

<b>Title:</b> Prohibit the purchase, ownership or possession of .50 calibre 'materiel destruction' rifles and Manually Actuated Release Systems rapid fire rifles, under section 5 of the Firearms Act 1968. <b>IA No:</b> HO0298  <b>Lead department or agency:</b> Home Office <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>			
	<b>Date:</b> 14 October 2017			
	<b>Stage:</b> Consultation			
	<b>Source of intervention:</b> Domestic			
	<b>Type of measure:</b> Primary legislation			
	<b>Contact for enquiries:</b> Offensive.Weapons.Consultation@homeoffice.gsi.gov.uk			

**Summary: Intervention and Options** **RPC Opinion:** Awaiting Scrutiny

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANDCB on 2014 prices)	One-In, Three-Out?	Business Impact Target Status
-£2.7m	-£1.7m	£0.2m	N/A	No BIT Target Set

**What is the problem under consideration? Why is government intervention necessary?**  
 There is concern about the availability of .50 calibre and rapid-fire Manually Actuated Release System (MARS) rifles being available to some civilian firearms licence holders. The range and penetrative power of 0.50 calibre rifles makes them more dangerous than other common firearms and were they to be used in criminal or terrorist activities would present a serious threat to the public and would be uniquely difficult for the police to control. Due to the rate of discharge MARS rifles pose a comparable risk to the public and police as other self-loading weapons already banned in the UK. The Government need to intervene to ensure the purchase, ownership or possession is illegal.

**What are the policy objectives and the intended effects?**  
 The policy intends to remove the availability of these firearms for civilian sale and purchase, rental, loan or use, to reduce the risk of any involvement of one of these rifles in a criminal or terrorist incident.

**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 - Prohibit the purchase, ownership or possession of .50 calibre rifles and the specified type of rapid fire rifles through the exercise of the Secretary of State's powers under the Firearms (Amendment) Act 1988.  
Option 3 - Prohibit the purchase, ownership or possession of .50 calibre rifles and the specified type of rapid fire rifles through a new statutory provision to prohibit these weapon types, if the power provided by the Firearms (Amendment) Act 1988 cannot be used for this purpose.

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

*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:         Sarah Newton         Date: \_\_\_\_\_

# Summary: Analysis & Evidence

# Policy Option 2

Description:

## FULL ECONOMIC ASSESSMENT

Price Base Year: <b>2017</b>	PV Base Year: <b>2017</b>	Time Period Years 10	<b>Net Benefit (Present Value (PV)) (£m)</b>		
			<b>Low: -£1.4</b>	<b>High: -£4.3</b>	<b>Best Estimate: -£2.7</b>

<b>COSTS (£m)</b>	<b>Total Transition (Constant Price) Years</b>	<b>Average Annual (excl. Transition) (Constant Price)</b>	<b>Total Cost (Present Value)</b>
<b>Low</b>	-	£0.15 million	<b>£1.4 million</b>
<b>High</b>	-	£0.48 million	<b>£4.3 million</b>
<b>Best Estimate</b>	-	£0.30 million	<b>£2.7 million</b>

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

The main cost falls to rifle ranges, for which total present value costs are estimated to be between £0.4 million and £3.2 million over ten years.

The only other cost is to the government as there will be a need to compensate private gun owners who surrender their firearms. This is expected to cost between £1.0 million and £1.1 million in the first year of the policy.

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

The main non-monetised costs fall to firearms dealers, who are likely to face small costs of adjustment; and gun owners, who's purchasing decisions suggest they would prefer to keep the weapon, rather than be compensated for it's value.

<b>BENEFITS (£m)</b>	<b>Total Transition (Constant Price) Years</b>	<b>Average Annual (excl. Transition) (Constant Price)</b>	<b>Total Benefit (Present Value)</b>
<b>Low</b>	-	-	-
<b>High</b>	-	-	-
<b>Best Estimate</b>	-	-	-

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

Break even analysis was carried out; estimating the cost to society that would need to be prevented to cover all costs. Under the high cost scenarios the policy would need to prevent three homicides over the next ten years to break even; in the midpoint the policy would need to prevent two homicides, and in the low estimate one homicide.

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

There are benefits to society and the police from the reduced risk of serious harm caused by either of these rifles.

### Key assumptions/sensitivities/risks

**Discount rate (%)** 3.5

The most important assumptions are: first that all users of firing ranges in scope will not substitute use of the weapon for a different kind of firearm, which may lead to a considerable over estimate of the cost to business; and second, that neither type of rifle depreciates in value, which may lead to an overestimate of the cost to the government.

## BUSINESS ASSESSMENT (Option 1)

<b>Direct impact on business (Equivalent Annual) £m:</b>			<b>Score for Business Impact Target (qualifying provisions only) £m:</b>
<b>Costs: £0.2m</b>	<b>Benefits: £0</b>	<b>Net: -£0.2m</b>	-£0.2m

## **Evidence Base (for summary sheets)**

### **A. Strategic Overview**

1. Concerns have been raised about the legal ownership of two types of firearms that are available to those with an appropriate firearm licence but may pose an excessive risk to public safety. The firearm types concerned are:
2. The .50 calibre rifle. This firearm can deliver a projectile over several miles which can pose a danger to public safety should it be used in a criminal capacity. Following the theft of one of these large calibre rifles the police have drawn our attention to the potential dangers of this weapon being available for civilian use, under licence; and
3. Rapid firing rifles, such as the VZ 58 Manually Actuated Release System rifle. This rifle is not prohibited under section 5 of the Firearms Act 1968 as a self-loading rifle but instead uses a system that avoids that classification. The rifle is capable to higher rates of fire than conventional bolt-action rifles and is able to be held by civilians with an appropriate licence.

### **B. Rationale**

4. Both of these rifles can be held by civilians in possession of the correct firearms certificate. While these stipulate various safeguards against theft and misuse, the ownership by civilians creates a risk of these weapons getting into the hands of either criminals or terrorists.
5. Both of these weapons hold potential to be hazardous to public safety:
  - .50 Calibre rifles. These rifles were originally designed for military use to allow for firing over long distances in a manner capable of damaging vehicles and other physical capital (referred to in military terms as 'materiel'). They are also designed to be able to penetrate armour worn by soldiers. If these rifles were used in a criminal capacity it would allow for the penetration of police body armour and defensive protections that would not be possible with lower calibres.
  - Rapid firing rifles such as the VZ 58 Manually Actuated Release System rifle. Currently these rifles are legal to own with the relevant firearms licence. Their firing system however means that they can discharge rounds at a much faster rate than conventional bolt-action rifles, and are therefore closer to self-loading rifles which are currently prohibited for civilian ownership. The fire rate of these rifles means that they are capable of large amounts of casualties or damage within a very short period of time and before police are able to respond.

6. Given the current risk to public safety from these rifles there is a need to take action to prohibit their ownership.

### **C. Objectives**

7. The policy's aim is to remove these highly dangerous firearms from civilian possession to try to prevent any incident where they are used in criminal activity. This will prevent any issues for the police in trying to respond to an incident involving firearms that are capable of bypassing defensive measures due to the penetrative power or rate of fire provided by these firearms. This will lead to people currently in possession these firearms being required to surrender them to police forces. This will also suspend the purchase and renting of these weapons preventing anyone from obtaining one of these weapons after the implementation of the policies. The policies will achieve this either by using existing powers or creating a new power to prohibit these weapons.

### **D. Options**

Option 1 – Do nothing. This would not address the public safety risk that exists from allowing civilian use of these rifles and the potential for them to fall into the hands of criminals or terrorists. It does not meet the Government's objective.

Option 2 – Prohibit the purchase, ownership or possession of .50 calibre rifles and Manually Actuated Release System rapid fire rifles, through the exercise of the Secretary of State's powers under section 1(4) of the Firearms (Amendment) Act 1988, which allows for certain powerful and specially dangerous firearms to be added, by Statutory Instrument, to the list of prohibited firearms types included in section 5 of the Firearms Act 1968

Option 3 - Prohibit the purchase, ownership or possession of .50 calibre rifles and Manually Actuated Release System rapid fire rifles through a new statutory provision to prohibit these weapon types, if there is any doubt that section 1(4) of the Firearms (Amendment) Act 1988 can be used for this purpose.

### **E. Appraisal (Costs and Benefits)**

#### **GENERAL ASSUMPTIONS & DATA**

8. Police record 64 .50 calibre rifles are owned by individual and estimates by the NCA put importation of MARS rifles at around 400 in total. Industry experts have advised on market structure, practices, and costs.

9. Options 2 and 3 seek to enforce the same objective through different mechanisms, so the impact for both will be identical.

10. The most important assumption is that all users of firing ranges in scope will not substitute use of the weapon for a different kind of firearm, which may lead to a considerable over estimate of the cost to business. Industry experts believe this is an unrealistic assumption but there is insufficient data to adjust for it, and making a alternative assumptions would risk significantly underestimating the impact on business.

11. Although expert advice suggests that well maintained rifles hold their value for a long time, the assumption is that neither type of rifle depreciates in value at all, which may lead to an overestimate of the cost to the government. A compensation scheme has yet to be designed, so despite insufficient evidence this is the best assumption at this time.

## Costs

### Private Rifle Ranges

12. The main cost falls to the small number of privately run firing ranges that offer extreme long distance shooting to a small number of enthusiasts for only a few days a month. Given the low volume of .50 calibre weapons and the dispersal around the country the it is expected that the number of people using ranges will be very low. Advice from industry experts suggests that a range between 10 and 30 people per month is realistic. It is not known how much these ranges charge on average however prices have been observed at around £400 to £500 per session for 1-3 shooters, depending on the range. Using these numbers the cost per shooter ranges from £133<sup>1</sup> to £500<sup>2</sup> per shooter. Applying these figures gives revenue from .50 calibre shooting between approximately £1,300 and £15,000 with a midpoint of £8200 per month. This is a yearly cost of between approximately £16,000 and £0.18 million with a midpoint of £0.1 million.

13. There will also be a small loss of business to those ranges which offer a facility to owners of MARS firearms. However, there are only estimated to be 400 of these firearms and they will not generally require specialist facilities like the .50 calibre so will probably be much cheaper. Assuming MARS rifle owners visit ranges at the same rate as .50 calibre rifle owners a range of 70 to 200 owners are estimated to visit ranges each month. It is not know how much a range will cost but since they require less specific infrastructure than .50 calibre rifle ranges it is expected to cost less. When a cost estimate between £40 and £80 per shooter is assumed, revenue to all ranges from MARS rifle shooting is estimated to be between £2,800 and £16,000 per month with a midpoint of £8,100 per month. This gives a yearly cost of between approximately £33,000 and £0.19 million with a midpoint of approximately £0.1 million

14. These costs are likely to overestimate the true cost, as industry experts suggest shooters often use several different rifles in the same session; this means that in many cases the range will not lose any revenue.

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<sup>1</sup> One £400 session for three people ( $\text{£}400/3 = \text{£}133$ )

<sup>2</sup> One £500 session for one person.

15. The total cost to rifle ranges per year is estimated to be between £50,000 and £0.37 million per year with a best estimate of £0.2 million.

16. Questions to determine the actual value per year to rifle ranges of .50 calibre rifle and MARS rifle users have been included in the consultation (Appendix 1).

### **Central Government**

17. There is an initial cost to the government in compensating all firearm owners for the value of the weapons they will have to surrender.

18. The police have records of 64 .50 calibre rifles registered to private individuals in the UK in 2017. Industry experts have advised that the value of these is likely to range from £3000 - £5000 depending on their age and specification. Assuming every owner is compensated for the retail value of their rifle, the estimated cost to the government will be between £0.19 million and £0.32 million.

19. It is not known how many Manually Actuated Release System rapid fire rifles there are in the UK, however after discussions with the manufacturer the NCA has estimated that there are around 400 owned by private individuals. There is only one importer of these rifles, who sells them at a cost of around £2,000. Assuming rifles hold their value over time; this would result in a cost to the government of £0.8 million.

20. The total one-off cost to the government is therefore expected to be between £0.99 million and £1.12 million.

21. There is also expected to be some non-monetised cost to registered firearm owners, whose purchasing decisions show they would prefer to own the rifle than its cash value.

### **Registered Firearm Dealers**

22. As discussed above, the police have on record 64 .50 calibre rifles registered in the UK in 2017. It is not known how many Manually Actuated Release System rapid fire rifles there are in the UK, however after discussions with the manufacturer the NCA has estimated that there are around 400 held by individuals in the UK.

23. It is expected that due to the low volume of these weapons that there will be minimal circulation and a low stock by registered firearm dealers at any one time. It is not known how many of these firearms are held by registered firearm dealers but industry experts suggest 10 per cent to 20 per cent is a reasonable estimate, this suggests there are somewhere between 6 and 12 .50 calibre rifles in stock with firearm dealers in the UK.

24. Applying the same assumptions as above suggests there are between 40 and 80 MARS rifles stocked by registered firearms dealers at any one time.

25. Although a detailed plan has yet to be drawn up, the cost to business is expected to be very low as under any scheme dealers will be remunerated for their

stock. There may however be small frictional costs, for example; difficulty selling accessories related specifically to these firearms. It should be noted that only weapons in stock in the UK are in scope of this legislation, many dealers are expected to import these firearms to order, in which case the stock is held outside the UK and therefore is beyond the scope of this policy.

26. Questions to ascertain the overall impact to business on this policy have been included in the consultation (Annex 1).

27. Customers who would have purchased one of the proposed prohibited weapons may instead purchase an alternative firearm, further mitigating costs to registered firearm dealers.

### **Familiarisation costs**

28. Only registered firearm dealers will have to familiarise themselves with the law as they are the ones who manage the sale of the rifle and thus are responsible for the final sale and management of the inventory of the shop.

29. All registered firearm dealers will need to familiarise themselves with the law in the first year of the policy.

30. There will be a cost to registered firearm dealers to familiarise themselves with the restrictions introduced by this policy. Previous updates to the law on the sale of antique firearms were distributed in information targeted towards the sellers and purchasers of these firearms. The circular was approximately 600 words which are expected to be roughly equivalent to the guidance issued on the sale of high calibre and rapid fire rifles. The average reading speed of a person reading in English is 228<sup>3</sup> thus it will take approximately 3 minutes for someone to read the guidance. There were approximately 3,500 registered firearm dealers in 2016<sup>4</sup>, so there will be a total time taken of approximately 10,500 minutes taken to read through the guidance. It is not known how much registered firearm dealers earn per hour and since many firearm dealers are self employed we assume an hourly income equivalent to the national average. The mean hourly wage given in the 2016 ASHE provisional results<sup>5</sup> is £15.72, which multiplied by the total familiarisation time gives a total cost to all registered firearm dealers of approximately £2,800 in the first year.

### **Police**

31. There may be some small additional cost to police of collecting, transporting and destroying the surrendered firearms. It is assumed that this infrastructure and

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<sup>3</sup> Trauzettel-Klosinski, Susanne; Dietz, Klaus (August 2012). "Standardized Assessment of Reading Performance: The New International Reading Speed Texts IReST". *Investigative Ophthalmology & Visual Science*. 53 (9).

<sup>4</sup> <https://www.gov.uk/government/publications/firearm-and-shotgun-certificates-in-england-and-wales-financial-year-ending-march-2016/firearm-and-shotgun-certificates-in-england-and-wales-financial-year-ending-march-2016>

<sup>5</sup>

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2016provisionalresults>

capability already exists and the small numbers of firearms in scope can be handled within normal operations.

## **Benefits**

32. The size of calibre or the fire rate of these rifles is likely to mean that were used in a crime there is a significant risk of more deaths or serious injuries than if other more conventional types of weapon were used. The cost of a homicide to society was estimated in the cost of crime to be approximately £2,000,000 (2017 prices).

33. These rifles constitute 0.07% of all registered rifles. On average, there were 45 firearm related homicides per year between 2004/2005 – 2014/2015.

34. The penetration of the high calibre rifles or their fire rate will mean that many of the protections that police use to tackle normal criminal firearm use may not be effective to deal with any shooter with one of these weapons. Prohibiting these weapons now may prevent a situation like this arising and reduce the risk to police forces and the public in the future.

35. Under the high cost scenarios the policy would need to prevent three homicides over the next ten years to break even; in the midpoint the policy would need to prevent two homicides, and one in the low estimate.

## **F. Risks**

36. There is a small risk of non-compliance, which may lead to firearms falling to the illegal market. This would make them more available to criminals and terrorists and would damage the policy objective. The risk of this is expected to be very low due to the small number of registered firearms and the current restrictions around their storage, ownership, and use. This risk is further mitigated by strict legislation controlling possession and registration; meaning that were a firearm to go missing the party responsible would quickly be identified and held to account.

37. There is the risk that MARS rifles depreciate in value over time, so the estimated cost to the government is significantly overestimated.

38. There is the risk that there are more rifles held in shops than anticipated in this analysis raising the costs to businesses significantly.

39. There is a risk we are overstating the costs to rifle ranges as shooters may continue to shoot at these ranges using different weapons.

## **Small and micro business assessment (SaMBA)**

40. Under the Small Business Enterprise and Employment Act 2015, a small and micro business assessment (SaMBA) needs to be conducted. There is no sector specific evidence or a breakdown of private sector contractors or authorities by

employment size band therefore the whole of this validation impact assessment acts as a SaMBA.

41. This lack of size band evidence meant that average costs had to be allocated equally across all businesses, however due to the very low number of weapons in scope we expect that no business, however small, depends entirely on these weapons to survive and the impact on each business is proportionate to their size.

## G. Enforcement

42. Enforcement of this policy falls to the police, who currently enforce bans on all illegal firearms. As noted above there may be some initial cost of collecting, transporting and destroying the surrendered firearms.

## H. Summary and Recommendations

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

<b>Table H.1 Costs and Benefits</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
<b>2</b>	£2.7 million	£0
	Cost to Government and Rifle Ranges. (Non-monetised costs to registered firearm owners and dealers.)	(Non-monetised benefits to society and the police.)
<b>3</b>	£2.7 million	£0
	Cost to Government and Rifle Ranges. (Non-monetised costs to registered firearm owners and dealers.)	(Non-monetised benefits to society and the police.)

Source:

## I. Implementation

44. The Government will provide further plans on implementation after the consultation has been held.

## J. Monitoring and Evaluation

45. We will assess this element after we have reviewed and assessed the responses to the consultation.

## K. Feedback

46. We are seeking feedback about our proposals in the consultation.

### **Appendix 1 – Consultation Questions.**

Outlined here are the questions that will be included in the consultation that are relevant to the analysis of the impact of legislating on firearms.

**Q19 How many .50 Calibre firearms do you currently hold as part of your shops stock?**

Number:
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**Q20 If you trade in .50 calibre firearms what is the average value of the stock you hold?**

Value:
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**Q21 If you trade in .50 calibre firearms, what is your turnover from the sale of these rifles from the past year?**

Value:
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**Q22 If you trade in firearms that use Manually Actuated Release Systems such as the VZ58 MARS Rifle, how many do you hold as part of your shop's stock?**

Number:
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**Q23 If you trade in firearms that use the Manually Actuated Release System, what is the average value of the stock of these firearms that you hold?**

Value:
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**Q24 What was the value of your turnover specific to the use of your facilities by those shooting .50 calibre rifles or the Manually Actuated Release Systems such as the VZ58 MARS Rifle.**

Value:
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