

Title: Her Majesty's Courts and Tribunals Service proposals for the closure of eight courts in England IA No: MoJ001/2018 Lead department or agency: Ministry of Justice Other departments or agencies: HM Courts and Tribunals Service (HMCTS)	Impact Assessment (IA)	
	Date: 17/01/2018	
	Stage: Consultation	
	Source of intervention: Domestic	
	Type of measure: Other	
Contact for enquiries: EstatesConsultation@hmcts.gsi.gov.uk		
Summary: Intervention and Options	RPC Opinion: N/A	

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?
£3.1m	N/A	N/A	No NA
What is the problem under consideration? Why is government intervention necessary? <p>The current courts and tribunal estate does not meet the strategic requirements of HM Courts and Tribunals Service (HMCTS). Our long-term objective is to rationalise the courts and tribunals estate, as part of HMCTS' wider Reform programme, reducing costs and improving the remaining property, whilst ensuring that we retain access to justice. The 2015 national consultation exercise set out the overarching principles against which an assessment of the suitability of each court building selected for closure was made. This consultation proposes the closure of a further set of courts that have been identified based on the principles announced in the 2015 consultation. The consultation covers magistrates', county and crown courts. Government intervention is required as the Ministry of Justice oversees the provision of court services.</p>			

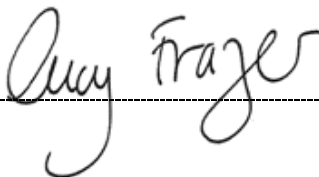
What are the policy objectives and the intended effects? <p>The policy objective is to review the HMCTS estate in line with current estates principles, as set out in the consultation document. The proposals would reduce surplus capacity to ensure the estate is aligned to operational requirements and improve customer service by concentrating work in courts and tribunals with better connectivity and modern facilities, whilst maintaining access to justice. Savings would be achieved through reduced running costs so enabling HMCTS to continue to deliver a high quality service elsewhere while revenue would arise from the disposal of court and tribunal estate.</p>
What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) <p>Two options have been assessed. These options are:</p> <ul style="list-style-type: none"> • Option 0: Do nothing. Complete only those closures previously announced (base case). • Option 1: Taking into account HMCTS estates principles and operational and geographical constraints, close the following sites: Blackfriars Crown Court; Wandsworth County Court; East Berkshire (Maidenhead) Magistrates Court; Fleetwood Magistrates Court; Banbury Magistrates and County Court; Northallerton Magistrates Court; Chorley Magistrates Court; and Cambridge Magistrates Court. <p>Option 1 is preferred as it would best fit the strategic vision of the HMCTS estate, deliver average annual monetary savings to the department and yield sales revenues from disposal of the court and tribunal estate.</p>

Will the policy be reviewed? It will not be reviewed. If applicable, set review date: N/A

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.	Micro Yes/No	< 20 Yes/No	Small Yes/No	Medium Yes/No	Large Yes/No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded:		Non-traded:

I have read the Impact Assessment and I am satisfied that, 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: 17 January 2018

Summary: Analysis & Evidence

Policy Option 1

Description: Close the courts identified in the consultation document.

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year 2017/18	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: £3.1m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	-	-	-
High	-	-	-
Best Estimate	£11.7m	£0.14m	£12.0m

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

HMCTS would incur a range of costs including:

- Transition costs (decant, portering, decommissioning etc); £8.0m of which are incurred for Blackfriars CC.
- Additional operational costs and any enabling works costs at sites undertaking the workload of closed courts.
- Disposal costs associated with the sales of closed sites.

Total cost (and benefits below) in present value terms are not simply the sum of transition and average annual figures over the 10 year appraisal period. These are discounted to reflect that a given quantity of money today has a greater value to individuals and society than that same quantity at some point in the future.

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

There would be transitional and travel cost impacts for court users and staff, the judiciary, criminal justice system (CJS) partners such as the HM Prison and Probation Service, including the National Probation Service, the 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	£0m	£2.6m	£15.2m

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

Fewer buildings would mean that HMCTS would benefit from reduced operating costs for the estate e.g. lower utilities, property maintenance and other estate based expenditure.

These monetised costs here exclude any sale proceeds that HMCTS would receive from the disposal of closed sites. This is because the eventual disposal value of these courts would only be known at the point of sale and would depend on prevailing macroeconomic conditions.

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

HMCTS would incur a range of non-monetised benefits including:

- Sales proceeds from the disposal of closed sites.
- Efficiencies would be achieved through listing of court cases as the work is concentrated in fewer courts.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

It is assumed that a proportion of operating costs (estate based) would be saved at closed sites. The value of enabling works are based on site surveys. All costs and benefits have been rounded.

Sales proceeds have been excluded from the monetised economic assessment. These will deliver substantive transition benefits in addition to those stated above.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: N/A	Benefits: N/A	Net: N/A	No	OUT

Evidence Base

A. Background

1. In 2015 HM Court and Tribunals Service (HMCTS) undertook a national consultation on the provision of its court and tribunal estate. This proposed that 91 courts and tribunal buildings be closed and that their work be transferred to other court buildings within the existing estate. Following that consultation, and after an analysis of the responses, the Government announced in February 2016 that 86 courts and tribunals buildings would close.
2. Despite these changes, there are still areas of the country where the courts and tribunal estate could be used more efficiently. The present consultation therefore proposes to further consolidate court work in the affected areas in order to rationalise the estate and seeks views on the potential closure of the courts listed below. The consultation will run between January 2018 and March 2018.
3. The consultation proposes closing eight courts in four regions in England. These courts are:
 - Fleetwood Magistrates' Court and Chorley Magistrates' Court in the North West Region;
 - Maidenhead Magistrates' Court and Banbury Magistrates Court and Hearing Centre (in a single document to cover the Thames Valley) and Cambridge Magistrates' Court in the South East Region;
 - Northallerton Magistrates' Court in the North East Region; and
 - Blackfriars Crown Court and Wandsworth County Court in London.
4. These eight court buildings were identified for closure based upon the HMCTS Estates Principles, including consideration of the level of use, condition, and capacity to accommodate the work within a reasonable travelling distance, as well as consideration of other court buildings in close proximity.
5. The savings and sales proceeds generated from closing these court buildings will be reinvested into the wider HMCTS reform programme, helping to meet the aims of this programme by allowing the delivery of a higher quality service that will benefit everyone, from judges and legal professionals, to defendants, witnesses and victims of crime. The HMCTS reform programme is expected to deliver steady state nominal savings of £200m per annum from 2023/24 via the streamlining of processes, digitalisation and effective deployment and utilisation of staff and estates.
6. This Impact Assessment (IA), which accompanies the HMCTS consultation documents, assesses the impact of these closure options for HMCTS courts and hearing centres in England.

B. Policy Rationale & Objectives

Economic Rationale

7. 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.
8. This consultation addresses the objective of efficiency. The aim is to improve court utilisation by moving work to sites with better travel connectivity and facilities and which align with operational requirements without generating unreasonable increases in journey times for court users. This will generate ongoing savings by reducing running costs and raise income through the disposal of surplus estate. This income is part of that required to fund the HMCTS reform programme, hence some component of the wider economic benefits of that programme (not detailed here) can be attributed to the proposals in this consultation.

Policy Objectives

9. In deciding on which courts to close, the options in the consultation documents were considered against the HMCTS Estates Principles of:
 - Ensuring access to justice: That any 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.
10. *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 and by taking account of:
 - The journey times for court and tribunal users and, where necessary, proposing mitigating actions, such as more flexible listing procedures (see “Mitigations” within the Equalities Impacts Assessment section of accompanying consultation document);
 - The needs of victims, witnesses and, in particular, those who are vulnerable;
 - The requirements of other agencies such as the HM Prison and Probation Service (HMPPS), the Crown Prosecution Service (CPS), Social Services, Police Forces and the Children and Family Court Advisory and Support Service (CAFCASS).
11. *Value for money* to the taxpayer will be achieved by:
 - Reducing the current and future cost of running the HMCTS estate in England;
 - Maximising sale receipts from disposals, to allow for reinvestment in the reform of HMCTS.
12. *Enabling efficiency* in the longer term will be achieved by:
 - Hearing the same amount of cases within the rationalised estate;
 - Ensuring there is sufficient hearing estate capacity in the future;
 - Providing cost effective, flexible and efficient court capacity.

Scope

13. The HMCTS court estate in four regions in England will be considered for this consultation. Specifically, the scope of the consultation includes proposals with regard to the following:
 - The consolidation of the court estate in the North West, North East, South East and London.
 - Improving the overall quality and efficiency of the court estate in the four regions affected.
 - Through the sale of surplus court buildings, generating receipts which can be reinvested into wider reform of HMCTS.
14. The following are out of scope of the consultation:
 - The closure of any buildings outside of the four regions listed above.
 - Any buildings in the court and tribunals estate outside of the four regions listed.
 - Business process improvements or IT upgrades, except for those associated with the implementation of current standard processes and IT in different locations.

15. 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 buildings (e.g. Courts and Tribunals Service Centres) have been excluded and are not included in the total number of “buildings”.

C. Affected Stakeholder Groups, Organisations and Sectors

16. The groups potentially most affected by these proposals in the consultation are:

- The Ministry of Justice (MoJ) and its arms’ length bodies, including:
 - HMCTS;
 - HMPPS including Prisoner Escort Contract Services (PECS);
 - The National Probation Service (NPS);
 - The Legal Aid Agency (LAA);
 - CAFCASS.
- The Judiciary, including the magistracy and members of the Justices’ Clerks’ Society.
- Other court users, including:
 - Barristers, solicitors and members of the Chartered Institute of Legal Executives;
 - Victims of crime;
 - Witnesses of crimes;
 - Offenders and those on remand.
- Other justice system organisations such as the CPS and Police Forces.
- Members of the public who take part in court and tribunal cases.
- Local businesses.

D. Options under Considerations

17. In order to meet the above policy objectives, the following options are considered in this IA:

- **Option 0: Do nothing.** Under this option, the closures proposed in the consultation documents would not occur.
- **Option 1: Rationalise the HMCTS estate in line with the recommendations of the consultation.**

18. Option 1 is preferred as it best meets the HMCTS estates principles.

Option 0: Do nothing

19. 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 HMCTS court estate. These are set out in the ‘Risks and assumptions’ section of the IA.

20. HMCTS is expected to operate out of 339 courts and tribunals buildings across England and Wales *once all court closures already announced have taken place*. The estate baseline from which the closures under consultation here will proceed is described in Table 1, broken down by jurisdiction and region. This reflects the current estate, excluding any courts and tribunals that HMCTS have already closed or HMCTS have already committed to closing.

Under Option 0 there would be no operational savings or sales proceeds available to be reinvested into the wider court reform programme. This would have a significant adverse impact on the delivery of

the total reform programme steady state savings, estimated at £200m (nominal) per annum from 2023/24.

Table 1: The HMCTS estate by region and court type following any closures already committed to

Region	Crown	Magistrates	County	Tribunal	Multi-type	Total
North West	3	8	6	8	21	46
North East	3	7	4	5	33	52
South East	10	3	10	5	45	73
South West	2	1	3	1	32	39
London	10	11	14	14	7	56
Midlands	6	3	2	4	31	46
Wales	3	3	3	2	16	27
Total	37	36	42	39	185	339

Option 1

21. This option would involve the closure of an identified set of sites – taking into account HMCTS principles and operational and geographical constraints – and following agreement with regional delivery directors.
22. This option would involve the closure of eight buildings in four regions – North West (2), North East (1), South East (3) and London (2). The workload of the closing courts would be redistributed within the remaining courts and tribunal estate in the effected regions.
23. The closure of the buildings would result in on-going operational savings and sales proceeds which would be available to be reinvested into the wider court reform programme.
24. More detail on the workloads and operating costs of the courts within the scope of this option are presented in Table 2.

Table 2: Workload and Operating Cost data

Property	Workload (Hours p.a. 2016/17)	Operating Costs ¹ (£m p.a. 2017/18 prices, exc VAT)
Banbury Magistrates and County Court	2,211	£0.18m
Blackfriars Crown Court	12,232	£1.48m
Cambridge Magistrates Court	2,376	£0.58m
Chorley Magistrates Court	1,512	£0.14m
East Berkshire (Maidenhead) Magistrates Court	1,119	£0.15m
Fleetwood Magistrates Court	898	£0.12m
Northallerton Magistrates Court	1,474	£0.14m
Wandsworth County Court	3,550	£0.27m

E. Cost and Benefit Analysis

25. 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 HMCTS estate in England, with due weight given to impacts that are non-monetised.

¹ Modelling was based on 14/15 costs inflated to 17/18 prices. This was based on data available at the time. Sensitivity analysis below provides a range that covers potential exposure to increases in operating costs in the interim.

26. 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 costs and benefits, along with its Net Present Value (NPV), is zero.
27. The following analysis is based on the workload and operational cost data for the affected courts listed in Table 2 above:
- Workload data is derived from 2016/17 sitting hours from the HMCTS performance database. Due to uncertainties concerning workload in the medium and long term, we assume no change in annual workload volumes over the appraisal period.
 - Operating costs are in 2017/18 prices and include fixed costs such as rates, variable costs such as telecoms, and semi-variable costs such as utilities – but excludes staff, judicial and non-economic costs. The operating costs exclude VAT.
 - Optimism bias (which is not reflected in the costs presented in table 2) has been applied to the above operating costs. Further details are provided in Table 5.

Option 1: Rationalise the HMCTS estate in line with the recommendations of the consultation

Costs of Option 1

Transitional costs (monetised)

HMCTS

28. For HMCTS, one-off transitional costs would be incurred owing to:

- *Enabling costs*: the preparation of sites undertaking the work of closed sites. This includes hearing room re-configuration at buildings that receive work, to increase capacity or improve facilities to accommodate the expected increase in workload.
- *Decant and portering costs*: costs associated with decanting work, staff and equipment as well as the portering of documents between buildings.
- *IT decommissioning and enabling*: the costs associated with the removal and transportation of IT equipment at closing sites.
- *Disposal costs*: costs associated with the disposal of freehold buildings, such as paying for legal services, valuations, and advertising and estate agent fees.

29. For Option 1, total transitional costs have been estimated at £12 million.

Transitional costs (un-monetised)

HMCTS

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

- *Familiarisation and awareness costs*: These would arise for staff moving to new courts, and involving alternative logistical arrangements. 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. These costs are expected 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 would amount to a transfer payment and so have not been monetised in the economic appraisal.

Court users and other agencies

31. There would be familiarisation and awareness costs for regular court users relating to where the nearest court is. These costs are expected to be negligible.

On-going costs (monetised)

HMCTS

32. For HMCTS, the on-going costs would include any increase in operational costs at receiving sites, such as those for utilities, property services, maintenance, office expenditure and similar items. For Option 1 these on-going costs are estimated to be just under £0.14 million per year.

On-going costs (un-monetised)

Court users and other agencies – travel time impacts

33. For intermittent users of our courts – defendants, victims, witnesses, some members of the general public and commercial firms – journey times and costs may increase as a result of the closures if users have to travel further to the alternative ‘receiving’ court than the closing court.
34. For more frequent court users – solicitors, barristers, CPS, CAFCASS and the Police – these costs (including time and travel) may be partially offset 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.
35. Travel time impacts have not been monetised although they have been estimated (see tables 3a and 3b below). Travel times between population centres² and court buildings have been calculated for those driving or using public transport based on an 08.00 peak-time departure. Current travel times are estimated based on assignment of population centres to their nearest court for a given jurisdiction. If that nearest court is then subject to closure, those populations affected are assumed to move to their next closest court. This therefore assumes that the closing court is currently the closest court to the user, although this is currently not always the case.
36. Monetisation of travel time impacts was not carried out as it would have required a more detailed set of data than was available for this assessment, covering (i) volumes of individual journeys and (ii) precise routing from starting location to court sites as well as (ii) data on cost of travel time and distance incurred for the full array of different court users (litigants, legal professionals, police etc.).
37. The results of this analysis are presented in Tables 3a and 3b. These tables show the average, single-direction travel times for all those population centres currently assigned to each court for a given jurisdiction. From Table 3a and 3b it can be seen that the proposals would result in only moderate increases in journey times on average for existing users of those courts being considered for closure.

² 7,201 Middle Layer Super Output areas consisting of population groups of between 5,000 and 15,000.

Table 3a: Estimates of average travel time impacts following closures for current users of court buildings by jurisdiction if driving (mins)³

Current Court Property	Jurisdiction	Current	Post Closure	Impact (Shift)
Blackfriars Crown Court	Crown	15	20	5
Wandsworth County Court	County	15	25	10
East Berkshire (Maidenhead) Magistrates Court	Mags	15	25	10
East Berkshire (Maidenhead) Magistrates Court	Tribunal	30	35	5
Fleetwood Magistrates Court	County	15	20	5
Banbury Magistrates and County Court	County	20	35	15
Banbury Magistrates and County Court	Mags	20	35	15
Northallerton Magistrates Court	Mags	25	35	10
Chorley Magistrates Court	Mags	20	25	5
Cambridge Magistrates Court	Mags	30	45	15

Table 3b: Estimates of average travel time impacts following closures for current users of court buildings by jurisdiction if using public transport (mins)

Current Court Property	Jurisdiction	Current	Post Closure	Impact (Shift)
Blackfriars Crown Court	Crown	30	30	0
Wandsworth County Court	County	30	40	10
East Berkshire (Maidenhead) Magistrates Court	Mags	35	50	15
East Berkshire (Maidenhead) Magistrates Court	Tribunal	45	65	20
Fleetwood Magistrates Court	County	25	50	25
Banbury Magistrates and County Court	County	40	70	30
Banbury Magistrates and County Court	Mags	40	70	30
Northallerton Magistrates Court	Mags	45	75	30
Chorley Magistrates Court	Mags	25	40	15
Cambridge Magistrates Court	Mags	55	95	40
Cambridge Magistrates Court	Tribunal	50	55	5

Prison Escort and Custody Services (PECS)

38. PECS is responsible for the movement of prisoners between police custody suites, courts and prisons. Defendants remanded in custody 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 defendant had been remanded to, this has the potential to impose a cost to HMPPS to provide PECS due to the longer journey time for the remandee being transported.

National Probation Service (NPS)

39. In addition to changes in journey times, there would be an impact in some locations on the NPS. 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.

40. 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. The impact on journey frequency and travel times for NPS staff not actually based within HMCTS buildings that are being consulted for closure, but who travel to these buildings, has not been assessed.

³ All travel times and impacts rounded to nearest 5 minutes.

Crown Prosecution Service (CPS) and Police

41. 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

42. 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.

Benefits of Option 1

Transitional Benefits (un-monetised)

HMCTS

43. For HMCTS, the transitional benefits would include the revenue from sale of property. The eventual disposal value of these courts would only be known at the point of sale and would depend on prevailing macroeconomic conditions. However, based on previous sales proceeds from property, the eight courts would be expected to generate significant revenue, offsetting any monetised transition costs and providing funds to be reinvested into the wider court reform programme.

On-going Benefits (monetised)

HMCTS

44. For HMCTS, the on-going benefits would include lower operating costs as those associated with utilities, property services, maintenance, office expenditure and similar items would be reduced at the closing sites. These on-going net benefits are estimated to be £2.5 million per year for Option 1 after netting off the increase in costs at receiving sites of just under £0.14 million per year (see above).

On-going Benefits (un-monetised)

HMCTS & HMPPS

45. For HMCTS, the on-going non-monetised benefits would include any operational efficiencies generated by operating out of fewer sites more efficiently.

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

Net Impact: Option 1

47. Table 4 gives the estimated costs and benefits of this option in real terms (2017/18 prices, excluding VAT), assuming the closure of the 8 sites. Steady state net savings would be around £2.5 million a year from 2020/21 under this option with a 10-year NPV of £3.1m (excluding sales proceeds).

Table 4: Estimated economic costs and benefits for Option 1

<i>2017/18 prices, Excl. VAT, Incl. Optimism Bias</i>	Total Transition Costs (including enabling costs)	Steady State Net Benefits	Total Net Benefits (10 years from 2017/18)	10-year NPV (discounted, from 2017/18)
Option 1	£12.0m	£2.5m	£5.6m	£3.1m

48. An additional significant positive NPV component would likely be generated via sales proceeds from the disposal of the sites.

F. Risks, Assumptions and Sensitivity Analysis

49. The key assumptions for the monetised costs and benefits are summarised in Table 5 below (figures may not sum to totals reported elsewhere due to rounding), and the more general modelling assumptions in Table 6 also below. Please note that a number of the costs and benefits are uncertain. As a result, 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 5 (final column).

Table 5: Monetised costs and benefits (2017/18 prices and excluding VAT)⁴

Category	Description	Assumption (excluding optimism bias)	Optimism Bias
Transition costs (one-off)	Enabling cost	The preparation of sites undertaking the work of closed sites.	+35%
	Disposal Cost	Agent and legal fees are estimated to be 3% (including VAT) of site valuation or £15.2k, whichever is higher.	+10%
	Decant	£7.6k decant cost per court hearing room. For Blackfriars, £750k.	+10%
	Porterage	£7.6k porterage cost per court. For Blackfriars, £150k.	+10%
	IT decommissioning	£20k I.T decommissioning cost per court. For Blackfriars, £600k (including I.T enabling).	+10%
On-going benefits (per year)	Operating cost savings	Rent and business rates will be saved at closing buildings. A proportion of utilities, maintenance and staff costs will also be saved at closing buildings. Additional workload-related costs at buildings receiving work, such as printing and postage are netted off.	-15%

⁴ Enabling costs are not included in the table – see enabling cost section.

Table 6: General modelling assumptions

Category	Description	Assumption
General	Volume	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.
	Hearings	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.
	Redundancies	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.
	Judicial Costs	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.
Cost and benefit dates	Key dates	It is assumed that savings are generated from the operational exit date, the mothball date (3 months after the operational exit), and the full disposal date (12 months after the operational exit). Any exit costs, such as decant and dilapidation, will occur at the operational exit date of the closing court. Enabling are incurred on specific dates.

Sensitivity Analysis

50. Due to the inherent uncertainties that exist in any economic appraisal, the projected NPV has been tested against a series of scenarios that vary the overall costs and benefits of this programme.
51. As part of this sensitivity analysis, we tested some high level individual scenarios where the individual expected costs of Option 1 were increased or the individual expected benefits were reduced. We also tested a combined scenario which featured a blended combination of the risks.
52. Table 7 below presents a range of sensitivity scenarios showing the impact against the headline NPV position of £3.1m (excluding sales proceeds), over 10 years, from 2017/18).

Table 7: Sensitivity Analysis

Sensitivity	Risk	Approach	Impact on NPV (- denotes reduction, £m, real 2017/18 prices)
Net steady state (or operating cost) savings	Net steady state benefits are uncertain owing in part to costs associated with workload transferred to sites that would be undertaking workload of disposed sites.	Headline optimism bias of -15% has been increased to -25%.	-£1.7m
Enabling works	Enabling work costs are subject to uncertainty as all costs based on MOJ survey estimates, and the true amount of investment required will only be realised once the procurement process has begun.	Headline optimism bias of 35% has been increased to 50%.	-£0.7m
Transition costs	Transition costs are subject to uncertainty.	Headline optimism bias of 10% has been increased to 20%	-£0.4m
Closure delay	Delays in operational exits.	Operational exit dates have been delayed by a year. This also delays the other key dates (e.g. enabling works) by a year.	-£1.6m ⁵
Combined	An aggregation of the scenarios described above.		-£4.4m

53. The sensitivity analysis suggests that the combination of different pressures could result in Option 1 having a negative NPV. However, this has only considered one-way movements in costs or benefits. There exists some potential for lower costs or higher savings to be realised, resulting in a higher NPV – particularly around enabling works and transition costs for closure of Blackfriars CC. The headline NPV figure excludes sale proceeds which, based on sales proceeds from earlier rounds of closures and recent valuations for sites currently subject to consultation here, would ensure that balance of the monetised and non-monetised benefits and costs would remain positive.

⁵ Sensitivity once all the other scenarios have been run.

G. Wider Impacts

Equalities

54. Please refer to the Consultation documentation for an Equalities Impact Assessment.

Other Impact Tests

55. The other wider impacts associated with the options assessed in this IA are described in Annex A.

H. Monitoring and Evaluation

56. 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.

57. The provision of court and tribunal services is kept under continuous review. Monitoring of financial benefit realisation from property is being carried out as part of wider HMCTS reform benefit tracking. The changes being consulted on here will be taken account of as part of these processes.

Annex A – Other Specific Impact Tests

Competition assessment

58. 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:
- The number of legal services providers
 - The ability of suppliers to compete
 - Suppliers' incentives to compete vigorously
59. 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.

Small Firms Impact Test

60. 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.

Wider Environmental Impact Test

61. 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.
62. *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.
63. *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.
64. *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.
65. *Will the policy option involve any material change to the appearance of the landscape or townscape?* No, the proposal does not include proposals for demolition, but nor does it control for future use of court site which would be subject to future user and planning authority decisions at a local level.
66. *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.
67. *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
68. *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

69. There are two main channels through which the court closure programme could have an impact on carbon emissions:
- The reduction in energy as a result of closing courts (net of additional energy required for courts taking on additional judicial responsibilities), and
 - The additional travel necessary for court 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).
70. The policy is not thought to have a substantial impact on greenhouse gas emissions.

Health Impact Assessment

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

Human Rights Impact Assessment

72. 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

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

Rural Proofing Impact Test

74. 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 tribunal 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.
75. *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.
76. *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.
77. *Accessibility and infrastructure*: Journey times are expected to remain acceptable.
78. 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.
79. *Communications*: The policy is unlikely to have an effect on communications and the use of a range of communication solutions will continue.
80. *Economies*: There are unlikely to be economic effects in rural areas or towns.
81. *Disadvantage*: No significant impacts are expected under this indicator.

Sustainable Development Impact Test

82. The only Sustainable Development (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. 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.