

<p><i>Title:</i>  <b>Impact Assessment for Her Majesty's Courts and Tribunals Service proposals on the provision of criminal court estate in London</b></p> <p><i>IA No:</i> MoJ013/2016</p> <p><i>Lead department or agency:</i>  <b>Ministry of Justice</b></p> <p><i>Other departments or agencies:</i></p>	<p><b>Impact Assessment (IA)</b></p> <p><b>Date:</b> 05/09/2016</p> <p><b>Stage:</b> Consultation</p> <p><b>Source of intervention:</b> Domestic</p> <p><b>Type of measure:</b> Other</p> <p><b>Contact for enquiries:</b>  EstatesConsultation@hmcts.gsi.gov.uk</p>
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<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> N/A
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£11.5m	N/A	N/A	No
			NA

**What is the problem under consideration? Why is government intervention necessary?**

The criminal court estate in London is currently not strategically well configured. By 2017, there will be just over 18 magistrates' courts in the London region, and some of these are in close proximity to one another. Overall, the criminal court estate in London is also expensive to maintain, with the criminal court buildings in London costing over £45m a year in upkeep, representing poor value for money. Having many smaller and expensive to maintain court buildings increases costs by splitting judicial, HM Courts and Tribunals Service (HMCTS) and other relevant agencies' resources over many sites, preventing the criminal justice system in London from operating as efficiently as it could. Government intervention is therefore required to consolidate the London criminal estate to achieve greater efficiency.

**What are the policy objectives and the intended effects?**

To consolidate criminal court work in Central London by closing two sites and moving the work elsewhere in London. This will make the criminal court estate in London more efficient. It will also release funding which will be reinvested to make the wider courts and tribunal system more effective, including investment to improve the overall quality of the court estate.

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

A long list of options were assessed against HMCTS Estates Principles and then shortened to a set of operationally viable options below:

Option 0: Do nothing (base case)

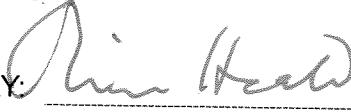
Option 1: Close Camberwell Green Magistrates' Court and Hammersmith Magistrates' and County Court.

All options are appraised against HMCTS principles, taking into account operational and access to justice constraints. Option 1 is preferred as it best fits the strategic vision of HMCTS and provides the best value for money for the department.

**Will the policy be reviewed?** It will not be reviewed. **If applicable, set review date:** Month/Year

Does implementation go beyond minimum EU requirements?				Yes / No / N/A			
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	<b>Micro</b>	<b>&lt; 20</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>		
	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No		
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 SELECT SIGNATORY:  Date: 14/9/16

# Summary: Analysis & Evidence

# Policy Option 1

**Description:** Close Camberwell Green Magistrates' Court and Hammersmith Magistrates' and County Court

## FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year 2016/17	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: £11.5m

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	-	2	-	-
High	-		-	-
Best Estimate	£1.4m		£0.2m	£2.5m

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

HMCTS would incur costs as a result of any works required to prepare closed courts for disposal, IT decommissioning costs and transferring work (e.g. portage costs) from courts listed for closure. Courts that remain open would face additional costs each year by undertaking the workload of closed courts. Total transition costs have been estimated at £1.4m over a 2-year period.

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

Transition and travel costs for court users and staff, judiciary, criminal justice system (CJS) partners (National Offender Management Services, Crown Prosecution Service and the police).

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	-	-	-	-
High	-		-	-
Best Estimate	-		£2.1m	£14.0m

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

Fewer buildings means that HMCTS would benefit from reduced future running costs in staff costs, IT costs, utilities, property maintenance and other office expenditures.

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

Efficiencies would be achieved through listing as the work is concentrated in fewer courts. Users of the remaining estate, such as victims and witnesses, may also make fewer journeys due to a smaller number of court buildings.

### Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

It is assumed that a proportion of operating and staff costs would be saved at closed sites. Workload is assumed to remain flat in the appraisal period. The analysis does not cover sales receipts from closing sites (transition benefits), as further work will need to be carried out before building valuations are known.

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO? Yes/No	Measure qualifies as IN/OUT/Zero net cost
Costs:	Benefits:	Net:		

# Evidence Base

## Policy objective and scope of project

### Introduction

1. This Impact Assessment (IA) examines the proposals for consolidating the magistrates' court estate in London which are set out in the accompanying consultation document. These propose to consolidate magistrates' court work in Central London by closing two sites and moving the work elsewhere. Such a consolidation would make the magistrates' court estate in London more efficient, while allowing HM Courts and Tribunal Service (HMCTS) to reinvest any surplus sales proceeds back into improving the courts and tribunals system, including investing in the estate to improve the overall quality and effectiveness of the court estate.
2. The proposals are for the closure of two magistrates' courts in London: Hammersmith Magistrates' Court and Camberwell Green Magistrates' Court.
3. This consultation therefore proposes to consolidate magistrates' court work in London in order to rationalise the estate and seeks views on the potential closure of magistrates' courts in London. The consultation will run between September 2016 and October 2016 and the Ministry of Justice (MoJ) encourages all parties with an interest in the London criminal courts to respond.

### Rationale

4. In 2015 HMCTS undertook a national consultation on the provision of court and tribunal estate. This proposed that 91 courts and tribunal buildings be closed and that their work be transferred to other courts within the existing estate. Following the consultation, and after an analysis of the responses, the Government announced in February 2016 that 86 courts and tribunals buildings would close. This included 10 courts and tribunals buildings in London. The implementation of these closures is scheduled to take place over the next two years.
5. Despite these changes, the criminal court estate in London will still not be strategically well configured. For example, in 2017 there will still be 18 magistrates' courts operating in the London region and some of these will be in close proximity to one another.
6. Having many, smaller, and expensive to maintain court buildings also increases costs by splitting judicial, HMCTS, and other relevant agencies' resources over many sites, preventing the criminal justice system in London from operating as efficiently as it could.
7. The context of the national reform of HMCTS, and of the wider criminal justice system, offers an opportunity to improve the provision of criminal justice in London by consolidating more criminal work into more efficient, magistrates' courts as well as releasing any surplus sales proceeds to reinvest in the court estate and into HMCTS's programme of reform. Operating more intensively in fewer sites also offers benefits for other criminal justice agencies.

### Policy Objectives

8. The consultation has three objectives: achieving better value for money, maintaining access to justice, and increasing long term efficiency. Any decisions taken as part of reform of the hearing estate must be consistent with these HMCTS principles.
  - *Value for money* to the taxpayer will be achieved by:
    - a) Reducing the current and future cost of running the HMCTS estate in London;
    - b) Maximising capital receipts from disposals, to allow for reinvestment in the reform of HMCTS.
  - *Access to justice* will be maintained by ensuring that any court to be considered for closure is within a reasonable distance by public transport of a retained court:

- a) Taking into account journey times for court and tribunal users and propose mitigating action where necessary, such as more flexible listing procedures (see “Mitigations” within Equalities Impacts Assessment section of accompanying consultation document) ;
  - b) To take into account the needs of victims, witnesses and those who are vulnerable in particular;
  - c) To support the requirements of other agencies such as the Crown Prosecution Service (CPS), Social Services, Police Forces and the Children and Family Court Advisory and Support Service (CAFCASS).
- *Enabling efficiency* in the longer term will be achieved by:
    - a) Hearing the same amount of cases within the rationalised estate;
    - b) Ensuring there is sufficient hearing estate capacity in the future;
    - c) Providing new cost effective, flexible and efficient court capacity.

## Scope

9. The HMCTS magistrates’ court estate in London will be considered for this consultation. Specifically, the scope of the consultation includes proposals with regard to the following:
  - The consolidation of the criminal court estate in London.
  - Improving the overall quality and efficiency of the criminal court estate in London.
  - Through the sale of surplus court buildings, generating receipts which can be reinvested into wider reform of HMCTS.
10. The following are out of scope of the consultation:
  - The closure of any buildings outside of London.
  - Any buildings in the crown, civil or tribunals estate in London.
  - No business process improvements or IT upgrades, except for those associated with the implementation of current standard processes and IT in different locations.
11. All locations that hear work (both courts and tribunals) are referred to as “buildings” throughout this IA. Any location that supports the functions of these hearing sites (e.g. administrative staff) have been excluded and are not included in the total number of “buildings”.

## Affected groups

12. The groups potentially affected by these proposals include government departments, court users and other organisations linked to the justice system, as indicated below:
  - The MoJ and its arms’ length bodies, including:
    - HMCTS;
    - National Offender Management Service (NOMS) including Prisoner Escort Contract Services (PECS);
    - National Probation Service (NPS);
    - Legal Aid Agency (LAA);
    - Children and Family Court Advisory and Support Service (CAFCASS).
  - The Judiciary (including the magistracy).
  - Justices’ Clerks’ Society.
  - Other court users, including:
    - Barristers/ Solicitors / Chartered Institute of Legal Executives;
    - Victims of crime;
    - Witnesses of crimes;

- Offenders and those on remand.
- Other organisations, including:
  - Crown Prosecution Service (CPS);
  - Police Forces;
- Members of the public who take part in court and tribunal cases.
- Local businesses.

### **Economic rationale for intervention**

13. The conventional economic rationales for Government intervention are based on efficiency or equity arguments. Government intervenes if there is a perceived failure in the way a market operates (“market failures”) or to correct existing institutional distortions (“government failures”). Government also intervenes for equity (“fairness”) reasons.
14. This consultation on changes to the provision of courts services in London aims to address the objective of efficiency. There is spare capacity within the HMCTS hearing estate in London, with some courts underutilised, leading to an inefficient provision of courts services. This does not represent best value for money for the taxpayer, as some operational courts incur high running costs (see Table 2). A reduction in the size of the HMCTS estate would allow for the relocation of workload to less utilised buildings which may also be less costly to operate.

### **Principles underpinning cost benefit analysis**

15. This IA identifies as far as possible both monetised and non-monetised impacts with the aim of understanding what the net impact on society might be from changes to the criminal HMCTS estate in London, with due weight given to impacts that are non-monetised.
16. The analysis does not include the sales receipts from closing any surplus buildings (transition benefits) as further work is needed before building valuations are known. Publication of information on estimated sales receipts may also adversely affect the sales negotiation process and limit the Government’s ability to gain the best value from any sale. However, as per the HMCTS principle of delivering value for money, it is expected that sales receipts would exceed the costs of capacity replacement, with any surplus being used to fund the wider HMCTS Reform programme.

## Policy options

Given the relatively high number of courts in London there is an opportunity to reduce the number of courts, reduce ongoing costs, and use the proceeds of sales to fund improvements in the remaining estate without generating unreasonable increases in journey times. In deciding on which courts to close, options were considered against the HMCTS Estates Principles of:

- Ensuring access to justice: That increases to journey times are taken into account alongside the needs of court users, particularly vulnerable victims and witnesses.
- Delivering value for money: Reducing the current and future cost of running the estate and making sure we maximise the potential capital receipts from the sale of surplus estate.
- Enabling efficiency in the longer term: Moving towards a more flexible estate and reducing reliance on buildings with poor facilities that are expensive or difficult to upgrade.

Applying these principles resulted in a short list of two options:

- Option 0: Do nothing
- Option 1: Close Hammersmith Magistrates' and Camberwell Green Magistrates' Courts

### Policy Option 0: Do nothing

17. The "do nothing" option is based on the assumptions the Government has made about the future impacts if no action is taken on the current provision of the criminal court estate in London. These are set out in the 'Risks and assumptions' section of the IA.

18. HMCTS currently operates out of 60 courts and tribunals buildings across London. The current HMCTS estate in London is described in Table 1. More detail on the courts within the scope of the consultation proposals are found in Table 2.

**Table 1: The current HMCTS London estate (excluding the Supreme Court Group)**

	Crown	Magistrates	County	Tribunal	Combined	Total
Courts and tribunals	10	23	15	11	1	60

**Table 2: Property data<sup>1</sup>**

Property	Capacity (Rooms)	Workload (Hours p.a.)	Utilisation	Operating Costs (£ p.a.)
Camberwell Green Magistrates' and Youth Court	8	7,026	71%	£1,010,000
Hammersmith Magistrates' Court	10	7,634	62%	£1,220,000
All London magistrates' courts	157	130,000	67%	£16,881,000

### Policy Option 1

19. This option would involve the closure of two buildings – Camberwell Green Magistrates' Court, Hammersmith Magistrates' and County Court. The workload of the closing of the magistrates' courts would be redistributed within the remaining magistrates' hearing estate in London.

<sup>1</sup> Capacity based on number of hearing rooms within the MOJ Estates Courtroom Audit. Workload derived from 2014/15 sitting hours from the HMCTS performance database. Utilisation assumes average capacity of five hours for hearing time per day, per room, 248 days per year. Operating costs based on 2014/15 HMCTS financial data and include fixed costs such as rates, variable costs such as telecoms, and semi-variable costs such as utilities. Excludes staff, judicial and non-economic costs.

## Costs and benefits of options

20. The following costs and benefits have been identified as potential impacts of Option 1 (in 2016/17 prices, including optimism bias and excluding VAT).

### Costs

#### Transitional costs (monetised)

##### HMCTS

21. For HMCTS, one-off transitional costs would be incurred due to:

- *Disposal costs*: Costs associated with the disposal of freehold buildings, such as paying for legal services, valuations, advertising and estate agent fees.
- *Decant and portage costs*: Costs associated with decanting work, staff and equipment as well as the portage of documents between buildings.
- *IT decommissioning*: The costs associated with the removal and transportation of IT equipment at closing sites.
- Total transitional costs are estimated at £1.4 million for the preferred option

#### Transitional costs (un-monetised)

##### HMCTS

22. For HMCTS, one-off un-monetised costs would be incurred due to:

- *Familiarisation and awareness costs*: There would be familiarisation and awareness costs for court users relating to where the nearest court is. Similarly, it may take some time for staff to settle in their new places of work, particularly as some work practices may differ slightly between courts. While this point is noted, these costs are anticipated to be negligible.
- *Redundancies*: Staff redeployment would be prioritised as a means of redundancy avoidance. If it is not possible to relocate staff within the MoJ or the wider Civil Service, voluntary early departure schemes may also be used as a further redundancy avoidance measure. It is also possible that where redeployments are not feasible, redundancies on voluntary and compulsory terms would need to occur. It is assumed that any redundancy payments would compensate staff for the expected duration of their unemployment before finding a new job. Therefore these costs amount to a transfer payment and have not been monetised in the economic appraisal.

#### On-going costs (monetised)

##### HMCTS

23. For HMCTS, on-going costs would include any increase in operating costs at receiving sites, such as those for utilities, property services, maintenance, office expenditure and similar items. These on-going costs are estimated to be £0.2 million per year for the preferred option.

#### On-going costs (un-monetised)

##### Court users and other agencies

24. For intermittent users of magistrates' courts - victims, witnesses, some members of the general public and commercial firms – journey times and costs may increase as a result of the closures if alternative 'receiving' courts are located further away from the closing court. For more frequent users of the magistrates' courts – solicitors, barristers, CPS, CAFCASS and the Police – these costs (including time and travel) may be offset to some extent by the better strategic planning of court activities in fewer and larger court centres meaning that some users may need to make fewer journeys to court. However, the proposals will not result in significantly longer journey times for either of these court users (see "Travel time impact" section).

### *Prison Escort and Custody Services (PECS)*

25. PECS is responsible for the movement of prisoners between police custody suites, courts and prisons. Remandees would, in common with other court users, have their cases listed at other court buildings. If this new court building were to be substantially further away from the prison that the remandee had been remanded to, this has the potential to impose a cost to NOMS due to the longer journey time for the remandee being transported.

### *National Probation Service (NPS)*

26. In addition to changes in journey times, there would be an impact on the NPS if they share office space with HMCTS within the sites included in these proposals. Where possible, NPS staff may be accommodated in alternative HMCTS buildings (which would include the costs of moving staff, documents and IT) although in some cases, they may need to be found alternative accommodation. The MoJ will seek to minimise any negative impacts on NPS staff.
27. Where a court with facilities for contact with offenders were to close, a replacement facility would need to be identified, either in the receiving court or at a nearby location. This could result in additional costs being incurred. NPS staff not actually based within HMCTS buildings that are being consulted for closure, but who travel to these buildings, may incur fewer journeys due to the consolidation HMCTS hearing estate. In some cases, however, NPS staff may have to travel for longer if the alternative receiving court is further away.

### *Crown Prosecution Service (CPS) and Police*

28. Some CPS staff and the Police may have longer travel times to court with an associated increase in costs. These costs may be offset by shorter travel times for other staff where work is transferred to courts closer to CPS or Police locations.

### *Local business*

29. While some businesses that operate in areas near closing courts may see a fall in activity, this may be offset by an increase in activity for businesses located near courts that are receiving the case work from closing sites.
30. There would also be a transfer of judicial staff costs (including the magistracy) from closing buildings to receiving buildings, but we have not quantified this as this is a transfer of cost.



## Benefits

### On-going Benefits (monetised)

#### HMCTS

31. For HMCTS, the on-going benefits would include:

- *Savings from lower operating costs:* Costs such as utilities, property services, maintenance, office expenditure and similar items at closing sites. On-going benefits are estimated to be £1.9 million per year for the preferred option. Combined with the increase in these costs at receiving sites of £0.2 million per year (see above), net savings in operating costs are estimated at £1.7 million per year.
- *Savings in staff costs:* Due to reduced duplication in court staffing roles at receiving buildings, net staff savings are estimated to be £0.2 million per year under the preferred option.

### On-going Benefits (un-monetised)

#### HMCTS & NOMS

32. For HMCTS, the on-going non-monetised benefits would include:

- Operational and other cost savings due to a strategy of retaining larger courts in strategic locations only;
- Any savings achieved by the centralising of back office functions;

33. The proposed closures would also reduce the need for the services provided by dock officers, resulting in savings to NOMS.

34. The costs and benefits above do not include the sales receipts from closing any surplus buildings (transition benefits) as further work is needed before building valuations are known. However, as per the HMCTS principle of delivering value for money, it is expected that sales receipts would exceed the costs of capacity replacement, with any surplus being used to fund the wider HMCTS Reform programme.

35. The assumptions for the monetised costs and benefits are summarised in Table 3 below (figures may not sum to totals reported elsewhere due to rounding). Assumptions are based on previous estates rationalisation projects undertaken by HMCTS.

**Table 3: Monetised costs and benefits (2016/17 prices, excl VAT, incl optimism bias)**

Category	Description	Assumption	Option 1
Transition costs (one-off)	Disposal Cost	Agent and legal fees	£0.6m
	Decant	£20,000 decant cost per court hearing room (excl. VAT)	£0.5m
	Porterage	£40,000 porterage cost per site (excl. VAT)	£0.09m
	IT decommissioning	£8,500 per court hearing room (excl. VAT)	£0.2m
On-going costs (per year)	Increase in operating costs at receiving sites	70% of variable costs and 12% of semi-variable costs of closing sites operating costs will be transferred to receiving site.  Steady state value per year:	£0.2m
On-going benefits (per year)	Reduction in staff costs	Steady state value per year:	£0.2m
	Reduction in operating costs	100% of fixed costs, variable costs, semi-variable costs will be saved at closing sites. Steady state value per year:	£1.9m

## Economic appraisal

### Policy Option 0: Do nothing

36. The “do nothing” option forms the baseline against which the alternative option has been appraised. As there are no additional costs or benefits associated with this option, its Net Present Value (NPV) is zero. Due to uncertainties concerning workload in the medium and long term, we assume no change in annual workload volumes over the appraisal period.

### Policy Option 1

37. Table 4 gives the estimated costs and benefits of this option in real terms (2016/17 prices, excluding VAT), assuming the closure of Camberwell Green Magistrates' Court and Hammersmith Magistrates' and County Court. Steady state savings would be around £2.0 million a year under this option with a 10-year NPV of £11.5 million.

**Table 4: Estimated economic costs and benefits for Option 1**

<i>£m, 2016/17 prices, Excl. VAT &amp; VEDS, Incl. Optimism Bias</i>	<b>Total Transition Costs</b>	<b>Steady State Net Benefits</b>	<b>Total Net Benefits (10 year)</b>	<b>10-year NPV</b>
<b>Option 1</b>	£1.4m	£2.0m	£14.1m	£11.5m

## Risks and Assumptions

38. It has been assumed that there will be no change in the volume of court cases, the level of court fees or court user waiting times while at court as a result of these proposals.
39. It has been assumed that there will be no impact on the ability to hear cases in magistrates' courts, and therefore there will be no impact on the prison and remand population.
40. Analysis for the magistrates' courts in London has already suggested that there would be sufficient capacity to accommodate the workload from any closures within the rest of London following implementation of the preferred option. Latest available data for London magistrates' courts excluding Hammersmith Magistrates' Court and Camberwell Green Magistrates' Court show an average utilisation of 64%<sup>2</sup>.
41. The analysis is based on financial data from the HMCTS Financial outturn 2014/15 (inflated to 2016/17 prices using the GDP deflator) and workload data (sitting hours) for 2014/15.
42. It has been assumed that any savings will accrue from the cessation of operating costs at any closed courts from the operational exit date although these may be partly offset by increases in cost due to additional work at receiving buildings. The analysis has also assumed that HMCTS would be able to achieve efficiencies of at least 88% of semi-variable costs (such as utilities and facilities management) and 30% of variable costs (such as printing and postage) after closure of the site.
43. It has been assumed that any exit costs, such as decant and dilapidations, will occur at the operational exit date of the closing court.
44. The analysis assumes that any HMCTS staff made redundant as a result of these closures would be able to find alternative employment. Therefore any redundancy payments have been treated as an economic transfer in line with HMT Green Book guidance and have not been monetised.
45. Judicial costs have been assumed to remain unchanged. There is a potential risk that judicial and magistrates' expenses could increase as a result of the proposed changes if travel times were to increase.
46. Net present values are shown over a 10-year appraisal period, using a 3.5% annual discount rate and in 2016/17 real prices.
47. As a number of these costs and benefits are uncertain, and to account for the demonstrated and systematic tendency of project appraisers to be optimistic, we have applied the optimism bias figures shown in Table 6, in line with HMT Green Book guidance and adjusted them to take into account latest cost-specific estimations of risk by HMCTS.

**Table 6: Optimism bias summary**

Category	Description	Assumed optimism bias
Transition costs	Disposal Cost	8%
	Decant	8%
	Porterage	8%
	IT Decommissioning	8%
On-going Costs	Increase in operating costs at receiving sites	5%
On-going Benefits	Reduction in staff costs	-5%
	Reduction in operating costs	-5%

<sup>2</sup> Capacity based on number of hearing rooms within the MOJ Estates Courtroom Audit. Workload derived from 2014/15 sitting hours from the HMCTS performance database. Utilisation assumes average capacity of five hours for hearing time per day, per room, 248 days per year.

## Scenarios and sensitivities

48. The increase in on-going operating costs at receiving sites are uncertain the ability of these sites to process work at the same unit cost of closing sites is unknown.
49. To quantify this risk, a sensitivity analysis has been conducted where there was a 20% increase in the on-going operating cost at receiving sites. The results are shown below and suggest that such an increase would reduce the NPV of Option 1:

<b>Economic NPV</b>	<b>Option 1</b>
Current assumptions	£11.5m
20% increase in on-going costs	£11.3m

50. The sensitivity analysis illustrates that Option 1 (preferred option) could still deliver a positive NPV (a reduction of only 2%), despite a 20% uncertainty modelled on operating costs.

## Travel time impacts

51. As ensuring access to justice is one of the principles of the consultation, we have considered the impact of increase in travel times for court users. We expect the impact for each user to be small as the transport network in London is good. Therefore we expect that access to justice will not be compromised for court users.
52. To illustrate potential travel time impacts, we have outlined travel times between the proposed closing courts and the alternative proposed courts, using shortest journey times by public transport and by car according to Google Maps data. These journeys relate to departure at 9am, although public transport times are subject to service availability and car journey times exclude any traffic delays. The proposals in the consultation do not specify the volume of cases that will be transferred to each proposed site and therefore the travel time impact has not been weighted by the volume of cases being transferred.
53. The maximum travel time impacts by public transport are 50 minutes from Camberwell Green Magistrates' Court to Croydon Magistrates' Court and 59 minutes from Hammersmith Magistrates' Court to Hendon Magistrates' Court.

**Table 7: Magistrates' courts, travel times (minutes)**

From closing site	To proposed alternative site	Car	Public transport
Camberwell Green Magistrates' Court	Croydon Magistrates' Court	30	50
	Lavender Hill Magistrates' Court	20	33
	Wimbledon Magistrates' Court	30	40
	Bromley Magistrates' Court	30	46
Hammersmith Magistrates' Court	Westminster Magistrates' Court	20	26
	Hendon Magistrates' Court	26	59
	City of London Magistrates' Court	30	37
	Highbury Corner Magistrates' Court	16	18
	Wimbledon Magistrates' Court	50	40

## Annex A - Specific Impact Tests

54. The following screening tests have been conducted on the preferred option.

### *Competition assessment*

55. We do not anticipate a material impact on competition as a result of the court closure programme. Specifically, we do not expect the closures to limit:

- a. The number of legal services providers
- b. The ability of suppliers to compete
- c. Suppliers' incentives to compete vigorously

56. Indirectly, there may be a small increase in costs associated with certain court users as a result of having to travel further to their nearest court. However, it is likely that some or all of these costs can be offset by the benefits of a smaller and more strategic estate, whereby legal services providers will be better able to manage their activities across a more strategically planned estate.

### *Wider Environmental Impact Test*

57. There are not expected to be adverse impacts on air quality, water quality and quantity, flood risk, biodiversity, landscape or noise. Using the checklist published by the Department for Environment, Food and Rural Affairs (DEFRA) (<http://www.defra.gov.uk/corporate/about/how/policy-guidance/sd-impact/>) each major potential impact has been considered.

58. *Will the policy option be vulnerable to the predicted effects of climate change?* The policy is recommending the closure of buildings which are, on average, smaller in size and in centres of lower population than those that would remain open. As the courts/tribunals are distributed over a geographically disparate area these courts/tribunals have not been chosen due to their coastal proximity or their vulnerability of flooding. The courts/tribunals are also not planned for demolition and their disposal would have no overall effect on the environment. All buildings are also covered by the department's Climate Change Adaption Plan and none have been identified of being at risk or vulnerable to the effects of climate change.

59. *Will the policy option lead to a change in the financial costs or the environmental and health impacts of waste management?* Waste production is primarily linked to staff numbers rather than the size of the estate; therefore there would not be any significant impact. There will be a one-off rise in waste production when the buildings are vacated however, this will be disposed of sustainably as per WRAP guidelines. This one-off rise is likely to be offset by slightly lower waste production within the smaller estate.

60. *Will the policy option impact significantly on air quality?* Initial screening indicates there may be an increase in average journeys times to court as a result of this programme. However, any increase would not have a significant impact on air quality and travel times may be offset by fewer journeys to a better strategically planned estate.

61. *Will the policy option involve any material change to the appearance of the landscape or townscape?* No. None of these buildings are for planned demolition.

62. *Will the proposal change 1) the degree of water pollution 2) levels of abstraction of water or 3) exposure to flood risk?* 1) No. 2) No. 3) No.

63. *Will the policy option change 1) the amount or variety of living species 2) the amount, variety or quality of ecosystems?* 1) No. 2) No

64. *Will the policy option affect the number of people exposed to noise or the levels to which they are exposed?* No.

### *Greenhouse Gas Impact Test*

65. There are two main channels through which the court closure programme could have an impact on carbon emissions:

- 66. The reduction in energy as a result of closing courts (net of additional energy required for courts taking on additional judicial responsibilities), and
- 67. The additional travel necessary for courts users as a result of the closure programme (net of potentially fewer journeys for more frequent court users as a result of a better strategically planned estate).
- 68. The policy is not thought to have a substantial impact on greenhouse gas emissions.

#### *Health Impact Assessment*

- 69. There are not expected to be adverse impacts from the proposed court closures.

#### *Human Rights Impact Assessment*

- 70. The initial screening of this impact test indicates there would be no breach of the European Convention on Human Rights resulting from this proposal. We have particularly considered the potential for an impact under Article 6 – the right to a fair trial - but do not consider that these proposals would prevent access to an independent and fair system of justice.

#### *Justice Impact Test*

- 71. The main IA details the monetised and un-monetised costs and benefits to the justice system.

#### *Rural Proofing Impact Test*

- 72. This proposal could potentially have a small impact on rural communities. DEFRA defines settlements with a Census population of over 10,000 as *urban*, while the remainder are defined as one of three rural types: *town and fringe*, *village or hamlet* and *dispersed*. Although all of the proposed courts and tribunals are in areas that would be defined as "urban", they may have users who reside in rural areas and we have therefore considered the potential impacts using the checklist published by DEFRA (<http://www.defra.gov.uk/corporate/about/how/policy-guidance/rural-proofing/>). Consultations with regional HMCTS Delivery Directors have paid due regard to those in rural areas who would need to travel further than others to access court services.
- 73. *Service provision and availability:* The policy is recommending the centralisation of services. Local availability would be affected, although no reduction should occur as the closure programme would transfer court/tribunal functions to nearby buildings with similar functions.
- 74. *Delivery costs:* The cost of delivering the service is expected to decrease as the MoJ would gain economies of scale by utilising fewer resources more efficiently and through centralisation.
- 75. *Accessibility and infrastructure:* Transport links in London are considered sufficient and journey times are expected to remain acceptable and are unlikely to have an impact on individual users which means that they are unlikely to attend court.
- 76. The travel time impacts are set out in the 'Travel time impacts' section of this IA and further details on the travel time impact are available in the consultation paper.
- 77. *Communications:* The policy is unlikely to have an effect on communications and the use of a range of communication solutions will continue.
- 78. *Economies:* There are unlikely to be economic effects in rural areas or towns surrounding London
- 79. *Disadvantage:* No significant impacts are expected under this indicator.

#### *Small Firms Impact Test*

- 80. For small businesses (including solicitors), there may be a small increase in time and travel costs due to the additional travel necessary to conduct business at their nearest court. However, some or all of this could be offset by fewer journeys to court as court business is better strategically planned.

#### *Sustainable Development Impact Test*

### **Stage 1**

#### 1. Environmental Standards

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1a. Are there any significant environmental impacts of your policy proposal (see Wider Environment Specific Impact Test)?
No
If the answer is 'yes' make a brief note of the impacts below:
N/A

1b. If you answered 'yes' to 1a., are the significant environmental impacts relevant to any of the legal and regulatory standards identified?
N/A
If the answer is 'yes' make a brief note of the relevant standards below:
N/A

If you answered 'yes' to 1b, have you:
1c. Notified the Government Department which has legal responsibility for the threshold and confirmed with them how to include the impacts appropriately in the analysis of costs and benefits?
N/A
1d. Informed ministers where necessary?
N/A
1e. Agreed mitigating or compensatory actions where appropriate?
N/A

2. Intergenerational impacts

2a. Have you assessed the distribution over time of the key monetised and non-monetised costs and benefits of your proposal? This assessment can be included in your Evidence Base or put in an annex.
Yes
This Impact Assessment includes monetised and non-monetised cost-benefit analysis over a 10-year appraisal period.

2b. Have you identified any significant impacts which may disproportionately fall on future generations? If so, describe them briefly.
No

If you answered 'yes' to 2b., have you:
2c. Informed ministers where necessary? If so, provide details.



N/A
2d. Agreed mitigating or compensatory actions where appropriate? Provide details.
N/A

**Stage 2**

3. The purpose of the second stage is to bring together the results from the IA with those from the first stage of the SD test. The following questions are intended to reflect the uncertainties in the cost benefit analysis and help you consider how to proceed in the light of further evidence from the first stage of the SD test.

3a. Indicate in the appropriate box whether the balance of monetised costs and benefits is:				
Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
	<b>x</b>			

3b. Indicate in the appropriate box whether the balance of non-monetised costs and benefits is likely to be:				
Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
		<b>x</b>		

3c. Indicate in the appropriate box whether the results of the SD questions 1-3 are, on balance, likely to be:				
Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
		<b>x</b>		

3d. Indicate in the appropriate box whether, overall, the balance of the monetised and non-monetised costs and benefits and the sustainability issues is considered to be:				
Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
	<b>x</b>			

3e. Provide an explanation of the final result from 3d, explaining, for example, how you have compared monetised and non-monetised costs and benefits and how you have resolved any conflicts between the cost-benefit results and the SD results.
The only SD impact of the policy is the resulting reduction in carbon emissions, produced by HMCTS estates. This may be offset by the increase in travel times to alternative court buildings, but this in turn maybe reduced by the need for fewer number of journeys to a rationalised court estate. There will be a smaller, yet positive, impact on water consumption and waste production at closing buildings, despite one-off waste production during dilapidations and disposals at some buildings. On balance, it seems appropriate to record a 'moderately positive' SD impact. The impact will be reviewed again after the consultation period has closed.

## Annex B: Post Implementation Review (PIR) Plan

**Basis of the review:**

To evaluate the successful implementation and impact of the proposals on the provision of criminal court services in London

**Review objective:**

The Post Implementation Review will assess the impact of the reduced court and tribunal estate on HMCTS operating costs and the performance of courts and tribunals and hence the impact on court users, partners and stakeholders in the wider criminal justice system.

**Review approach and rationale:**

The approach of the Post Implementation Review will be to review HMCTS performance, using established management information products in order to understand the impact of the changes in court and tribunal provision.

A review is expected to be carried out in 2019/20 to enable an effective assessment of the impact of the court provisions.

The objective of the proposals is to reshape HMCTS estate in line with the National Estates Principles published in the consultation document. These principles are intended to deliver an efficient and flexible estate which meets the current and future needs of HMCTS.

**Baseline:**

Pre-implementation performance baseline will be 2014/15 workload and performance data reported by HMCTS

**Success criteria:**

The objective of the proposals is to reduce the operating costs of HMCTS, in line with the projections in the IA, whilst maintaining customer service performance. Following delivery of the project, we would expect to see an increase in the utilisation and efficiency of the magistrates' court estate in London.

**Monitoring information arrangements:**

Established performance reporting mechanisms and financial controls will be used to establish that costs have reduced as projected in the Impact Assessment whilst customer service performance has been maintained.