

Impact Assessment, The Home Office

Title: Controls on possession of component parts of ammunition

IA No: HO0410

RPC Reference No: N/A

Other departments or agencies: Ministry of Justice

Date: 25 May 2022

Stage: FINAL

Intervention: Domestic

Measure: Primary legislation

Enquiries: Firearms Policy Unit
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RPC Opinion: Not Applicable

Business Impact Target: Not a regulatory provision

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

Net Present Social Value NPSV (£m)	-5.9	Business Net Present Value BNPV (£m)	0.0	Net cost to business per year EANDCB (£m)	0.0
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What is the problem under consideration? Why is government intervention necessary?

Firearms crime rose by 33 per cent from 2014/15 to a peak in 2017/18. Whilst it fell by 24 per cent between 2017/18 and 2020/21, it remains above 2014/15 levels. Law enforcement bodies are concerned about ammunition being transferred to the criminal market by criminals who use component parts of ammunition to manufacture full rounds. Government intervention is required to alter legislative control measures. Changes to ammunitions legislation to improve public safety were proposed as part of the Firearms Safety Consultation, which ran from 24 November 2020 to 16 February 2021.

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

The strategic objective is to reduce crime. The policy objective is to prevent the unauthorised manufacture of ammunition through the assembly of component parts by making it an offence to possess component parts of ammunition with intent to manufacture unauthorised complete rounds. The proposed change is to make it an offence to possess these without a licence, if it can be shown that there is intent to use them to make ammunition. The intended effect is a reduction in firearms-related crime and the associated societal damage it causes.

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

Option 1 – ‘Do nothing’.

Option 2 – To make it an offence to possess component parts of ammunition with intent to manufacture unauthorised quantities of complete rounds of ammunition. **This is the Government’s preferred option.** Non-regulatory options were considered, but firearms operate in a regulated environment and non-regulatory options were assessed as ‘would not’ achieve the strategic and policy objectives.

Main assumptions/sensitivities and economic/analytical risks	Discount rate (%)	3.5
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There is little data to support the estimate for the additional enforcement/offences that will be generated by the new restrictions. Given the lack of data, there is a risk that this is under-estimated and that costs to the Criminal Justice System (CJS) may be higher.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 01/03/2027

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:  Date: 2022

Summary: Analysis & Evidence

Policy Option 2

Description: Controls on possession of component parts of ammunition

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2021/22	PV Base	2021/22	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	-1.3	High:	-26.4	Best:	-5.9	Best BNPV	0.0	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0.05	1.3	1.4	0.2	0.0
High	0.40	30.5	30.9	3.6	4.5
Best Estimate	0.15	6.2	6.3	0.7	0.5

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

All costs are over 10 years. Total cost is estimated to be between **£1.4 and £30.9 million (PV)**, with a central estimate of **£6.3 million (PV)**. Costs to the CJS to enforce the new offences are estimated to be **£1.1 to £17.7 million (PV)**, with a central estimate of **£4.4 million (PV)**. Estimated enforcement costs to the police are between **£0.1 to £3.9 million (PV)**, with a central estimate of **£0.8 million (PV)**.

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

Any costs caused by the reduction in sales of ammunition component parts, from the proposed restrictions, have not been monetised due to a lack of data. There may be costs to non-licensed individuals who would have previously used component parts in a legal way.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0.0	0.0	0.0	0.0	0.0
High	0.0	4.4	4.4	0.5	4.4
Best Estimate	0.0	0.5	0.5	0.1	0.5

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

Total benefit is estimated to be between **£0.0 and £4.4 million (PV)**, with a central estimate of **£0.5 million (PV)**. This is made up entirely of fees paid to criminal defence lawyers. No other benefits are monetised.

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

The intended benefit is a reduction in firearms crime. This has not been monetised due to lack of data on the extent to which these controls would reduce firearms crime. Break-even analysis shows that **two homicides** or **451 robberies** would need to be prevented over 10 years for the benefits to exceed the costs.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:									
Cost, £m	0.1	Benefit, £m	0.1	Net, £m	0.00				
Score for Business Impact Target (qualifying provisions only) £m:					N/A				
Is this measure likely to impact on trade and investment?					N				
Are any of these organisations in scope?		Micro	N	Small	N	Medium	N	Large	N
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded:	N/A	Non-Traded:	N/A		

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 2)

Are all relevant Specific Impacts included?	Y	Are there any impacts on particular groups?	N
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Evidence Base

A. Strategic objective and overview

A.1 Strategic objective

1. The strategic objective is to reduce crime and increase public safety. This can only be achieved by government intervention to amend legislation.

A.2 Background

2. Law enforcement bodies have raised concerns about the availability of component parts of ammunition and how criminals use them to unlawfully manufacture full rounds of ammunition.
3. Only the main components of ammunition are already controlled (propellants and primers). The possession of propellants is controlled under the Explosives Regulations 2014 (ER 2014) which require that, with certain exceptions, anyone wanting to acquire or keep explosives must hold an explosives certificate issued by the police. Primers are subject to control under section 35 of the Violent Crime Reduction Act 2006 (VCRA 2006) which makes it an offence to sell or purchase primers, including empty cartridge cases incorporating primers, unless the purchaser is authorised to possess them, for example, by being a registered firearms dealer (RFD) or by holding a firearm certificate authorising them to possess a firearm or ammunition of the relevant kind. It is an offence under section 1 of the Firearms Act 1968 (FA 1968) to possess, purchase or acquire ammunition without holding a firearm certificate. It is an offence under section 5(2A) of the FA 1968 to unlawfully manufacture and supply prohibited ammunition. However, some component parts of ammunition, for example, the lead bullets and cases, are not controlled. The proposed change would be to make it an offence to possess these without a licence if it can be shown there is intent to use them to make ammunition.

A.3 Groups affected

4. **Law enforcement:** police forces in England and Wales, Police Scotland and National Crime Agency (NCA).
5. **Criminal justice agencies:** Crown Prosecution Service (CPS), courts (HMCTS) and HM Prison and Probation Service (HMPPS).

A.4 Consultation

Public consultation

Firearms safety consultation

6. The Government consulted publicly on its firearms safety proposals between 24 November 2020 and 16 February 2021. On the control of ammunition, the consultation sought views on whether it should be an offence to use component parts to assemble unauthorised quantities of ammunition. The Home Office sought views on whether the current controls on component parts of ammunition (propellants and primers) are sufficient, set against a policing view that these are too easy to obtain and are being used by criminals to unlawfully manufacture ammunition.
7. The consultation found that 62 per cent of respondents strongly agreed or agreed that possession of component parts with intent to manufacture complete rounds of ammunition should be made an offence. The Government therefore intends to create a new explicit offence in respect of this issue and this measure would require primary legislation.

B. Rationale for intervention

8. Firearms offences have increased, and evidence provided by the police suggests that one source of ammunition to the illegal, criminal market is through the unlawful assembly of component parts.
9. Serious violence has increased since 2014/15. This includes firearms crime, which rose 33 per cent from 2014/15 to a peak in 2017/18. Firearms crime has fallen in the latest figures which shows a 15 per cent year-on-year reduction in firearms offences up to June 2021, and a 24 per cent reduction since 2017/18, but is still up 8 per cent up since 2014/15.¹
10. Legislation is needed as police have concerns that the current framework facilitates transfer of firearms material from the legal to the criminal marketplace.
11. Law enforcement is concerned that the current legislative controls on ammunition are exploited by criminals through the manufacturing of ammunition from component parts.
13. The legislative controls already in place do not prevent non-licensed individuals from holding certain component parts for ammunition. Through tightening the policy around component parts, it will become harder for non-certificate holders to make ammunition. This provides a strong rationale for the policy, as it will help prevent gun material entering the illicit market and fuelling further increases in gun crime.

C. Policy objective

14. The policy objective is to prevent the unauthorised manufacture of ammunition through the assembly of component parts by making it an offence to possess component parts of ammunition with intent to manufacture unauthorised complete rounds. The proposed change would be to make it an offence to possess these without a licence if it can be shown there is intent to use them to make ammunition. The intended effect is a reduction in firearms-related crime and the associated societal damage it causes.

D. Options considered and implementation

15. **Option 1** – ‘Do nothing’. Take no action and maintain the current position.
16. **Option 2**: To make it an offence to possess component parts of ammunition with intent to manufacture unauthorised quantities of complete rounds of ammunition.
17. **Option 2 is the Government’s preferred option** and was supported by the majority (62%) of respondents to the consultation. The purpose of this impact assessment (IA) is to capture a range of possible outcomes regarding implementation of this option.
18. This is a final stage IA. Having regard to the outcome of the consultation, the measures set out in paragraph 5 require primary legislation and will therefore be implemented when a suitable legislative vehicle becomes available, subject to parliamentary approval.

¹<https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingmarch2020> ² As above – Table F2.

E. Appraisal

General assumptions and data

19. Costings for the appraisal section are based on data given by gun trading experts and national crime statistics. These were used to provide figures for the number of ammunition related crimes and for the cost of crimes for homicides and robberies. This policy is appraised over a 10-year period in line with Green Book² (2022) guidance. A social discount rate of 3.5 per cent is used to discount future values to give present values (PV) over the period. All costs and benefits are in 2021/22 present value base year and 2021/22 prices in order to remain consistent with current prices. Transition costs are assumed to occur in year 1 only.
20. It is assumed that the proposed restrictions on component parts do not cause a reduction in the size of the market, as the number of component parts used in the illegal manufacture of ammunition is estimated to be negligible compared to the number of legally held components. This assumption has been tested in the consultation. It is assumed that the new restrictions do not generate any additional police inspection activity because the police are already tasked with regular firearms inspections. There will, however, be additional time taken by police, and hence costs incurred to deal with the small number of additional offences from people in breach of the new restrictions. This is expected to lead to an increase in police enforcement time costs. The number of new offences is estimated as follows:
21. In the three financial years between 2018/19 and 2020/21 there were an average of 2,458 'Other Firearms Offences'³ per year. However, not all these offences are expected to relate specifically to ammunition. As there is no data to indicate how many of these relate to ammunition, a low, medium and high estimate is calculated assuming 12.5, 25 and 50 per cent⁴ of the offences would relate to ammunition. This gives 307, 614, and 1,229 respectively⁵. With the absence of data, it is assumed that the new legislations will generate new offences in a range of 12.5 to 50 per cent with a central estimate of 25 per cent⁶. This will result in a range of 38 to 615 new offences per year, with a central estimate of 154⁷.
22. The increase in police time to deal with enforcing the additional offences is based upon a £40⁸ hourly wage (in 2021/22 prices) for the modelled Police Officer, the number of offences, and the time taken for the police to deal with an offence. Further detail is set out in Ongoing costs – Police.
23. These offences will generate further CJS costs (court hearings etc). It is assumed that CJS costs for additional offences are the same as a cost of a proxy offence⁹, 'illegal possession of an offensive weapon', £3,350 (in 2021/22 prices).
24. Costs are rounded to the nearest £100 and individuals are rounded to the nearest 100 unless otherwise stated.

² The Green Book (publishing.service.gov.uk)

³ See Offence Code 81 in Home Office Counting Rules for Recorded Crime

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/822476/count-weapons-jul-2019.pdf and Police Recorded Crime Police Force area open data tables year ending March 2013 onwards.

<https://www.gov.uk/government/statistics/police-recorded-crime-open-data-tables> Published 4th November 2021. 2,458 calculated by taking the average number of offences (3,300 in 2020/21, 2,266 in 2019/20, and 1,807 in 2018/19).

⁴ Counting rules for possession of weapons (publishing.service.gov.uk) As only 4 out of the 22 offences within classification 81 ("other firearms offences") relate to ammunition, it is unlikely that over 50 per cent of the offences will relate to component parts of ammunition.

⁵ There may be discrepancies in the total figures due to the effect of rounding.

⁶ This assumption is based on the addition of one more ammunition offence within classification 81 ("other firearms offence") to the original 4. I.e. an increase of 25 per cent. A range is provided due to the uncertainty of this assumption.

⁷ Rounded to the nearest whole number.

⁸ Home Office internal estimates on police hourly costs. Hourly cost for Sergeant and below, includes salary, expenses, regional allowance, training and employer contributions to pension and national insurance. The estimates were calculated using the Annualised Survey of Hours Earnings (ASHE), Chartered Institute of Public Finance and Accounting (CIPFA) Police Actuals and The National Police Chiefs Council (NPCC) Mutual Aid Rates. Estimates use the latest figures available for the various inputs.

⁹ Possession of offensive weapons without lawful authority or reasonable excuse (Prevention of Crime Act, S.1).

COSTS

Transition costs

Police

25. It is expected that firearms licensing officers from each force will have to familiarise themselves with the legislative changes around component parts in year 1. It is assumed that the guidance is about 19,200 words¹⁰. Reading speeds are estimated to be between 200 and 700 words per minute (wpm), with a central estimate of 400wpm¹¹. A range of reading comprehension between 50 to 80 per cent, with a central 60 per cent is used. This results in a range of 30 to 150 minutes, with central estimate of 70 minutes¹² for familiarisation reading times. It is assumed that each force has between two and eight firearms licensing officers, with a central estimate of five¹³. There are 43 forces, so this results in a range of 86 to 344, with a central estimate of 215. The hourly wage of the modelled police officer is used as a proxy wage for the firearms licensing officers. The average hourly wage for the modelled police officer is calculated as £49¹⁴. The transition costs are calculated by multiplying the average hourly wage for firearms licensing officers by the number of firearms licensing officers and the estimate of familiarisation time. This results in a range of transition costs between **£0.00m and £0.04m**, with a central estimate of **£0.01m** in year 1 only (see Table 1).

Table 1, Familiarisation cost to firearms licensing officers, year 1, vol, £, 2021/22 prices, 2022.

Estimate	Number of firearms licensing officers	No. words to be read	Reading speed (wpm)	Average time familiarisation (hours)	Hourly cost (£)	Total cost (£m)
Low	86	18,200	700	0.48	49.03	0.00
Central	215	19,200	400	1.13	49.03	0.01
High	344	20,200	200	2.29	49.03	0.04

Source: Readingsoft.com, see footnote 13.

Criminal Justice System (CJS)

21. It is also expected that circuit and district judges will have to familiarise themselves with the legislative changes around component parts. It is estimated that there are approximately 1,000 circuit and district judges¹⁵. A low and high range of 800 and 1,200 judges is used respectively. The wage rate for judges and deputy district judges are from the Ministry of Justice judicial fees. The average of the fees for deputy High Court judge and deputy district judge fees is divided by court sitting hours, which are six hours¹⁶. The familiarisation costs are calculated by multiplying the average hourly wage by the number of individuals and the estimated familiarisation time. This results in a range of familiarisation cost of between **£0.05 and £0.33 million**, with a central estimate of **£0.14 million** (2021/22 prices) in year 1 only.

¹⁰ the Firearms Security Handbook consists of about 19,200 words.

¹¹ [Speed Reading Test Online \(readingsoft.com\)](https://www.readingsoft.com)

¹² Rounded to the nearest 5 minutes. It is assumed they do not re-read it if comprehension is between 80% to 85% as they understand it.

¹³ Estimates provided by the police to the Home Office.

¹⁴ Home Office internal estimates on police hourly costs. Hourly cost for Sergeant and below, includes salary, expenses, regional allowance, training and employer contributions to pension and national insurance. The estimates were calculated using the Annualised Survey of Hours Earnings (ASHE), Chartered Institute of Public Finance and Accounting (CIPFA) Police Actuals and The National Police Chiefs Council (NPCC) Mutual Aid Rates. Estimates use the latest figures available for the various inputs. Rounded to nearest £1 and in 2021/22 prices. Uprated further by 21.8 per cent to include non-wage share of labour cost for the UK. See Eurostat (2019): https://ec.europa.eu/eurostat/databrowser/view/lc_lci_lev/default/table?lang=en Calculation is $0.179/0.821 = 21.8$ per cent.

¹⁵ [Circuit judge | Courts and Tribunals Judiciary](#). Approximately 600 circuit judges and 400 district judges.

¹⁶ [judicial-fee-schedule-21-22.pdf \(publishing.service.gov.uk\)](#). Deputy High Court Judge (England and Wales) fees is £917.52, and deputy district judge fees is £533.92.

Table 2, Familiarisation costs to the CJS, year 1 only, vol, £, 2021/22 prices, 2022.

Estimate	Number of individuals	No. words to be read	Reading speed (wpm)	Average time familiarisation (hours)	Hourly cost (£)	Total cost (£m)
Low	800	18,200	700	0.48	120.95	0.05
Central	1,000	19,200	400	1.13	120.95	0.14
High	1,200	20,200	200	2.29	120.95	0.33

Source: Readingsoft.com, see footnote 17.

Criminal Defence Lawyers

22. It is also expected that the criminal defence lawyers will have to familiarise themselves with the legislative changes around component parts. The number of criminal defence lawyers who need to familiarise themselves with the legislative changes is unknown. A low, central and high estimate of 25, 50 and 75 per cent is used for the range of the estimated new offences per year (38 to 615, with a central estimate of 154) to estimate how many criminal defence lawyers will need to familiarise themselves with the legislative changes. This gives a range of 10 to 461 individuals, with a central estimate of 77¹⁷. The average hourly wage for solicitors is calculated as £30¹⁸. The familiarisation costs are calculated by multiplying this average hourly wage by the total number of criminal defence lawyers and the estimated familiarisation time. This results in a range of familiarisation costs between **£0.00m and £0.03m**, with a central estimate of **£0.00m** in year 1 only.

Table 3, Familiarisation cost to criminal defence lawyers, year 1, vol, £, 2021/22 prices, 2022

Estimate	Number of criminal defence lawyers	No. words to be read	Reading speed (wpm)	Average time familiarisation (hours)	Hourly cost (£)	Total cost (£m)
Low	10	18,200	700	0.48	29.66	0.00
Central	77	19,200	400	1.13	29.66	0.00
High	461	20,200	200	2.29	29.66	0.03

Source: Readingsoft.com, see footnote 17.

Ongoing and total costs

Police

23. The additional offences as a result of this legislation are expected to lead to some extra enforcement costs for the police. As these are new offences, it is difficult to estimate how much police time they will require. Offences related to the storing of large quantities of ammunition which breach the Explosives Act 1875 (EA 1875) have been used as a proxy in this IA. Initial estimates suggest these offences take three to six hours to initially investigate and can require up to three hours travel time per case. As there would be additional time to review and action the reports too, nine hours is taken as the low estimate and it is estimated that the average offence will require 9 to 15 hours of police time, with a central-estimate of 12 hours¹⁹.
24. The ongoing enforcement costs are calculated by multiplying the range of new offences per year (38 to 615, with a central estimate of 154) by the investigation time range (9 to 15 hours, with a central estimate of 12 hours) and the hourly wage of the modelled police officer (£49). This results in an

¹⁷ Rounded to the nearest person.

¹⁸ Estimate from the Annualised Survey of Hours Earnings (ASHE) in 2020. SOC code 2413. Rounded to the nearest £1 and in 2021/22 prices. Uprated further by 21.8 per cent to include non-wage share of labour cost for the UK. See Eurostat (2019): https://ec.europa.eu/eurostat/databrowser/view/lc_lci_lev/default/table?lang=en Calculation is $0.179/0.821 = 21.8$ per cent.

¹⁹ Estimates provided by the police.

estimated range of **£16,900 to £451,900** per year for the ongoing police enforcement costs, with a central estimate of **£90,400** per year.

25. The estimated cost for additional enforcement action by the police lies in a range of **£0.1 to £3.9 million (PV)**, with a central estimate of **£0.8 million (PV)** over 10 years.

Individuals

26. There will be an increased cost to individuals who are accused of this offence when hiring criminal defence lawyers. Not all individuals will be able to pay for representation and instead would qualify for legal aid. It is estimated that 86 per cent²⁰ of cases will not require legal aid and therefore for these cases the cost of hiring criminal defence lawyers will fall on the individuals. The costs for the remaining 14 per cent that require legal aid are included in the criminal justice system ongoing costs below. Using MOJ estimates for a similar offence²¹, court hearings are expected to average 90 minutes. Due to the uncertainty of this estimate, a low and high estimate of 45 and 135 minutes are used. The range of solicitors' guideline hourly figures is used to estimate court costs for criminal defence lawyers²². These are estimated to be a range of £126 to £373, with a central estimate of £250²³. Multiplying these costs by the estimated court hearing time, the share of individuals paying for criminal defence lawyers and the range of new offences (38 to 615, with a central estimate of 154), results in an estimated range of **£3,100 to £443,600** per year for the ongoing criminal defence lawyers costs, with a central estimate of **£49,500** per year.
27. The estimated cost to individuals lies in a range of **£0.0 to £3.8 million (PV)**, with a central estimate of **£0.4 million (PV)** over 10 years.

CJS

28. There will also be an increased cost to the CJS through the extra court hearings etc. Unit CJS costs are estimated to be £3,350 (in 2021/22 prices)²⁴. Multiplying the unit CJS cost by the range of new offences (38 to 615, with a central estimate of 154) results in an estimated range of **£0.1 to £2.1 million** per year for the ongoing CJS costs, with a central estimate of **£0.5 million** per year.
29. There will also be an increased legal aid cost to the CJS. It is estimated that 14 per cent of cases will require legal aid. The range of solicitors' guideline hourly figures is used to estimate court costs for criminal defence lawyers²⁵. These are estimated to be a range of £126 to £373, with a central estimate of £250²⁶. Multiplying these costs by the estimated court hearing time, the share of cases requiring legal aid and the range of new offences (38 to 615, with a central estimate of 154), results in an estimated range of **£500 to £72,100** per year for the ongoing criminal defence lawyers costs, with a central estimate of **£8,000** per year.
30. The estimated cost for additional CJS costs lies in a range of **£1.1 to £18.3 million (PV)**, with a central estimate of **£4.5 million (PV)** over 10 years.

Criminal defence lawyers

31. There will be an increased cost to the criminal defence lawyers as cases are brought to courts. The range of solicitors' guideline hourly figures is used to estimate court costs for criminal defence

²⁰ The share of cases requiring legal aid is estimated by dividing the total legal aid representation in magistrate courts for criminal cases (<https://www.gov.uk/government/statistics/criminal-court-statistics-quarterly-july-to-september-2021>) by the total criminal court cases in magistrate courts (<https://www.gov.uk/government/statistics/criminal-court-statistics-quarterly-july-to-september-2021>). The average of the last three quarters is taken.

²¹ Estimates for knife possession offences.

²² Solicitors' guideline hourly rates - GOV.UK (www.gov.uk)

²³ Rounded to the nearest £1.

²⁴ Unit CJS cost. See footnote 9 for further detail. Rounded to the nearest £100.

²⁵ Solicitors' guideline hourly rates - GOV.UK (www.gov.uk)

²⁶ Rounded to the nearest £1.

lawyers²⁷. These are estimated to be a range of £126 to £373, with a central estimate of £250²⁸. Multiplying these costs by the estimated court hearing time and the range of new offences (38 to 615, with a central estimate of 154), results in an estimated range of **£3,600 to £515,700** per year for the ongoing criminal defence lawyers costs, with a central estimate of **£57,500** per year.

32. The estimated cost for additional criminal defence lawyer costs lies in a range of **£0.0 to £4.4 million (PV)**, with a central estimate of **£0.5 million (PV)** over 10 years.

Non-monetised costs

33. There may be some additional costs and effects that have not been monetised. These might include a reduction in the size of the legal component parts market as a result of the proposed restrictions on component parts. As the number of component parts used in the illegal manufacture of ammunition is estimated to be negligible compared to the number of legally held components, it has been assumed that the restrictions will not impact the size of the legal market. The restrictions may also impact the market if individuals no longer purchase component parts for legal purposes as they feel at risk of police activity. Any costs as a result of this are uncertain and have not been monetised. These assumptions have been tested in the consultation.

Total costs

34. Total costs are estimated to be in a range of **£1.4 to £30.9 million (PV)**, with a central estimate of **£6.3 million (PV)** over 10 years.

Table 4, Summary of total costs of Option 2, over 10 years, (PV, £ million) 2022.

Cost (£)	Low	Central	High
Set-up costs (year 1 only)			
Familiarisation – CJS	0.05	0.14	0.33
Familiarisation – Police	0.00	0.01	0.04
Familiarisation- Criminal defence lawyers	0.00	0.00	0.03
Ongoing costs (PV)			
CJS	1.1	4.5	18.3
Police	0.1	0.8	3.9
Criminal defence lawyers	0.0	0.5	4.4
Individuals	0.0	0.4	3.8
Total costs (PV)	1.4	6.3	30.9

Source: Home Office own estimates.

²⁷ [Solicitors' guideline hourly rates - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

²⁸ Rounded to the nearest £1.

BENEFITS

Ongoing and total benefits

35. There will be a benefit to criminal defence lawyers as a result of being paid to take on cases related to this legislation change through payment by the accused or through legal aid. This is expected to be equivalent to the cost faced by criminal defence lawyers when taking on a case. Using MoJ estimates for a similar offence²⁹, court hearings are expected to average 90 minutes. Due to the uncertainty of this estimate, a low and high estimate of 45 and 135 minutes are used. The range of solicitors' guideline hourly figures is used to estimate court costs for criminal defence lawyers³⁰. These are estimated to be a range of £126 to £373, with a central estimate of £250³¹. Multiplying these costs by the estimated court hearing time and the range of new offences (38 to 615, with a central estimate of 154) results in an estimated ongoing benefit of **£3,600 to £515,700** per year for criminal defence lawyers, with a central estimate of **£57,500** per year.
36. Total benefits are estimated to be in a range of **£0.0 to £4.4 million (PV)**, with a central estimate of **£0.5 million (PV)** over 10 years.
37. Other benefits have not been monetised due to a lack of data/evidence on whether these restrictions will reduce firearms related crime and to what extent the intended benefit of **Option 2** may be a reduction in firearms-related crime. Instead a breakeven analysis has been carried out to assess how many homicides and robberies would have to be prevented for the benefits to exceed the costs.
38. The estimated cost to society of a firearms homicide is £3.7 million and the cost of a firearms-related robbery is estimated at £13,000 (2021/22 prices³²). For context, there were an average of 45 firearms-related homicides in England and Wales each year between 2004/2005 and 2014/2015 and just over 3,000 firearms-related robberies. The Net Present Social Value (NPSV) is estimated to lie between **-£1.3 to -£26.4 million**, with a central estimate of **-£5.9 million** over 10 years. This means that between **one and eight homicides**, with a central estimate of **two**, or between **103 and 2,035 robberies**, with a central estimate of **451** need to be prevented over the 10-year appraisal period for this policy to have a positive NPSV.

NPSV, BNPV, EANDCB

39. Net Present Social Value (NPSV) is defined as the total discounted benefits minus the total discounted costs. The NPSV of the policy lies in a range between **-£1.3 and -£26.4 million**, with a central estimate of **-£5.9 million**. This is mainly driven by ongoing CJS costs, which lie in a range of **£1.1 to £18.3 million**, with a central estimate of **£4.5 million (PV)** over 10 years.
40. There are costs to businesses through the familiarisation costs and ongoing costs faced by criminal defence lawyers. The benefits to businesses are from the fees charged by criminal defence lawyers to take on cases. This results in an estimated Business Net Present Value (BNPV) between **-£100 and -£31,300**, with a central estimate of **-£2,600 over 10 years**.
41. The equivalent annual net direct cost to business (EANDCB) is estimated to be between **£17³³ and £3,700**, with a central estimate of **£300**.
42. No other benefits have been monetised, as it is difficult to estimate how many crimes will be prevented by the measures introduced by the ammunition policy. However, breakeven analysis has

²⁹ Estimates for knife possession offences.

³⁰ [Solicitors' guideline hourly rates - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/solicitors-guideline-hourly-rates.pdf)

³¹ Rounded to the nearest £1.

³² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf - Figures all in 2015/16 prices so updated to 21/22 prices.

³³ Rounded to the nearest £1.

been undertaken to demonstrate the magnitude of benefits required in order to outweigh the net costs of the policy (see end of 'Benefits' section).

Table 5 Summary of costs, benefits, NPSV, BNPV, EANDCB, 10 years (£ million PV) 2022.

	Low	Central	High
Total cost	1.4	6.3	30.9
Total benefits	0.0	0.5	4.4
NPSV	-1.3	-5.9	-26.4
BNPV	0.0	0.0	0.0
EANDCB	0.0	0.0	0.0

Source: Home Office own estimates. Note: figures may not sum due to rounding.

Value for money (VfM)

- 43. The measures in **Option 2** are to make it an offence to possess component parts of ammunition with intent to manufacture unauthorised quantities of complete rounds of ammunition. It is likely that these measures will achieve the policy objective, because it will become harder for non-certificate holders to make ammunition. This will help prevent gun material entering the illicit market and fuelling further increases in gun crime. This should result in a decrease in the incidences of violent crime involving firearms. This also means that **Option 2** is likely to meet the strategic objectives of reducing crime and increasing public safety. If these objectives are achieved then this would mean value for money for the taxpayer.

Impact on small and micro-businesses

- 44. It is unclear how many law firms are classified as small and micro-businesses (between 0 and 49 employees). It is estimated that the median law firm has approximately 164 employees, whilst the lower quartile has 80 and the upper quartile has 247 employees³⁴. It is unlikely that the majority of business costs will fall on small and micro-businesses. Given that the Business Net Present Value (BNPV) lies between **-£100 and -£31,300 (PV)**, with a central estimate of **-£2,600 (PV)** over 10 years, the impact is likely to be small.

F. Proportionality

- 45. A significant effort has gone into analysing the impact of the controls on possession of component parts of ammunition policy. The analysis presented in this IA is proportionate to the measures proposed in **Option 2**.

G. Risks

- 46. **Option 2** places restrictions on buyers of component parts. These are designed to prevent illegal activity and not to affect legal activity, so it is assumed the market will not be affected. However, there is no data with which to assess whether there would be a reduction in sales caused by the new restrictions and so there remains a risk that some consumers could reduce the amount of component parts they buy. Potential impacts on the market are assumed to be negligible.

³⁴ Linear interpolation is used with data given here: [Here's the UK Legal Market in Numbers \(Infographic!\) — Pirical](#)

47. There is a lack of data on the likely number of offences that the proposed restrictions will generate. Therefore, a range of 38 to 615, with a central assumption of 154 additional offences per year is used.
48. There is a lack of data on the number individuals in the CJS and the number of criminal defence lawyers required to familiarise themselves with this new legislation. This has led to a large range from the low to high estimate. Despite this, familiarisation costs are still small.
49. There is also a lack of data on the police investigation time. Therefore a range of 9 to 15, with a central assumption of 12 hours is used for the police time to investigate.
50. There is also a lack of data on the court hearing time. Therefore a range of 45 to 135 minutes, with a central estimate of 90 minutes is used for a court hearing.

H. Direct costs and benefits to business calculations

51. There are costs to businesses through the familiarisation costs and ongoing costs faced by criminal defence lawyers. These costs lie between **£0.0 and £4.5 million (PV)** over 10 years, with a central estimate of **£0.5 million**. The benefits to businesses are from the fees charged by criminal defence lawyers to take on cases. These benefits lie between **£0.0 and £4.4 million (PV)** over 10 years, with a central estimate of **£0.5 million (PV)**. This results in an estimated Business Net Present Value (BNPV) between **-£100 and -£31,300 (PV)**, with a central estimate of **-£2,600 (PV)** over 10 years. Net direct costs to businesses per year (EANDCB) are estimated to be **£0.00 million (PV)**.

I. Wider impacts

52. There are no significant wider impacts anticipated from this policy.

J. Trade Impact

53. There is not expected to be any impact on trade or investment as a result of this policy.

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

54. The police are required to enforce the legislation. The Government will monitor and review the impact of the firearms legislation and keep it under constant review, and may make changes if required. The Home Office will monitor the effectiveness of any new measures introduced via regular inspections of firearms data and trends.

L. Annexes

Impact Assessment Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p>Statutory Equalities Duties</p> <p>The public sector equality duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations in the course of developing policies and delivering services. [Equality Duty Toolkit]</p> <p>In evaluating the impact of the introduction of the new policies set out in this IA, due consideration has been undertaken to assess any discriminatory impacts on groups with protected characteristics including age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex or sexual orientation.</p> <p>After careful assessment of the discriminatory impact, this policy is likely to indirectly discriminate against men as holders of firearms, and therefore ammunition components, are disproportionately held by men. However, it is also likely that the benefits will accrue disproportionately to this group but also to children, therefore will also disproportionately benefit the younger age groups..</p> <p>The public sector equality duty has been considered and the Equality Impact Assessment will be published.</p> <p>The SRO has agreed these summary findings of the Equality Impact Assessment.</p>	<p>Yes</p>

Any test not applied can be deleted except **the Equality Statement**, where the policy lead must provide a paragraph of summary information on this.

The Home Office requires the **Specific Impact Test on the Equality Statement** to have a summary paragraph, stating the main points. **You cannot delete this and it MUST be completed.**

Economic Impact Tests

<p>Small and Micro-business Assessment (SaMBA)</p> <p>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 (section E)</p>
<p>Justice Impact Test</p> <p>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>