnesses from the online sales policy that will be addressed in the SaMBA

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: N/K	Benefits: N/K	Net: N/K	
			N/K

Evidence Base (for summary sheets)

A. Strategic Overview

A.1 Background

Online sales of knives

1. There have been legislative controls with age restrictions on the sales of knives since 1996 when it became an offence to sell knives to under 16s. This was amended in 2006 when the law in England and Wales was changed to make it an offence, under section 141A of the Criminal Justice Act 1988, to sell a knife to a person under 18. The maximum penalty for this offence is six months imprisonment, or a fine, or both. The law applies to both sales of knives in shops and online and is enforced by the police and trading standards officers. However it has become clear that additional legislative controls need to be put in place to prevent retailers selling knives online to under 18s.
2. Since legislation on restricting sales of knives on the basis of age was passed over 20 years ago we have seen the growth of the Internet and retailers are increasingly selling online. This has been transformative in its impact of course and a very positive development. However it poses challenges for online sales of age restricted good such as knives. It is very difficult for an online retailer to be certain that they have not sold a knife to a person under 18. It is different in a shop where the retailer or member of staff will see the purchaser and can ask for proof of age, and if necessary, refuse the sale. This does not appear possible online and we are not aware there has been a solution developed and adopted by online retailers to provide assurance that they are not selling knives to under 18s. The current online age controls used by retailers tend to be limited to asking the purchaser to ticking a box that they are over 18. That is not an effective deterrent against an under 18 buying a knife.
3. Ebay UK and a number of major retailers such as Asda, John Lewis, Wilko do not sell knives online. Other major retailers such as Tesco and Argos have a policy whereby if knives are bought online they must be collected in a store so that the age of the purchaser can be checked if necessary.
4. The Government worked closely with twelve major retailers¹ and the British Retail Consortium in March 2016 and agreed a set of voluntary commitments on responsible sales of knives to improve the enforcement of age controls. A further five major retailers² have since joined and abide by the commitments. The agreed commitments cover both sales online and in shops. We are very pleased that major retailers responded positively and improvements have been made to staff training, age checks in shops and packaging, but it is not clear that similar improvements have been made to online sales of knives.
5. Evidence from online test purchase operations conducted since the last decade, when online shopping became increasingly common, show that the majority of online retailers sampled failed to have effective age verification procedures. The failure rate for test online purchases of knives has improved very little compared with the first documented online test purchase operation.
6. Trading Standards conducted two online test purchase operations in 2008 and 2009, which showed that 80% of the retailers sampled (58 of 72) would sell to a person under 18. This could be seen as a reflection of the maturity of the online retail sector at that time, but a test purchase operation commissioned by the Home Office conducted in 2014 showed that 69% of the retailers (18 of out of 26 retailers tested) failed the test. This was a slight improvement on the exercise five years previously but still showed that the large majority of online test purchases failed and retailers were breaking the law.

¹ Tesco, eBay UK, Lidl UK, Amazon UK, Wilko, Argos, Asda, Poundland, Morrisons, Sainsbury's, John Lewis and Waitrose.

² Boots, the Co-op, B&Q, Aldi and TKMaxx

7. A further test purchase operation was carried out In December 2016. Trading Standards, in cooperation with the Metropolitan Police, conducted a test purchase operation to test whether online retailers would sell a knife to someone under 18. The results showed that 72% of retailers (15 out of 21 retailers) tested failed to verify the age of the purchaser at the point of accepting the order, and only 19% (4) went on to require further evidence of age and refused the sale when the evidence was not produced.
8. Every time an online test purchase operation is undertaken, the large majority of online retailers tested break the law on sales of knives. This contrasts with test purchases carried out in shops where the large majority of sales of knives comply with the law. In the national police week of action against knives under “Operation Sceptre” in October 2016, there were 391 test purchases of knives in shops undertaken. 80% (313) passed and 20% (78) failed. The number of failures is still worrying and further work needs to be done, but it is much better than the level of failures on online test purchases.
9. The death of Bailey Gwynne highlights the fatal consequences of not having strong checks in place to prevent under 18s from buying knives online. An independent review of the circumstances of Bailey’s death was commissioned by Aberdeen City Council and published in October 2016. Bailey was killed on 28 October 2015 when a 16-year-old boy produced a knife, which he bought online, during a fight in a school corridor. The boy bought the knife on Amazon UK and he told police he bought the knife online “because they don’t check if you’re 18 or not”. The independent review³ recommended that the Scottish Government should explore legislative controls on the purchase of weapons online, and the Scottish Government in its response⁴ agreed to this recommendation and made a commitment to work with the UK Government to ensure UK wide action.
10. We also have anecdotal reports from police, Trading Standards and Members of Parliament about the consequences of the online sales of knives. Trading Standards made us aware of an incident where an online retailer sold a knife to a boy in boarding school and failed to flag the package as an age restricted product. The package was accepted by a member of staff and handed to the boy without any checks. In another instance, an online retailer sent a knife to a private address after a credit card belonging to the householder had been misused, and the package was handed to their child, who went on to use the knife to inflict injuries to himself.
11. We are therefore proposing a new offence that knives sold online must not be delivered to a private residential address. Instead knives sold online must be delivered to a location where the age of the purchaser is checked.

Possession of offensive weapons in private

12. There are already strict controls on particular offensive weapons, including certain types of knives, which are listed in the Criminal Justice Act 1988 (Offensive Weapons) Order 1988. These are weapons that have been considered by Parliament to be especially dangerous. It is an offence to sell, manufacture, hire, loan or gift these weapons. This offence is in addition to the general offences of possessing a knife or offensive weapon in public or school grounds.
13. There are nineteen different weapons listed as offensive weapons and they include items such as the “belt buckle knife”, “butterfly knife” and “push dagger”. Most recently, in August 2016, we added zombie knives to this list as we were concerned that such knives had no legitimate use and were designed to appeal to young men and intimidate and encourage violence.
14. There are also similar prohibitions in respect of flick knives and gravity knives in section 1 of the Restriction of Offensive Weapons Act 1959

³ <http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=73891&SID=1224>

⁴ <https://beta.gov.scot/publications/the-death-of-bailey-gwynne-independent-review-scottish-government-response/>

15. We want to create a new offence aimed at the possession of such offensive weapons, whether in public or private. This would allow the police to be able to seize such weapons held in private so they cannot be used in crime. At present if the police find a zombie knife in someone's home they can only take action if it is considered to be evidence in a criminal investigation. Otherwise there is nothing that the police can do if they find such weapons in someone's home.
16. There would be defences available for this proposed offences similar to other knife legislation, and we are also considering defences on cultural, artistic and religious grounds. For example we would not wish to criminalise a display in a museum. However, subject to these exceptions, we see no case for such dangerous weapons to be in someone's home and possession. Even if the owner of the weapon in question has no intention at all of using it, there is a risk that they may be targeted by criminals intending to steal it.
17. Ensuring that the prohibition on the possession of offensive weapons extends to private addresses will support public safety.

Possession of articles with blade or point and offensive weapons in education institutions other than schools

18. The Offensive Weapons Act 1996 amended the Criminal Justice Act 1988 to introduce an offence of having an article with a blade or point or an offensive weapon on school premises. The definition of school premises though does not cover institutions within the higher and further education sector, such as sixth form colleges or universities, and expressly excludes them. We would amend the legislation to extend the possession offence to include education institutions other than schools. This change reflects the significant expansion of the number of students and changes in such institutions since the law was amended by the 1996 Act.

Threatening with an article with blade or point or an offensive weapon

19. We also intend to amend the existing offence of threatening with an article with blade or point or an offensive weapon set out in section 139AA of the Criminal Justice Act 1988. This currently requires the prosecution to prove that the defendant threatened another with the weapon "in such a way that there is an immediate risk of serious physical harm to that other person". We are proposing to strengthen this offence to ensure that if anyone threatens another person with a knife, the offence to be made is that the victim fears that he/she would be likely to suffer serious physical harm. We are also proposing the removal of the element of subjectivity on the part of the person threatened, and replacing it with a fear element expressed by reference to a person of reasonable firmness.

Updating the definition of flick knives

20. Similarly the Government is of the view that the current legislative definition of flick knives in the Restriction of Offences Act 1959 is outdated as it refers to the mechanism that activates the blade being in the handle. We propose to amend the definition to ensure that new designs also fall under the definition of flick knife in the legislation

A.2 Groups Affected

21. Police and the Criminal Justice System will incur a time cost through the time taken by staff to familiarise themselves with these new provisions. Additionally, there may be enforcement costs for the Police, the Crown Prosecution Service, the Courts, probation services, prisons, and the Legal Aid system if an offence is committed.

Online Sales

- A number of retailers that trade knives online will be affected, because they may have to amend their business model if they can no longer deliver knives sold online to private addresses.
- Buyers will no longer be able to have items delivered to private residential addresses.
- Delivery companies will now be liable to prosecution if they deliver to private residences .

Possession

- Owners of the offensive weapons falling under the legislation will need to surrender their weapons or justify that a relevant defence applies if charged with possession of an offensive weapon.

Prevention in Public – Education Institutions

- Education practitioners and student bodies will need to become aware of the law in order to ensure that they understand in what circumstances their staff and students may be breaking the law and make aware to any person in their premises of the legislation and the need to have a good reason in order to be in possession of a knife on the premises.

B. Rationale

22. The knife legislation proposals contained in this consultation respond to significant public and parliamentary concern about the increase in knife crime. Knife crime has been rising since late 2014. Police recorded knife crime has increased by 20% in the 12 months to March 2017, largely driven by an increase of 18% in assaults with injury involving a knife and a 23% increase in robbery⁵. Police recorded knife possession offences also increased by 23 % in the year ending March 2017. The ONS has said the increase in knife offences continues to present a complex picture. Better police recording of violence related offences explained much of the initial rise in knife crime rise (i.e. in 2014/15) and that this is still a driver behind the increase in some police force areas. However, other evidence suggests that some of the increase in knife crime is now likely to be real in some areas rather than better recording. For example, hospital admissions in England for assault with sharp instruments shows a rise of 13% in the year ending March 2016 compared with the previous year (from 3,590 in the year ending March 2015 to 4,054 in the year ending March 2016. Among them, 771 cases were children or teenagers aged 19 or under 6.

23. The Government has been taking wide-ranging action to tackle knife crime, including supporting police enforcement through “Operation Sceptre”, legislating where possible (e.g. banning zombie knives in August 2016), working with retailers to enforce sales restrictions, and working on prevention through engaging with young people through voluntary sector groups. This was set out in the Government’s Modern Crime Prevention Strategy, published in March 2016.

24. However, as part of this wide ranging approach, we have identified the need to strengthen primary legislation to provide the police with more powers and to address public concerns.

C. Objectives

25. Our main objective is to reduce knife crime. The proposals in this consultation will contribute to this aim by making it more difficult for people under 18 to obtain knives through online

⁵ Crime in England and Wales, Year Ending March 2017, <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingmar2017#police-recorded-offences-involving-weapons-continue-to-rise>

⁶ Hospital Admitted Patient Care Activity, 2015-2016 - <https://www.gov.uk/government/statistics/hospital-admitted-patient-care-activity-2015-to-2016>

retailers, making it easier to prosecute a person who uses a knife to threaten anyone, and it will give the police the powers they need to control certain offensive weapons held in private without a good reason.

D. Options

Option 1 – Do Nothing

Option 2:

A. Online Sales

Prohibiting the delivery of knives purchased online to a private residential address and make it an offence to deliver knives without checking ID.

B. Possession in Private

Legislate to make it an offence to possess in private an offensive weapon listed under s141 of the Criminal Justice Act 1988 and a dangerous weapon listed under the Restriction of Offensive Weapons Act 1959.

C. Prevention in Public – Education Institutions

Legislate to expand the offence of possession of a knife without good reason or reasonable excuse to education institutions other than schools. This is the preferred option as it will close a gap in the law.

D. Threatening with an Offensive Weapon

Legislate so that the offence is made if the victim fears that he/she would be likely to suffer serious physical harm, instead of the offence being made if there is an immediate risk of serious physical harm to that other person.

E. Appraisal (Costs and Benefits)

GENERAL ASSUMPTIONS & DATA

- We assume that the rate of knife possessions to knife crime remains consistent across educational settings.
- The volume of identified Knife Crime Carriers remains constant across all Police Forces.
- Police forces will only conduct searches with warrants on 10% of the population of Habitual Knife Carriers.
- Provisional data from the Ministry of Justice has been used to estimate the Criminal Justice System costs associated with each of the policy proposals.
- CJS Costs: These costs were provided using internal proceedings data from 2016. The indicative unit costs provided are relevant to the specific knife offences requested **only**. For all MoJ cost assumptions and risks, please see section F.

OPTION 1 – Do Nothing

Restriction to online Sales

26. New restrictions to the purchasing of knives from online sellers are not introduced. There will be no impact to businesses and consumers as it introduces no new restrictions on the sale of

knives online. There will also be no new costs to the police or the Criminal Justice System from this new offence, although there is an impact in terms of under 18s having access to knives sold online.

Possession in Private

27. Individuals will continue to be able to possess in private, weapons that are listed as offensive weapons. There will be no new costs to police or Criminal Justice System from this offence.

Prevention in Public – Educational institutions

28. Individuals will continue to be able to possess a knife in an educational establishment beyond schools. There will be no new costs to police or Criminal Justice System.

Threatening with an offensive object

29. The threshold for prosecution in the instances of threatening someone with an offensive object will remain the same. There will be no new costs to the Criminal Justice System.

Updating the definition of a flick knife

30. Not updating the definition of a flick knife leave a potential loophole open to exploitation. There will be no new cost to the Police or Criminal Justice System.

OPTION 2 – Legislate to introduce new restrictions to knife sales, possession and ownership

COSTS

31. The policy proposal intends to introduce a set of policies to tackle knife crime:
- i. Prohibiting the delivery of knives purchased online to a private residential address;
 - ii. Making it an offence to possess in private certain offensive weapons;
 - iii. Extending the offence of possession of a knife without good reason in a public place and schools to education institutions other than schools; and
 - iv. Amending the offence of threatening with a knife so the focus is the *fear of serious injury*, not that it would immediately occur.
 - v. Update the definition of a flick knife to close a potential loophole.

The cost for each of these is separated out below.

i. Restriction to online Sales

Business

32. Businesses who sell knives online will incur costs from the restrictions to deliver knives to private addresses. They will have to either provide pick-up facilities within their premises or work with third parties to facilitate age checking in independent pick-up locations. These costs might be passed onto individual consumers rather than be borne by business. It is not possible to estimate the cost to business as we have yet to obtain sufficient data to estimate the volume of businesses impacted or the cost of providing age verification from a specified location. The Home Office will aim to collect this information through the consultation and cost this element in the final stage Impact Assessment.

33. Delivery depots that operate as a holding location for knives delivered online already require a valid ID on pick-up and will age verify for flagged deliveries so there will be no increase in burden from checks. However, there will be an increase in the volume of parcels that will require pick up as now all knife deliveries must be collected from a depot. There is also a non-quantifiable increase in risk as the failure to age verify now carries a potential higher punishment when prosecuted. This may change business practices around the stringency of age checks and potentially impose higher business costs.

34. The introduction of additional restrictions to the sale of knives might prove to constrict the market for knives and result in lower turnover or withdrawal from the online market. Where a company relies on the sale of knives over the internet it might result in the complete closure of the business if third party pick up arrangements cannot be arranged. The scale and risk of this is uncertain. However, questions have been included in the consultation which may allow us to estimate the cost in the consultation response Impact Assessment.

Individuals

35. There will be some cost to individuals who are no longer able to source knives through direct delivery. They will incur a time cost to purchase the knife from a physical location or retrieve it from a depot. There is also a potential additional hardship cost for some people for whom the task of non direct shopping is more burdensome. However, the purchase of knives is not considered to be a purchase commonly made on a frequent basis and so the impact on individuals will be limited.
36. The increase burden to businesses may have ramifications to consumers through increased prices as they try and compensate for the increased costs. We are unable to quantify these costs owing to lack of available data, and the complexity of these impact

Police

37. Police forces may face an additional demand on their resources to extend their capacity in prevention of misselling of knives to cover businesses that deliver knives. The cost of this depends on how many knives are supplied through delivery channels and the cost to police forces to enforce violations. We are uncertain of the volume of knives sold online therefore it's difficult to estimate the additional costs to the police. We aim to collect this information through the consultation and cost this element in consultation response Impact Assessment.

Trading Standard

38. Trading Standards conduct test purchases on knives to check compliance with the law. The test purchase operations will need to be extended to cover delivery operators. It is unlikely that this will result in significant additional costs to Trading Standards.

Ministry of Justice Agencies

39. The introduction of a new offence may generate new demands on the Criminal Justice System. While we don't have information on the costs that this new offence will incur we have used the reasonable proxy of selling a knife to someone under 18 years of age outlined in the Criminal Justice Act 1988 S.141A. This offence was chosen given that it is from the same domain as the offence that we wish to introduce and it has the same maximum custodial sentence length of 6 months. Please refer to section F for details on all MoJ cost assumptions and risks.
40. **HM Court and Tribunal Service (HMCTS):** The estimated unit cost is approximately £300 for each case proceeded against. As the offence is summary only, 100% of cases are tried in the Magistrates Court.
41. **Legal Aid Agency (LAA):** The cost per case proceeded against is estimated to be approximately £200, assuming that 50% of defendants are eligible for Legal Aid.
42. **HM Prison and Probation Service (HMPPS):** There is no prison cost impact, as no defendant received a custodial since 2004. The weighted estimated probation unit costs are approximately £1,300 for Community Rehabilitation Companies (CRCs) and £200 for National Probation Service (NPS).

43. **Crown Prosecution Service (CPS):** There were no costs available for the CPS therefore they are not included in this IA.
44. The estimated cost to the CJS per case proceeded against is approximately £1,900.⁷ However, the volume of new cases proceeded against are not possible to estimate. To produce a cost estimate for the impact on the Criminal Justice System data on the size of the market for knife sales and online knife sales is required. We aim to collect this information through the consultation and cost this element in consultation response IA. To give an order of magnitude if a similar number of individuals were proceeded against to the proxy offence costs could be around £47,000.

ii. Possession in Private

Police

45. The introduction of a ban on the private possession of offensive weapons means that where police identify offensive weapons within a private location they will now be required to charge the individual with an offence unless the weapon is held with a good reason or a defence applies. This will not happen in the course of regular duties but rather during search operations which are carried out under warrants for a search of a private property.
46. The police will also be able to use the new offences as a basis to organise and conduct searches under warrant. It is uncertain whether the police will actively search private properties for knives. However, if they were to, an estimate of the potential cost to the police has been produced. To estimate the cost to police information was requested from the police on the costs of conducting a search operation on a private domicile after obtaining a warrant. The estimates provided suggested that a search operation can cost between approximately £800 and £2,000. To estimate the potential number of properties searched the volume of classified habitual knife carriers was used. Using the data returned to us by five forces it was estimated that there was an average of 35 habitual knife carrier classifications per year per force. The police are unlikely to search all these individuals' properties so we've assumed they will conduct a search on 10 per cent. Based on these assumptions the estimated cost to police for launching new operations against knife carriers was £210,000 with a range between approximately £120,000 and £300,000.
47. The introduction of the offence means that those people who were legitimately holding offensive weapons prior to the offences introduction must be given an opportunity to surrender their weapon. The police will have to be responsible for providing this opportunity in the run up to the offence being enforced. Police forces have provided estimates of between £3,000 and £13,000 for the costs to run an amnesty. Scaling this up to all forces could lead to an estimated cost of between £100,000 and £600,000 for all elements of a knife surrender operation. If police forces only proceed with a media campaign and rely on existing surrender bins then there would be an estimated cost of £180,000 and £215,000.

Individual

48. Those that are in possession of an offensive weapon will be compelled to surrender them to the police during the initial policy commencement and so will lose the item and the associated value. It is not possible to estimate the cost as the Home Office does not have data on the average value of restricted offensive weapons or the volume of offensive weapons that are kept in private.

Ministry of Justice Agencies

49. The introduction of a new offence may generate new demands on the Criminal Justice System. There is no data on the costs that this new offence will incur so instead the reasonable proxy of possession of an offensive weapon without lawful authority or reasonable

⁷ Estimated unit costs are weighted to take into account the route of a case through courts, and disposals.

excuse. This offence was chosen as the new policy seeks to extend it therefore has the same maximum penalty so it will serve as an appropriate proxy for the costs. Please refer to section F for details on all MoJ cost assumptions and risks.

50. **HM Court and Tribunal Service (HMCTS):** The estimated unit cost is approximately £600 for each case proceeded against.
51. **Legal Aid Agency (LAA):** The estimated unit cost is approximately £400 for each case proceeded against.
52. **HM Prison and Probation Service (HMPPS):** The estimated unit cost for HMPPS for Prisons is approximately £1,100. The unit cost to the HMPPS for probation was estimated at approximately £400 for CRCs and £100 for the NPS per case proceeded against.
53. **Crown Prosecution Service (CPS):** There were no costs available for the CPS therefore they are not included in this IA.
54. The estimate of the cost to the CJS per case proceeded against is approximately £2,500. To estimate the potential cost on the CJS we have assumed police conduct raids on 10 per cent of the identified Habitual Knife Carriers. The volume of habitual knife carriers was estimated using returns from 5 police forces and scaled up to all forces. The volume of potential cases that could arise is estimated at approximately 150. However not every arrest that the police make is proceeded against. Using the ratio of police recorded crime to the number of cases that are proceeded against we estimate 53 per cent⁸ of these are proceeded against. As such the estimated final cost to the CJS from this sub-policy is approximately £203,000.

iii. Prevention in Public – Educational institutions

Police

55. The policy will impose new burdens on the police when they are called out to educational institutions other than schools. This is similar to the current situation in place in schools. To estimate the impact of the policy to police we requested data on the number of knife possession crimes that occurred per year at schools. The number of crimes at schools and other educational institutions were also requested. Using the crime volumes for schools on knife possession and all crimes in schools a ratio was produced which suggested there were three knife crimes in schools per knife possession crime in a school. This was then applied to the crimes that occurred in other education facilities other than schools to estimate the total volume of knife possession crimes in educational institutions other than schools. The total volume increase is estimated at 5 incidents per force per year or 215 per year across the 43 forces.
56. The estimated time it takes for a police force to investigate an incident is approximately 11 hours⁹. This is based on the experience and returns from a single police force and is indicative of the general time costs of investigations into knife possession. The cost for an hour of constable time is approximately £32¹⁰. The total cost of an investigation into an incident of knife possession is estimated at approximately £400. The cost to the police across the 43 forces is estimated at approximately £75,000

Ministry of Justice Agencies

57. The introduction of a new offence may generate new demands on the Criminal Justice System. While we don't have information on the costs that this new offence will incur we have

⁸ Uses the police recorded crime volumes and the volumes of those proceeded against from the December 2016 Criminal Justice Statistics Quarterly publication: <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-december-2016>

⁹ Mid-point from Home Office internal estimates used: <http://www.parliament.uk/documents/impact-assessments/IA14-21G.pdf>

¹⁰ Home Office internal estimates on police hourly costs.

used a reasonable proxy of having an article with blade or point on school premises. This offence was chosen as the new policy seeks to extend it therefore has the same maximum penalty so it will serve as an appropriate proxy for costs. Please refer to section F for details on all MoJ cost assumptions and risks.

58. **HM Court and Tribunal Service (HMCTS):** The estimated unit cost is approximately £600 for each case proceeded against.
59. **Legal Aid Agency (LAA):** The estimated unit cost is approximately £300 for each case proceeded against.
60. **HM Prison and Probation Service (HMPPS):** The estimated unit cost for HMPPS prison is approximately £200 per defendant proceeded against. The estimated unit cost for HMPPS probation was under £100.
61. **Crown Prosecution Service (CPS):** There were no costs available for the CPS therefore they are not included in this IA.
62. The estimated cost to the CJS per case is approximately £1,100. The estimated volume of crimes needs to be converted into an estimate on the number of cases proceeded against. To do this the ratio of recorded crime to number of defendants proceeded against was used¹¹ and applied to the estimated volume of knife possession crimes in other educational institutions. This resulted in an assumption of 110 number of defendants proceeded against and an estimated cost to the CJS of £120,000.

iv. Threatening with an offensive object.

Ministry of Justice Agencies

63. Removing the element of subjectivity on the part of the person threatened, and replacing with a fear element may lead to an increase in the volume of defendants proceeded against and an increase in the proportion of cases sentenced. While we don't have information on the impact this might have on volumes we do have estimates of the CJS costs of this offence from the MoJ. Please refer to section F for details on all MoJ cost assumptions and risks.
64. **HM Court and Tribunal Service (HMCTS):** The estimated unit cost is approximately £700 for each case proceeded against.
65. **Legal Aid Agency (LAA):** The estimated unit cost is approximately £600 for each case proceeded against.
66. **HM Prison and Probation Service (HMPPS):** The estimated unit cost for HMPPS prison is approximately £4,100 per defendant proceeded against. The unit cost to the HMPPS for probation was estimated at approximately £700 for CRCs and £200 for the NPS per case proceeded against.
67. The estimated cost per case proceeded against to the Criminal Justice System is approximately £6,200. The volume of new cases proceeded against are not possible to estimate. However, to give an order of magnitude, if we assume a 10% increase as a result of the policy change this may result in approximately a £0.28 million increase in CJS costs.

Updating the definition of flick knives

68. Currently flick knives are already illegal and cannot be manufactured, imported, sold or hired in the UK. The proposed change in legislation seeks to pre-emptively expand the legislation

¹¹ Uses the police recorded crime volumes and the volumes of those proceeded against from the December 2016 Criminal Justice Statistics Quarterly publication: <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-december-2016>

to close a loophole around the definition of a flick knife. Since this is a pre-emptive change there will be no impact to this policy proposal.

Benefits

69. The introduction of these new measures to limit the availability of knives may produce a reduction in the volume of possession of knives and knife crime offences. However, the impact of the policy on the reduction in knife possession and any subsequent fall in knife crime is not possible to quantify.
70. Changes to the burden of proof required for the prosecution of threatening with a knife may act as a deterrent as the risk of receiving a sentence increases. As such the cost of threatening someone with a knife increases and instances of people committing it may fall. The impact of this change on the reduction in offences of threatening someone with a knife is not possible to quantify.
71. However, an estimate of the number of knife crimes that would need to be reduced for the costs to equal the benefits using the published Costs of Crime¹² estimates is instead provided to give a guideline as to how effective the policy would need to be in order to justify the costs outlined. The cost produced during the cost of crime revision for the IOM toolkit (2011)⁴ shows that the cost of a homicide to be approximately £2 million in 2017 prices. Based on this the policy would have to produce a reduction of approximately 0.5 knife related homicides a year in order for the costs of the policy proposals to equal the benefits from a reduction in knife related homicides. Similar analysis can be done for other offences such as serious wounding. This is estimated to cost approximately £30,000 in 2017 prices. Based on this the policy would have to produce a reduction of approximately 30 knife related serious woundings a year in order for the costs of the policy proposals to equal the benefits from a reduction in knife related serious wounding.

F. Risks

Data

72. Data sourced from police forces often returned usable answers for a small number of forces which limits the ability for us to generalise the results of the data to the all police forces. There is a risk that the responses are not representative of the costs or volumes incurred by all forces.

MoJ Costs

73. Risks associated with the MoJ costs have been outlined by the MoJ in Annex 2.

Business

74. Retailers will now be required to verify age and identity when items are handed over to consumers. If the retailer is unable to find a third party able and willing to conduct these checks then they may be restricted to physical sales.
75. The increase in cost of delivery might increase and it may reduce online marketplaces appeal and make it less competitive compared to those that sell from physical locations.
76. Those producers who have a disparate market will potentially lose out on the majority of their business if they lose the opportunity to sell through online means. Small retailers who do not have a physical or limited physical presence will lose a significant portion of their sales and risk becoming unprofitable.

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118042/IOM-phase2-costs-multipliers.pdf
⁴https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118042/IOM-phase2-costs-multipliers.pdf

77. The nature of the legislation may create a competitive bias towards those retailers who already maintain a physical premise as they do not have to have to drastically alter their business model. It also may introduce competitive bias towards those online retailers who have vertically integrated delivery services or who have a larger portfolio of products than knives who can absorb some of the cost.

78. There is the potential for foreign ordered knives not to follow the UK regulations and their product may not be flagged when entering the country. This may provide a bias for people to try and order knives from abroad in order to try and circumvent the inconvenience or additional costs of UK shipped knives. This can lead to a competitive bias towards foreign based companies.

Consumers

79. Consumers risk having higher costs of knives if retailers try to pass on the costs of increased shipping.

Individuals

80. Individuals who are not willing to get rid of their offensive weapon may decide that they are at low risk of being investigated and so will retain it at the risk of being arrested and prosecuted for the offence.

Enforcement

81. There is a risk that not all retailers will comply with the restrictions to delivery of knives to under 18s. Should retailers domestic or foreign not flag the contents of their parcel there is a risk that knives will still be delivered to those under the age of 18.

Small and micro business assessment (SaMBA)

82. Under the Small Business Enterprise and Employment Act 2014, a small and micro business assessment (SaMBA) needs to be conducted. Given the nature of online sales allowing small business to expand their market base there is evidence of a potential need to evaluate the impact on small and micro businesses. It is not possible however to evaluate the impact with current data and there is currently questions that are included within the consultation that will help evaluate the impact that this policy may have on small and micro businesses.

G. Enforcement

83. The legislation will be enforced by the police and, in relation to online sales of knives, also by Trading Standards.

H. Summary and Recommendations

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

Table H.1 Costs and Benefits		
Option	Costs	Benefits
Option 2	Yearly costs : £0.88m	
	10 Year NPV: £7.66m	
	Yearly Cost to Police: £0.29m	
	Yearly cost to Justice: £0.6m	
	Yearly cost to Business: <£5m*	

* The EANDCB has not been estimated as there is not any data held by the Government on the volume of online knife sales. However, it is our current judgement that the cost is likely to be less than £5 million for the following reasons:

- There may be a service that allows companies to continue to ship knives following the new provisions of the law at a marginal increased cost.
- It is likely that a portion of this increase in cost may be passed onto the consumer further reducing the burden to businesses.

We will review the information we receive from the consultation with the view to estimating the impact on business of this proposal.

I. Implementation

85. The Government will provide further plans on implementation after the consultation is held.

J. Monitoring and Evaluation

86. We will assess this element after we have assessed the responses to the consultation.

K. Feedback

87. We are seeking feedback about our proposals in this consultation.

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>	YES
<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>	N/A

<p>Small and Micro-business Assessment (SaMBA) The SaMBA is a Better Regulation requirement intended to ensure that all new regulatory proposals are designed and implemented so as to mitigate disproportionate burdens. The SaMBA must be applied to all domestic measures that regulate business and civil society organisations, unless they qualify for the fast track. [Better Regulation Framework Manual] or [Check with the Home Office Better Regulation Unit]</p>	<p>YES</p>
<p>Clarity of legislation Introducing new legislation provides an opportunity to improve the clarity of existing legislation. Legislation with multiple amendments should be consolidated, and redundant legislation removed, where it is proportionate to do so.</p>	<p>N/A</p>
<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>	<p>N/A</p>
<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>	<p>N/A</p>
<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>	<p>N/A</p>
<p><u>Social Impact Tests</u></p>	
<p>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.</p>	<p>N/A</p>
<p>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]</p>	<p>Yes</p>
<p>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]</p>	<p>No</p>
<p>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]</p>	<p>No</p>
<p>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.</p>	<p>N/A</p>

[Family Test Guidance]	
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<p>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]</p>	N/A
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<p>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]</p>	N/A
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Environmental Impact Tests

<p>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]</p>	N/A
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<p>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]</p>	N/A
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<p>Rural Proofing Guidance for policy officials to ensure that the needs of rural people, communities and businesses are properly considered. [Rural Proofing Guidance]</p>	N/A
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Annex 1 – MoJ Proxy Offence Data

Offence	Prohibiting the delivery of knives purchased online to a private residential address	Making it an offence to possess in private certain offensive weapons	Extending the offence of possession of a knife without good reason in a public place and schools to education institutions other than schools	Offence of threatening with a knife so the focus is the fear of serious injury
Proxy Offence Used	- Criminal Justice Act 1988 - S.141A - Selling to a person under the age of 18 a knife or blade	- Prevention of Crime Act - S.1 - Possession of offensive weapons without lawful authority or reasonable excuse	- Criminal Justice Act 1988 - S.139A - Having an article with blade or point on school premises	- Criminal Justice Act 1988 - S.139AA - Threaten with blade/sharply pointed article in a public place
2016 Data for Proxy Offence				
Estimated CJS Cost per Case	£1,900	£2,500	£1,100	£6,200
Proceedings in 2016	24	4,531	134	442
Tried at Magistrates' Court	100%	87%	97%	53%
Tried at Crown Court	0%	13%	3%	47%
Percentage proceeded against who receive custodial sentence	0%	18%	3%	37%
Average Custodial Sentence Length (Months)	0	6	6	12
Average Custodial Sentence Length Served (Months)	0	3	3	6

Table 2: MoJ Cost Assumptions and Risks

Cost Assumptions	
Assumption	Risks
2016 MoJ Criminal Justice Statistics data are used to identify the volumes, disposals and the sentence lengths of individuals proceeded against.	Every effort has been made to ensure that the figures presented are accurate and complete. However, it is important to note that these data have been extracted from large administrative data systems generated by courts. As a consequence, care should be taken to ensure data collection processes and their inevitable limitations are taken into account when those data are used.
<p>HMCTS costs (magistrates' court):</p> <p>To generate the costs by offence categories, HMCTS timings data for each offence group were applied to court costs per sitting day. Magistrates' court costs are £1,200 per sitting day. A sitting day is assumed to be five hours. The HMCTS costs are based on average judicial and staff costs, found at HMCTS Annual Report and Accounts 206, HMCTS timings data from the Activity based costing (ABC) model, the Timeliness Analysis Report (TAR) data set and the costing process. The costs are in 2015/16 prices and have been updated using the GDP deflator.</p>	<p>Timings data for offence categories:</p> <p>The timings data are based on the time that a legal advisor is present in court. This is used as a proxy for court time. Please note that, there may be a difference in average hearing times as there is no timing available e.g. when a District Judge (magistrates' court) sits.</p> <p>The timings data are based on the time that a legal advisor is present in court. This is used as a proxy for court time. Please note that, there may be a difference in average hearing times as there is no timing available e.g. when a DJ(MC) sits.</p> <p>Timings do not take into account associated admin time related with having a case in court. This could mean that costings are an underestimate. There is some information available on admin time, however we have excluded it for simplicity.</p> <p>The timings are collection of data from February 2009. Any difference in these timings could influence costings.</p> <p>The timings data also excludes any adjournments (although the HMCTS ABC model does include them), and is based on a case going through either one guilty plea trial (no trial) or one effective (not guilty plea) trial. However a combination of cracked, ineffective and effective trials could occur in the case route. As a result the costings could ultimately be underestimates.</p> <p>Guilty plea proportions at the Initial hearing from Q3 in 2013 are used, based on the Time Analysis Report. As these can fluctuate, any changes in these proportions could influence court calculations (effective trials take longer in court than no trials (trials where there was a guilty plea at the initial hearing).</p> <p>HMCTS average costs per sitting day:</p>

	<p>HMCTS court costs used may be an underestimate as they include only judicial and staff costs. Other key costs which inevitably impact on the cost of additional cases in the courts have not been considered; for example juror costs.</p>
<p>HMCTS costs (Crown Court):</p> <p>Timings data for types of case (e.g., indictable only, triable either way) were applied to Crown Court costs per sitting day. This was added to the cost of the initial hearing in the magistrates' court, as all criminal cases start in the magistrates' courts. Crown Court cost is £1,500 per sitting day in 2015/16 prices, assuming a sitting day is 4.5 hours. The HMCTS costs are based on average judicial and staff costs, found at HMCTS Annual Report and Accounts 2014-15 and updated to 2015/16 prices using the GDP deflator.</p>	<p>Timings data for types of cases:</p> <p>The average time figures which provide the information for the timings do not include any down time. This would lead to an underestimate in the court costing. Timings do not take into account associated admin time related with listing a case for court hearings. This could mean that costings are an underestimate.</p> <p>The data which informed the timings data excludes cases where a bench warrant was issued, no plea recorded, indictment to lie on file, found unfit to plead, and other results. Committals for sentence exclude committals after breach, 'bring backs' and deferred sentences.</p> <p>HMCTS average costs per sitting day:</p> <p>HMCTS court costs used may be an underestimate as they include only judicial and staff costs. Other key costs which inevitably impact on the cost of additional cases in the courts have not been considered; for example juror costs.</p>
<p>Legal Aid Costs: <i>Cases in the magistrates' court</i></p> <p>It is assumed that the eligibility rate in the magistrates' court is approximately 50%.</p> <p>The average cost per case is £500 and assumes that there is one defendant per case. This is based on the legal aid statistics (2016/17), and is calculated by dividing total case value by total case volume.</p> <p>See: https://www.gov.uk/government/collections/legal-aid-statistics.</p> <p>Source: https://www.gov.uk/government/statistics/legal-aid-statistics-january-to-march-2017</p>	<p><i>Magistrates' court</i></p> <p>Variance in the legal aid eligibility rate assumed for cases in the magistrates' courts would impact the costings.</p> <p>More than one defendant prosecuted per case and therefore more solicitors and barristers per case than assumed thus understating the actual cost.</p>

<p>Legal Aid Costs</p> <p><i>Cases in the Crown Court</i> It is assumed that the eligibility rate for legal aid in the Crown Court is 100%. The average cost per defendant is around £1,000 for the offence types in question.</p> <p>We assume one defendant per case. One defendant instructs one solicitor who submits one bill. As such, we use the cost per solicitor bill from the 2016/17 data as a proxy for the cost per defendant.</p> <p><i>Source:</i> https://www.gov.uk/government/statistics/legal-aid-statistics</p>	<p><i>Crown Court</i></p> <p>Assuming 100% eligibility for legal aid in the Crown Court carries several other risks. Firstly, an individual may refuse legal aid. Secondly, an individual may be required to contribute to legal aid costs. Lastly, the size of this contribution can vary.</p> <p>There is more than one defendant prosecuted per case and therefore more solicitors and barristers per case than assumed thus understating the actual cost.</p>						
<p>Prison costs:</p> <p>It is assumed that an offender serves half of their given custodial sentence in prison and the remainder on licence.</p> <p>The direct resource per prisoner is approximately £22,400.</p> <p>https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/563326/costs-per-place-cost-per-prisoner-2015-16.pdf</p>	<p>The cost of additional prison places is also dependent on the existing prison population, as if there is spare capacity in terms of prison places then the marginal cost of accommodating more offenders will be relatively low due to existing large fixed costs and low variable costs. Conversely, if the current prison population is running at or over capacity then marginal costs would be significantly higher as contingency measures will have to be found.</p>						
<p>Probation costs:</p> <p>Probation costs are divided into the National Probation Service (NPS) and Community Rehabilitation Companies (CRCs). NPS manage high risk offenders and CRCs are private companies and third sector organisations that manage low and medium risk offenders.</p> <p>Data on all offenders suggests the following proportion of offenders being allocated to CRCs:</p> <table border="1" data-bbox="261 1503 815 1816"> <tr> <td>% Managed Community Orders and Suspended Sentence Orders to CRC</td> <td>90.0%</td> </tr> <tr> <td>% Managed Licence <12 to CRC</td> <td>80.9%</td> </tr> <tr> <td>% Managed Licence 12 Months+ to CRC</td> <td>48.1%</td> </tr> </table> <p><i>Source: HMPPS Performance Hub data/March 2016 Probation Projections – MoJ internal analysis</i></p>	% Managed Community Orders and Suspended Sentence Orders to CRC	90.0%	% Managed Licence <12 to CRC	80.9%	% Managed Licence 12 Months+ to CRC	48.1%	<p>The distribution between NPS and CRC for a specific offence category may not mirror the average distribution across all categories. The proportions of offenders managed by NPS/CRCs may be different to those assumed and costs could be higher or lower if more offenders are managed by NPS or CRCs, respectively.</p>
% Managed Community Orders and Suspended Sentence Orders to CRC	90.0%						
% Managed Licence <12 to CRC	80.9%						
% Managed Licence 12 Months+ to CRC	48.1%						
<p>Probation - NPS costs Community Order (CO)/Suspended Sentence Order (SSO)sentence costs:</p>	<p>Costs reflect delivery of the sentence to high risk offenders by the National Probation Service (NPS)</p>						

<ul style="list-style-type: none"> • Proportion of offenders assumed to be allocated to NPS is presented above. <p><i>Source: MoJ (HMPPS) modelling</i></p> <p>Post release licence costs: For offenders who spend 12 months or less on licence:</p> <ul style="list-style-type: none"> • Proportion of offenders assumed to be allocated to NPS is presented above. <p><i>Source: MoJ (HMPPS) modelling</i></p>	<p>Costs are indicative and reflect modelling of delivery by the NPS, not actual plans or operating models</p> <p>Custodial sentence costs include pre-release work Corporate service costs (e.g. HR, Finance) are not apportioned within unit costs Intervention purchase costs are apportioned in proportion to direct spend by sentence type</p> <p><i>There may also be costs to the NPS for production of pre-sentence reports to court and costs to prison, probation or through contracts such as Electronic Monitoring in relation to breach during the post-sentence supervision/licence period.</i></p>
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