

Title: Introduction of fees to the Property Chamber, First Tier Tax Chamber, Upper Tier Tax Chamber and the General Regulatory Chamber. IA No: MoJ008/2015 Lead department or agency: Ministry of Justice	Impact Assessment (IA)		
	Date: 31/07/2015		
	Stage: Consultation		
	Source of intervention: Domestic		
	Type of measure: Secondary Legislation		
Contact for enquiries: mojfeespolicy@justice.gsi.gov.uk			

Summary: Intervention and Options	RPC Opinion: Not Applicable
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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, Two-Out? Measure qualifies as
-£0.5m	N/A	N/A	No N/A

What is the problem under consideration? Why is government intervention necessary?
 Her Majesty's Courts and Tribunal Service does not recover the full costs of operating the Immigration and Asylum Chamber, the Property Chamber, the Lands Chamber, the Tax Chamber and the General Regulatory Chamber. In 2014/15 the operating cost of these tribunals was around £110 million and fee income was around £8.5 million. Government intervention is necessary to increase income from fees to cover more of the operating costs of these tribunals and reduce the burden on the tax payer.

What are the policy objectives and the intended effects?
 The MoJ's policy is that fees in HM Courts & Tribunal Service should reflect more of the cost of the services provided, while protecting access to justice for the less well off and reducing the taxpayer subsidy for the tribunal system. The policy objective is to move towards 25% cost recovery across these tribunals. The proposals also seek to simplify the current fee structure to make it easier to understand and administer.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
 Option 0: Do nothing.
 Option 1: Establish a new fee structure in the Property Chamber aiming to achieve around 25% cost recovery.
 Option 2: Establish a new fee structure in the Tax Chamber and Upper Tribunal Tax and Chancery, aiming to achieve around 25% cost recovery across the two tribunals as a whole.
 Option 3: Establish a new fee structure for all cases heard in the General Regulatory Chamber aiming to achieve around 25% cost recovery.
 Option 4: Increase fees for immigration tribunal cases to achieve around 25% cost recovery.
 Option 5: Increase fees for cases heard in the Lands Chamber by 10%.

The government wishes to receive views on the proposed fee levels across the options above. The government's favoured option is to implement options 1-5.

Will the policy be reviewed? It will not be reviewed.					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes	< 20 Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded: NA	Non-traded: NA

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible SELECT SIGNATORY: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 1

Description: Establish a new fee structure in the Property Chamber aiming to achieve around 25% cost recovery.

FULL ECONOMIC ASSESSMENT

Price Base Year N/A	PV Base Year N/A	Time Period Years N/A	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: -£0.1m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	10		
High			
Best Estimate		£0.1m	£3.8m

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

Court users would incur a cost of approximately £3million (nominal) per annum in court fees. There would be an extra cost to HMCTS of just under £1million (nominal) per annum arising from remissions payments. HMCTS would face one-off transitional costs of less than £0.1million in implementing the proposed changes.

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

Successful claimants may face a cashflow cost as any repayment of fees by the unsuccessful party would take place after the settlement or judgement takes place. There will be some minor familiarisation costs for court users and their legal representatives.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	10		
High			
Best Estimate		£0m	£3.8m

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

The proposed fee levels would result in a gross income to HM Courts & Tribunals Service of nearly £4 million per annum or around £3 million per annum net of remissions, of which approximately £2million will be obtained from leasehold enfranchisement cases.

This income would manifest itself as a saving in the amount of subsidy that the taxpayer provides to the tribunals service.

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

The introduction of fees may encourage some parties to settle disputes earlier, outside of court.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

Central scenario calculations are based on the assumption that fee changes will not affect the volume of cases that appear before the tribunal. Sensitivity analysis has been conducted and outlines the impact of a 10%, 20% and 50% fall in caseload across the tribunals. In addition, it has been assumed that there will be no detrimental impacts on court case outcomes nor on access to justice from any increase in court fees and no impacts on the legal services used to pursue or defend claims.

As the benefit to HMCTS will be offset by the additional cost to court users, the net economic impact is estimated to be minimal.

BUSINESS ASSESSMENT (Option 1)

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

Summary: Analysis & Evidence

Policy Option 2

Description: Establish a new fee structure in the Tax Chamber and Upper Tribunal Tax and Chancery, aiming to achieve around 25% cost recovery across the two tribunals as a whole.

FULL ECONOMIC ASSESSMENT

Price Base Year N/A	PV Base Year N/A	Time Period Years N/A	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: -£0.1m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	10		
High			
Best Estimate		£0.2m	£2.4m

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

Court users would incur a cost of approximately £2million (nominal) per annum in court fees. There would be an extra cost to HMCTS of just under £0.4million (nominal) per annum arising from remissions payments. HMCTS would face one-off transitional costs of less than £0.1million in implementing the proposed changes.

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

Successful claimants may face a cashflow cost as any repayment of fees by the unsuccessful party would take place after the settlement or judgement takes place. There will be some minor familiarisation costs for court users and their legal representatives.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	10		
High			
Best Estimate		£m	£2.4m

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

The proposed fee levels would result in a gross income to HM Courts & Tribunals Service of nearly £2.4 million per annum or around £2 million per annum net of remissions. This income would manifest itself as a saving in the amount of subsidy that the taxpayer provides to the tribunals service.

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

The introduction of fees may encourage some parties to settle disputes earlier, outside of court.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

Central scenario calculations are based on the assumption that fee changes will not affect the volume of cases that appear before the tribunal. Sensitivity analysis has been conducted and outlines the impact of a 10%, 20% and 50% fall in caseload across the tribunals. In addition, it has been assumed that there will be no detrimental impacts on court case outcomes nor on access to justice from any increase in court fees and no impacts on the legal services used to pursue or defend claims. As the benefit to HMCTS will be offset by the additional cost to court users, the net economic impact is estimated to be minimal.

BUSINESS ASSESSMENT (Option 2)

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

Summary: Analysis & Evidence

Policy Option 3

Description: Establish a new fee structure for all cases heard in the General Regulatory Chamber aiming to achieve around 25% cost recovery.

FULL ECONOMIC ASSESSMENT

Price Base Year N/A	PV Base Year N/A	Time Period Years N/A	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: -£0.1m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	10		
High			
Best Estimate		£0.1m	£0.4m

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

Court users would incur a cost of approximately £0.4million (nominal) per annum in court fees. There would be an extra cost to HMCTS of just under £0.1million (nominal) per annum arising from remissions payments
HMCTS would face one-off transitional costs of less than £0.1million in implementing the proposed changes.

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

Successful claimants may face a cashflow cost as any repayment of fees by the unsuccessful party would take place after the settlement or judgement takes place
There will be some minor familiarisation costs for court users and their legal representatives.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	10		
High			
Best Estimate		£m	£0.4m

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

The proposed fee levels would result in a gross income to HM Courts & Tribunals Service of nearly £0.4 million per annum or around £0.3 million per annum net of remissions.
This income would manifest itself as a saving in the amount of subsidy that the taxpayer provides to the tribunals service.

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

The introduction of fees may encourage some parties to settle disputes earlier, outside of court.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%?

Central scenario calculations are based on the assumption that fee changes will not affect the volume of cases that appear before the tribunal. Sensitivity analysis has been conducted and outlines the impact of a 10%, 20% and 50% fall in caseload across the tribunals.
In addition, it has been assumed that there will be no detrimental impacts on court case outcomes nor on access to justice from any increase in court fees and no impacts on the legal services used to pursue or defend claims.
As the benefit to HMCTS will be offset by the additional cost to court users, the net economic impact is estimated to be minimal.

BUSINESS ASSESSMENT (Option 3)

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

Summary: Analysis & Evidence

Policy Option 4

Description: Increase fees for immigration tribunal cases to achieve around 25% cost recovery.

FULL ECONOMIC ASSESSMENT

Price Base Year N/A	PV Base Year N/A	Time Period Years N/A	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: -£0.1m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	10		
High			
Best Estimate		£0.1m	£7.3m

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

Court users would incur a cost of approximately £7.3million (nominal) per annum in court fees. HMCTS would face one-off transitional costs of less than £0.1million in implementing the proposed changes.

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

Successful claimants may face a cashflow cost as any repayment of fees by the unsuccessful party would take place after the settlement or judgement takes place
There will be some minor familiarisation costs for court users and their legal representatives.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	10		
High			
Best Estimate		£m	£7.3m

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

The proposed fee levels in the Immigration and Asylum Chamber would result in a additional £7.3m per annum in fee income to HM Courts & Tribunals Service.
This income would manifest itself as a saving in the amount of subsidy that the taxpayer provides to the tribunals service.

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

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Central scenario calculations are based on the assumption that fee changes will not affect the volume of cases that appear before the tribunal. Sensitivity analysis has been conducted and outlines the impact of a 10%, 20% and 50% fall in caseload across the tribunals.

In addition, it has been assumed that there will be no detrimental impacts on court case outcomes nor on access to justice from any increase in court fees and no impacts on the legal services used to pursue or defend claims.

As the benefit to HMCTS will be offset by the additional cost to court users, the net economic impact is estimated to be minimal.

BUSINESS ASSESSMENT (Option 4)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: N/A	Benefits: N/A	Net: N/A	Costs: N/A	Benefits: N/A

Summary: Analysis & Evidence

Policy Option 5

Description: Increase fees for cases heard in the Lands Chamber by 10%.

FULL ECONOMIC ASSESSMENT

Price Base Year N/A	PV Base Year N/A	Time Period Years N/A	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: -£0.1m
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Cost (Present Value)
Low	10				
High					
Best Estimate					
Description and scale of key monetised costs by 'main affected groups' Court users would incur a cost of approximately £0.1million (nominal) per annum in court fees. HMCTS would face one-off transitional costs of less than £0.1million in implementing the proposed changes.					
Other key non-monetised costs by 'main affected groups' Successful claimants may face a cashflow cost as any repayment of fees by the unsuccessful party would take place after the settlement or judgement takes place There will be some minor familiarisation costs for court users and their legal representatives.					
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Benefit (Present Value)
Low	10				
High					
Best Estimate					
Description and scale of key monetised benefits by 'main affected groups' The proposed fee increases in the Lands Chamber would result in an additional £0.1 per annum in gross income to HM Courts & Tribunals Service. This income would manifest itself as a saving in the amount of subsidy that the taxpayer provides to the tribunals service.					
Other key non-monetised benefits by 'main affected groups' The introduction of fees may encourage some parties to settle disputes earlier, outside of court.					
Key assumptions/sensitivities/risks					Discount rate (%) 3.5%
Central scenario calculations are based on the assumption that fee changes will not affect the volume of cases that appear before the tribunal. Sensitivity analysis has been conducted and outlines the impact of a 10%, 20% and 50% fall in caseload across the tribunals. In addition, it has been assumed that there will be no detrimental impacts on court case outcomes nor on access to justice from any increase in court fees and no impacts on the legal services used to pursue or defend claims. As the benefit to HMCTS will be offset by the additional cost to court users, the net economic impact is estimated to be minimal.					

BUSINESS ASSESSMENT (Option 5)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: N/A	Benefits: N/A	Net: N/A	Costs: N/A	Benefits: N/A

Evidence Base (for summary sheets)

Background

1. The Ministry of Justice's policy on fees is to achieve a coherent fee charging structure across HMCTS and to reduce the net cost of HMCTS to the taxpayer. There is a need to raise income to meet financial targets which are part of the Government's drive to reduce the deficit and deliver a stronger economy. This Impact Assessment assesses the impact of the Government's preferred approach, and will be refined following further evidence and consultation responses.
2. Court and Tribunal fees are prescribed by the Lord Chancellor under statutory powers and they must comply with the general policy principles for statutory fee-charging services, as set out in HM Treasury's guidance 'Managing Public Money – Charges and Levies', which states that fees should normally be set at full cost levels. The Lord Chancellor does have a power to prescribe fees above cost under section 180 of the Anti-Social Behaviour, Crime and Policing Act 2014; however, there are no proposals to use this power in respect of Tribunal fees at this stage.
3. Currently there are no fees charged in either the Tax Chamber or the Upper Tribunal (Tax and Chancery). Nor are there fees in the General Regulatory Chamber with the exception of the Gambling jurisdiction where fees are charged on the basis of the value of the licenses in dispute – a position we are not proposing to change. There are, however, some fees charged in the Property Chamber, Lands Chamber and in the Immigration and Asylum Chamber (IAC).

Policy Rationale and Objective

4. The MoJ's aim is to maintain adequate resourcing for the tribunals, such that access to justice is protected while the costs to the taxpayer are reduced. The policy aim is therefore:
 - to introduce or increase fees so that users of the system make a greater contribution towards the overall costs of HMCTS, in the specified jurisdictions.
 - To move towards a cost recovery level of around 25% across the tribunals in question, while making sure that the proposed fees are within the '*Managing Public Money – Charges and Levies*' guidelines;
 - Design a coherent fee charging system that is easier to understand and administrate;

Description of Options Considered

5. This Impact Assessment identifies both monetised and non-monetised impacts with the aim of understanding what the net social impact might be from implementing the following options:

- Option 0 - (Base Case) Do nothing. Maintain the current fee charging structures.
- Option 1: Establish a new fee structure in the Property Chamber aiming to achieve around 25% cost recovery.
- Option 2: Establish a new fee structure in the Tax Chamber and Upper Tribunal Tax and Chancery, aiming to achieve around 25% cost recovery across the two tribunals as a whole.
- Option 3: Establish a new fee structure for all cases heard in the General Regulatory Chamber aiming to achieve around 25% cost recovery.
- Option 4: Increase fees for immigration tribunal cases with the aim of achieving around 25% cost recovery.
- Option 5: Increase fees for cases heard in the Lands Chamber by 10%.

6. The Government's preferred approach is to implement options 1 to 5.

Affected Stakeholder Groups, Organisations and Sectors

7. The proposals are likely to affect the following groups:
- Appellants within the Tribunals in England and Wales.
 - Defendants within the Tribunals in England and Wales.
 - Her Majesty's Courts and Tribunals Service (HMCTS) – the body that administers the Tribunal Service.
 - Legal services providers.
 - Third parties – business and individuals.
 - Taxpayers– through a reduction in the subsidy currently provided by the UK Exchequer towards the running and operating costs of HM Courts & Tribunals Service;

Key data sources

8. The assessment of costs and benefits in this Impact Assessment is based on the following key sources of evidence:
- Detailed court data published in tribunal statistics¹. Tribunal data relates to the volumes of cases heard within the tribunals.
 - Internal management information provided by HMCTS. This data gives information on targets for the time taken to dispose of cases, the number of cases that are issued and the number that reach the hearing stage in a given year. This has been used to calculate how many cases would pay an issue and hearing fee.

¹ <https://www.gov.uk/government/statistics/tribunal-and-gender-recognition-statistics-quarterly-october-to-december-2014>

- HMCTS Finance data: outlines income and expenditure across the tribunals each financial year. This has been used to allocate costs across case types and between issue and hearing stage.
- HM Revenue & Customs Internal Management Information: outcomes of tax cases by case type, appellant and value under dispute. This has been used to gain a better understanding of the profile of users of the tax tribunal.
- Estimates by HMCTS staff regarding the time spent in various administrative and judicial functions in the General Regulatory Chamber.

Key Assumptions and Data

9. Detailed unit costs by activity, case stage and case types are not available. We have therefore had to model unit costs using the following assumptions and methodology:

Methodology

10. In establishing the appropriate fees for cases in the Residential Property Tribunal, General Regulatory Chamber and the Tax Chambers, the length of time taken for cases to progress through the system, from issue to disposal, was estimated and the associated resource costs calculated.
11. To differentiate between the different case types within the tribunal, the average time to disposal was weighted across case types and used as a proxy for resource consumption. Therefore the longer a case takes to dispose the greater the associated cost and therefore fee. By this methodology the longer it takes to dispose of a case, the greater is the associated cost (and therefore the greater the fee)
12. Working with HMCTS operational staff we have developed the the following split of resources between the issue and hearing stages:

Table 1: Assumed resource splits between issue and hearing stages

Cost Type	Allocation	
	Issue	Hearing
Estates	50%	50%
IT	50%	50%
Judicial Salaries - Fee Paid	0%	100%
Judicial Salaries - Salaried	0%	100%
Other	50%	50%
Other Judicial Costs	0%	100%
Other Non Cash	50%	50%
Other Staff Costs	50%	50%
Staff Cost - Wages & Salaries	50%	50%

13. Case progressions statistics, HMCTS costs and case volumes for the Property, Tax and GRC from 2013/14 were used to calculate the potential fee levels.
14. Future case volumes, case progression and costs are assumed to be the same as 2013/14 for the purposes of calculating a 10 year NPV.

15. Immigration case costs and fees are based on 2014/15 data. The costs of the First Tier Immigration and Asylum Chamber in 2014/15 were around £84m and income was around £7m. The tribunal currently achieves around 9% cost recovery and so the MOJ is proposing to double this fee to move the tribunal closer towards its original target of 25% cost recovery.
16. All cost and savings estimates have been rounded to the nearest £0.1million. The volume of cases in each category has not been rounded.
17. We assume that costs are constant at 2013/14 levels, as outlined in table 2 below:

Table 2: Nominal 2013/14 costs for the tribunals

Tribunal	Costs 2013/14 (£m)
Property Chamber	11.8
Tax Chamber and Tax and Chancery Chamber	8.7
General Regulatory Chamber	1.6
Immigration and Asylum Chamber	84

Refunds

18. For simplicity, we assume that there are no refunds of tribunal fees.

Remissions

19. We assume that the existing remissions scheme introduced in October 2013 is in place. As qualification for remissions is based on an income and capital-based test, this implies that eligibility for remissions will be unchanged.
20. We have assumed that the percentage of income remitted will be similar to remission rates within the Employment Tribunal. In 2014/15 around 25% of fee income was remitted in the Employment Tribunal.
21. The majority of claimants within the Tax Chamber are private companies, local authorities or non profit making bodies. According to HMRC internal management information around 20% of cases involve individuals. It is likely that a smaller proportion of users there would qualify for remissions. We therefore assume a remissions rate of around 5% within the Tax Chamber spread equally across the different case types.

Demand

22. We assume that court and tribunal user demand will not change in response to planned fee rises (i.e. that fee changes themselves will not change case volumes). External and internal research conducted to date on behalf of the MoJ suggests that this assumption is reasonable:

- Individuals and small businesses participating in published MoJ research conducted by Ipsos Mori² tended to view litigation as their only remaining option (having exhausted other possibilities) with emotional motivations tending to be their primary reason for taking their case to court. Users with legal representation tended to have little awareness of legal costs, including court fees, typically viewed court fees as a low proportion of these and exhibited less sensitivity to price than those who represented themselves as court fees were typically the sole costs they paid. However, when asked about specific hypothetical increases to court fees, the research participants felt they were affordable and would not deter them from going to court.
- MoJ research published in 2013³ found that increased court fees would have a minimal impact on the volume of cases bulk user organisations and solicitors would bring to court. Again litigation was seen as a last resort, court fees were considered to be a small proportion of the overall cost of going to court and such decisions were influenced more factors than cost alone.
- A 2007 MoJ published Research Paper⁴ found that fees ranked as lower in importance than other considerations such as “getting justice” when taking cases to the courts.
- In general, when pursuing litigation, court fees represent a small proportion of the value of the claim and of the total legal costs involved (which, in successful civil cases can be transferred to the losing defendant). For example, using data submitted to the Jackson Review⁵, court fees amounted to less than one per cent of the value of a ‘typical’ personal injury or commercial claim worth more than £300,000, while the total legal costs, including court fees, were held to be ‘substantially less than, and were proportionate to, the sums at stake in the litigation’.
- Research for the MoJ conducted by the British Institute of International Comparative Law⁶ suggested that court fees are not currently a determining factor in deciding whether and where to litigate. This study was largely based on the perceptions, fears and concerns of the research participants.

23. However, there is still a risk that demand for court services may fall as a result of these court fee increases. Our sensitivity analysis at the end of this document therefore considers reductions in demand of 10 per cent , 20 per cent and 50% compared to the baseline for the case types affected.

Net Present Value

24. The Net Present Value is calculated over a ten-year period, under the assumption that fees do not increase in line with inflation. In this way, it likely

² “The role of court fees in affecting users’ decisions to bring cases to the civil and family courts: a qualitative study of claimants and applicants” MoJ (MoJ (2014)

³ “Potential impact of changes to court fees on volumes of cases brought to the civil and family courts” MoJ (2013)

⁴ Source: What’s cost got to do with it? The impact of changing court fees on users (MoJ, 2007)

⁵ *Review of Civil Litigation Costs: Preliminary Report*, May 2009. See Graph 7.1 (p66) and Chapter 7, paragraph 7.14 (p107).

⁶ ‘Factors Influencing International Litigants’ Decisions to Bring Commercial Cases to London Based Courts’ (MoJ, 2014).

underestimates nominal fee income, as the existing powers to increase fees in line with inflation will likely be applied at various points during the ten-year period. However, the income of applicants should rise with inflation, so the financial burden of fees will not increase in real terms. Fees are not included in the overall NPV as they represent a transfer payment between claimants and HMCTS.

Cost and Benefits of Options Considered

25. This IA identifies both monetised and non-monetised impacts on individuals, groups and businesses in the UK, with the aim of understanding what the overall impact on society might be from implementing the proposed fees. The costs and benefits of each proposal are compared to Option 0, the do-nothing case.

Option 0 (Base Case) Do nothing. Maintain the current fee structure including enhanced fees for money claims

26. Under the do nothing base case the proposals highlighted in Options 1-5 would not be implemented. The do nothing is compared to itself and therefore the costs and benefits are necessarily zero, as is its Net Present Value (NPV).

Option 1: Establish a new fee structure in the Property Chamber aiming to achieve around 25% cost recovery.

27. The Residential Property Tribunal presides over cases involving landlords, tenants, freeholders, leaseholders, park home occupiers and site owners. Cases can be broken down into the following broad categories:

- Rent Cases: including Fair Rent and Market Rent disputes, these cases usually involve a tenant disputing the level of a rent increase, or the manner in which the increase was implemented
- Leasehold Management: usually involves appeals by tenants to appoint a new manager to a building, or to take over management responsibilities themselves
- Leasehold Enfranchisement: involve negotiations to extend or change the terms of a lease.
- Right to Buy: involve applications by council tenants to purchase their principal home at a lower price than the market value.
- Park Homes: involve disputes between residents of park homes and park owners about a variety of issues
- Housing Act: concerns improvement notices and prohibition orders where the notice falls under the Housing Act, 2004.

28. Cases concerning rents, leasehold management and leasehold enfranchisement make up the majority of cases in the Property Tribunal (18%, 37% and 37% of the caseload respectively in 2013/14).

29. The tribunal cost around £11.8 million in 2013/14 and generated an income of around £0.5 million across the cases where it currently charges fees. This represented a cost recovery rate of around 4%.

30. Under Option 1, the Government proposes to charge an issue and a hearing fee for all Property Chamber cases. In leasehold enfranchisement cases, fees will be charged at full cost while in other cases a nominal fee will be charged. The proposed fees are outlined below:

Table 3: Proposed fees for the Property Chamber

Case Type	Issue	Hearing
Leasehold Enfranchisement	£ 400	£ 2,000
Rents	£ 100	£ 200
Leasehold Management	£ 100	£ 200
Right to Buy	£ 100	£ 200
Park Homes	£ 100	£ 200
Housing Act	£ 100	£ 200

31. Leasehold enfranchisement cases deal with the purchase of a freehold or lease extension. While there is no systematic internal collection of data regarding the value in dispute in these cases, an exercise was commissioned by the Leasehold Advisory Service⁷ to record the value of the determination in such cases. Preliminary analysis of approximately 820 cases that were lodged between 1994 and 2006 suggests that the average lease extension value determined by the Tribunal was approximately £142,000, with 21% of cases determinations above £100,000. The median value of leases under dispute was around £15,000. Valuations are likely to have increased since this data set was obtained given the increase in property prices over the period 2006-2015. The Land Registry suggest that the average flat price across England and Wales was around £150,000 in January 2006 and in May 2015 this has risen to around £172,000 and increase of around 14%.⁸
32. Estimates using the leasehold advice service's valuation calculator show indicative costs for extending the lease on a flat worth £200,000 and the potential added value to the property as a result of extending the lease.⁹ For extensions with less than 79 years remaining the leaseholder could still expect a net gain as a result of extending the lease even with the introduction of fees at the level proposed:

⁷ <http://www.lease-advice.org/lvtdecisions/tables.asp?table=3>

⁸ <https://www.gov.uk/government/statistical-data-sets/house-price-index-background-tables>

⁹ <http://www.lease-advice.org/calc/> and <http://www.moneysavingexpert.com/mortgages/extend-your-lease#marriage>

Table 4: Estimated costs for extending a lease on a £200,000 flat by 90 years

Lease length remaining	Extension cost	Professional fees	Total	Potential added value
95 years	£5,000	£2,500	£7,500	£5,000
85 years	£6,000	£2,500	£8,500	£10,000
79 years	£8,500	£2,500	£10,500	£16,000
70 years	£14,000	£2,500	£16,500	£26,000
60 years	£24,000	£2,500	£26,500	£38,000

33. The latest Land Registry data shows that the average flat valuation in England and Wales was around £171,269 for May 2015.¹⁰ In 2013/14 the around 75% of the cases heard were in London where average flat prices will be higher. It is for this reason that the fees are proposed at around 90% cost recovery as the potential added value to the property from a lease extension is likely to exceed the cost of the fees charged by the tribunal in the majority of cases.

Costs of Option 1

Transitional costs

Transitional costs to HMCTS

34. HMCTS expects to incur costs for changes to court publications, for destroying old stock, making amendments to court IT systems and those related to court staff having to spend some time familiarising themselves with the new fees. These one-off transitional costs for HMCTS are expected to be less than **£0.1 million**.

Transitional costs to tribunal users and legal services providers

35. Familiarisation and awareness costs might also be incurred by court users and their legal services providers. These have not been monetised and are not expected to be significant.

Ongoing costs

Costs to tribunal users

36. Under our central assumptions, the total additional cost to users of the Property Chamber arising from the introduction of fees is estimated to be around **£2.8 million per annum** compared to the base case. (This figure is the net amount of extra fee income paid by tribunal users after remissions have been provided).

¹⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/439700/HPIReport20150626.pdf

Cost to HMCTS

37. Under our central assumptions, around 25% of fees would be remitted which would cost HMCTS just **under £1million per annum**.
38. Tribunal fees are usually paid upfront by the claimant. The MoJ proposes to allow the cost of fees to be recoverable from the defendant where the claimant wins. Therefore, in most cases where the reforms apply, the extra costs will be met by unsuccessful claimants or by losing defendants. However, there may be a cash flow cost to successful claimants as the higher court fees they pay are recoverable only once the case has been settled. These cash flow costs have not been monetised.

Benefits of Option 1

Ongoing benefits

Benefits to HMCTS

39. The proposed fee levels in the Residential Property Chamber would result in a gross income to HM Courts & Tribunals Service of approximately £4 million per annum or around **£2.8 million net of remissions per annum**. This represents a net cost recovery of around 25% after remissions. It is anticipated that around £2 million would be obtained from leasehold enfranchisement cases.

Wider benefits to society

40. Our proposal is expected to reduce the net costs of operating the Property Chamber and, therefore, reduce the level of public subsidy required. This will fall by the total increase in fee income after remissions have been applied.
41. The introduction of fees may encourage some parties to settle disputes earlier, outside of court. Although this assumption has not explicitly fed in to caseload assumptions for the base case, it is a driver of the downside sensitivity analysis.

Net impact of Option 1

42. HMCTS is expected to incur transitional costs from implementing the new fee regime (estimated at less than £0.1 million). Tribunal staff, tribunal users and legal services providers are also expected to incur negligible costs from having to familiarise themselves with the new fee structure.
43. On an ongoing basis the proposals are expected to generate increased fee income for HMCTS of around £2.8 million per annum after remissions have been applied. As the benefit to HMCTS will be offset by the additional cost to court users, **the net economic impact is estimated to be zero**.

Option 2: Establish a new fee structure in the Tax Chamber and Upper Tribunal Tax and Chancery, aiming to achieve around 25% cost recovery across the two tribunals as a whole.

44. The Tax Chamber (First-tier) deals with appeals from HMRC tax assessments and penalties notices.
45. When cases are first issued in the First-tier Tribunal, they are assigned a case category (Paper, Basic, Standard or Complex) by the tribunal. This is

¹¹ Many of the cases that are dealt with on the papers or assigned to the basic category relate to appeals against penalty notices issued by HMRC. These penalty notices can range in amount, however, a large percentage of these relate to small penalties issued, for example, where a party is late in filing his or her tax return.

46. Under Option 2, the Government proposes to charge a tiered fee structure in the First-tier Chamber as outlined below:

Table 5: Proposed fees for the First Tier Tax Chamber

Case Type	Proposed Fees	
	Issue	Hearing
Paper	£ 50	£ -
Basic	£ 50	£ 200
Standard	£ 200	£ 500
Complex	£ 200	£ 1,000

47. The Upper Tribunal (Tax and Chancery) hears all onward appeals from the Tax Chamber (First Tier). However, it also hears other onward appeals, including from the General Regulatory Chamber in relation to charities and the Property Chamber in relation to land registration issues. Our proposals in this Tribunal are limited to introducing fees for the onward appeals from the First-tier Tax Chamber

48. Under Option 2, the Government proposes to charge a fee structure in the Upper Tier Chamber as outlined below:

Table 6: Proposed fees for the Upper Tier Tax Chamber

Case Type	Proposed Fees	
	Issue	Hearing
Permission to appeal	£ 100	£ 200
Appeal	£ 100	£ 2,000

Costs of Option 2

Transitional costs

Transitional costs to HMCTS

49. HMCTS expects to incur costs for changes to court publications, for destroying old stock, making amendments to court IT systems and those related to court staff having to spend some time familiarising themselves with the new fees. These one-off transitional costs for HMCTS are expected to be less than **£0.2 million**.

¹¹ See: Practice Direction First-Tier Tribunal categorisation of cases in the Tax Chamber <<https://www.judiciary.gov.uk/wp-content/uploads/2014/12/categorisation-of-case-in-the-tax-chamber.pdf> >

Transitional costs to tribunal users and legal services providers

50. Familiarisation and awareness costs might also be incurred by court users and their legal services providers. These have not been monetised and are not expected to be significant.

Ongoing costs

Costs to tribunal users

51. Under our central assumptions, the total additional cost to users of the Tax Chamber arising from the introduction of fees is estimated to be around £2 million per annum. Within the Upper Tier Tax and Chancery Chamber, the total additional costs to users from the introduction of fees is estimated to be about £0.1 million. The total cost to users of the first and upper tier Tax Chambers is therefore around **£2.3 million per annum**. (This figure has been rounded to the nearest hundred thousand and is the net amount of extra fee income paid by tribunal users after remissions have been provided).

Cost to HMCTS

52. Under our central assumptions, around 5% of fees would be remitted which would cost HMCTS less than **£0.1 million per annum** in remitted fees across the two chambers.
53. Tribunal fees are usually paid upfront by the claimant. The MoJ proposes to allow the cost of fees to be recoverable from the defendant where the claimant wins. Therefore, in most cases where the reforms apply, the extra costs will be met by unsuccessful claimants or by losing defendants. However, there may be a cash flow cost to successful claimants as the higher court fees they pay are recoverable only once the case has been settled. These cash flow costs have not been monetised.

Benefits of Option 2

Ongoing benefits

Benefits to HMCTS

54. The proposed fee levels across the Tax Chambers would result in a net income to HM Courts & Tribunals Service of around **£2.3 million per annum**. This represents net cost recovery of around 26% after remissions.¹²

Wider benefits to society

55. Our proposal is expected to reduce the net costs of operating both the first and upper tier chambers and, therefore, reduce the level of public subsidy required. This will fall by the total increase in fee income after remissions have been applied.

¹² The recovery rate in the first tier tax chamber is around 27%. The recovery rate in the Upper Tier Tax and Chancery Chamber is around 6%. The overall recovery rate is expected to be around 25% across the two chambers.

56. The introduction of fees may encourage some parties to settle disputes earlier, outside of court. Although this assumption has not explicitly fed in to caseload assumptions for the base case, it is a driver of the downside sensitivity analysis.

Net impact of Option 2

57. HMCTS is expected to incur transitional costs from implementing the new fee regime estimated at less than £0.2 million. Tribunal staff, tribunal users and legal services providers are also expected to incur negligible costs from having to familiarise themselves with the new fee structure.

58. On an ongoing basis the proposals are expected to generate increased fee income for HMCTS of around **£2.3 million per annum** after remissions have been applied. As the benefit to HMCTS will be offset by the additional cost to court users, the **net economic impact is estimated to be zero**.

Option 3: Establish a new fee structure for all cases heard in the General Regulatory Chamber aiming to achieve 25% cost recovery.

59. The General Regulatory Chamber (GRC) hears a wide range of appeals on regulatory matters, for example charities, consumer credit, transport and appeals from decisions of the Information Commissioner.

60. There are no fees currently charged in this chamber, with the exception of appeals in relation to gambling licences where the fee is based on the value of the licences that are in dispute. We are not proposing to change this fee.

61. Under Option 3, the Government proposes to charge a separate fee for issue and hearing in the General Regulatory Chamber as outlined below:

Table 7: Proposed fees for the GRC Fees

Case Type	Proposed Fees	
	Issue	Hearing
All applications (excluding gambling cases)	£100	£500

Costs of Option 3

Transitional costs

Transitional costs to HMCTS

62. HMCTS expects to incur costs for changes to court publications, for destroying old stock, making amendments to court IT systems and those related to court staff having to spend some time familiarising themselves with the new fees. These one-off transitional costs for HMCTS are expected to be around **£0.1 million**.

Transitional costs to tribunal users and legal services providers

63. Familiarisation and awareness costs might also be incurred by court users and their legal services providers. These have not been monetised and are not expected to be significant.

Ongoing costs

Costs to tribunal users

64. Under our central assumptions, the total additional cost to users of the GRC arising from the introduction of fees is estimated to be about **£0.4 million per annum** compared to the base case. (This figure is the net amount of extra fee income paid by tribunal users after remissions have been provided).

Cost to HMCTS

65. Under our central assumptions, around 25% of fees would be remitted which would cost HMCTS around **£0.1 million per annum** in remitted fee income.

Benefits of Option 3

Ongoing benefits

Benefits to HMCTS

66. The proposed fee levels would result in a gross income to HM Courts & Tribunals Service of around **£0.4 million per annum**. This represents a net cost recovery of around 17% after remissions.

Wider benefits to society

67. Our proposal is expected to reduce the net costs of operating the chamber and, therefore, reduce the level of public subsidy required. This will fall by the total increase in fee income, after remissions have been granted.
68. The introduction of fees may encourage some parties to settle disputes earlier, outside of court. Although this assumption has not explicitly fed in to caseload assumptions for the base case, it is a driver of the downside sensitivity analysis.

Net impact of Option 3

69. HMCTS is expected to incur transitional costs from implementing the new fee regime estimated at **around £0.1 million**. Tribunal staff, tribunal users and legal services providers are also expected to incur negligible costs from having to familiarise themselves with the new fee structure.
70. On an ongoing basis the proposals are expected to generate increased fee income for HMCTS of around **£0.4 million per annum** after remissions have been applied. As the benefit to HMCTS will be offset by the additional cost to court users, the net economic impact is estimated to be minimal.

Option 4: Increase fees for immigration tribunal cases to seek to achieve around 25% cost recovery.

71. The Government introduced fees into the First-tier Tribunal (Immigration and Asylum Chamber) in December 2011 under the Lord Chancellor's power contained in section 42 of the Tribunal, Courts and Enforcement Act 2007 to charge fees for proceedings before tribunals.
72. The fees were not set to achieve full cost recovery although we expected fee income initially to deliver somewhere towards 25% of the costs of the tribunal. This resulted in fees being set at:
- £80 for a decision on the papers; and
 - £140 for an oral hearing.
73. However, the introduction of fees has only been partly successful in meeting the financial objectives. In 2014-15 fee income of around £7.3 million was recovered from those bringing appeals against a cost of around £84 million which equates to only 9% cost recovery.
74. The government is proposing to double the fees charged to move cost recovery closer towards 25%. The following fees are proposed:

Table 8: Proposed fees for the First Tier Immigration and Asylum Chamber

Application Type	Fees
Application for paper determination	£160
Application for oral hearing	£280
Application for paper determination (submitted online)	£140
Application for oral hearing (submitted online)	£250

75. In contrast to all other HMCTS jurisdictions which charge fees, the standard HMCTS fee remissions scheme does not apply in the First-tier Tribunal (Immigration and Asylum Chamber). This is because of the practical difficulties of applying the income and capital tests to those who may be based outside the United Kingdom. For this reason, in order to ensure that the Government met the third of its aims in introducing fees – to protect access to the Tribunal for those that need it – a set of exemptions were introduced removing the requirement to pay a fee in certain circumstances. These exemptions fall into two broad categories.
76. First, appellants in receipt of certain financial support are exempt from paying fees, specifically:
- those in receipt of Asylum Support (where the Home Office has already assessed a person as requiring financial assistance);

- those in receipt of Legal Aid (where income has already been assessed as part of the Legal Aid award);
- those in receipt of support under section 17 of the Children Act (where a Local Authority has already assessed that the household requires additional funding to make sure the child within that household is not put at risk).

77. The second category of exemptions was originally put in place to exempt from fees appellants appealing against “state initiated action.” This was largely to cover circumstances where the state was seeking to remove someone from the country. However, a lot of these appeal rights have now been removed by the Immigration Act 2014.

Costs of Option 4

Transitional costs

Transitional costs to HMCTS

78. HMCTS expects to incur costs for changes to court publications, for destroying old stock, making amendments to court IT systems and those related to court staff having to spend some time familiarising themselves with the new fees. These one-off transitional costs for HMCTS are expected to be less than **£0.1 million**.

Transitional costs to tribunal users and legal services providers

79. Familiarisation and awareness costs might also be incurred by tribunal users and their legal services providers. These have not been monetised and are not expected to be significant.

Ongoing costs

Costs to tribunal users

80. Under our central assumptions, the total additional cost to users of the Immigration and Asylum Chamber arising from the introduction of fees is estimated to be around **£7.3 million per annum** compared to the base case.

Cost to HMCTS

81. There are no ongoing costs to HMCTS as a result of this proposal.

Benefits of Option 4

Ongoing benefits

Benefits to HMCTS

82. The proposed fee levels in the Immigration and Asylum Chamber would result in an additional **£7.3m per annum** in fee income and provide a total gross

Wider benefits to society

83. Our proposal is expected to reduce the net costs of operating both the first and upper tier chambers and, therefore, reduce the level of public subsidy required. This will fall by the total increase in fee income after remissions have been applied.
84. The introduction of fees may encourage some parties to settle disputes earlier, outside of court. Although this assumption has not explicitly fed in to caseload assumptions for the base case, it is a driver of the downside sensitivity analysis.

Net impact of Option 4

85. HMCTS is expected to incur transitional costs from implementing the new fee regime estimated at less than £0.1 million. Tribunal staff, tribunal users and legal services providers are also expected to incur negligible costs from having to familiarise themselves with the new fee structure.
86. On an ongoing basis the proposals are expected to generate increased fee income for HMCTS of around **£7.3 million per annum** after remissions have been applied. As the benefit to HMCTS will be offset by the additional cost to court users, the net economic impact is estimated to be minimal.

Option 5: Increase fees for cases heard in the Lands Chamber by 10%.

87. The tribunal cost around £1.7 million in 2014/15 and generated an income of around £0.8 million across the cases where it currently charges fees. This represented a cost recovery rate of around 47%.
88. Under Option 5, the Government proposes to increase all fees charged in the Lands Chamber by 10%. The proposed fees are outlined below:

Table 9: Proposed fee uplifts for the Lands Chamber

Type of Application	Current Fee	Proposed Fee
On lodging an application for permission to appeal under rule 21 (application to the Tribunal for permission to appeal)	£200	£220
On lodging a notice of reference under rule 28 (notice of reference) or a notice of appeal under rule 24 (notice of appeal)	£250	£275
On lodging an application for a determination under Schedule 2 to the Compulsory Purchase Act 1965 (absent or untraced owners) or section 58 of the Land Clauses Consolidation Act 1845 (compensation to absent parties to be determined by a surveyor appointed by two justices)	£500	£550

Type of Application	Current Fee	Proposed Fee
On lodging an application under rule 32 (method of making application) in respect of section 84 of the Law of Property Act 1925 (power to discharge or modify restrictive covenants affecting land)	£800	£880
On lodging an application under rule 41 (method of making application) in respect of section 2 of the Rights of Light Act 1959 (registration of notice in lieu of obstruction of access of light)—		
(a) for a definitive certificate	£1,200	£1,320
(b) for a temporary and definitive certificate	£1,500	£1,650
On lodging an interlocutory application	£100	£110
On lodging an application for a consent order (rule 50) (consent orders)	£150	£165
On the hearing of an appeal from the decision of a Tribunal with jurisdiction to hear rating appeals, 5 per cent of rateable value as determined in the final order of the Tribunal, subject to—		
(a) minimum fee	£250	£275
(b) maximum fee	£15,000	£16,500
On the hearing of a reference or an appeal against a determination or on an application for a certificate of value (excluding one where the hearing fee is calculated on the basis of rental value), 2 per cent of the amount awarded or determined by the Tribunal, agreed by the parties following a hearing, or determined in accordance with rule 44 (decision with or without a hearing), subject to—		
(a) minimum fee	£250	£275
(b) maximum fee	£15,000	£16,500
On the hearing of a reference or an appeal against a determination where the award is in terms of rent or other annual payment, two per cent of the annual rent or other payment determined by the Tribunal, agreed by the parties following a hearing, or determined in accordance with rule 46 (decision with or without a hearing), subject to—		
(a) minimum fee	£250	£275
(b) maximum fee	£15,000	£16,500
On the hearing of an application or the making of any order under section 84 of the Law of Property Act 1925 (power to discharge or modify restrictive covenants affecting land)—		
(a) a hearing as to entitlement under section 84(3A)	£500	£550
(b) order without a hearing (rule 46)	£250	£275
(c) substantive hearing of an originating application	£1,000	£1,100
(d) engrossing Minutes of Order	£200	£220

Type of Application	Current Fee	Proposed Fee
On the hearing or preliminary hearing of a reference or appeal (not being the determination of an application under paragraph 11 above) where either the amount determined is nil or the determination is not expressed in terms of an amount	£500	£550
For a photocopy or certified copy of a document, or for examining a plain copy and marking as a certified copy	£1 (for each page, subject to a minimum total of £10)	£1 (for each page, subject to a minimum total of £10)
For supplying published decisions to subscribers	£1 (for each page, subject to a minimum total of £10)	£1 (for each page, subject to a minimum total of £10)
For a determination by the Tribunal of the amount of costs under Rule 10(5)(c), for every £1 or part thereof allowed.	5p	5p

Costs of Option 5

Transitional costs

Transitional costs to HMCTS

89. HMCTS expects to incur costs for changes to court publications, for destroying old stock, making amendments to court IT systems and those related to court staff having to spend some time familiarising themselves with the new fees. These one-off transitional costs for HMCTS are expected to be less than £0.1 million.

Transitional costs to tribunal users and legal services providers

90. Familiarisation and awareness costs might also be incurred by tribunal users and their legal services providers. These have not been monetised and are not expected to be significant.

Ongoing costs

Costs to tribunal users

91. Under our central assumptions, the total additional cost to users of the Lands Chamber arising from the introduction of fees is estimated to be around **£0.1 million per annum** compared to the base case.

Cost to HMCTS

92. There are no ongoing costs to HMCTS as a result of this proposal.

Benefits of Option 5

Ongoing benefits

Benefits to HMCTS

93. The proposed fee levels in the Lands Chamber would result in a gross income to HM Courts & Tribunals Service of approximately nearly £0.1 million per annum. Total cost recovery will increase from around 47% to over 50%.

Wider benefits to society

94. Our proposal is expected to reduce the net costs of operating the Chamber and, therefore, reduce the level of public subsidy required. This will fall by the total increase in fee income after remissions have been applied.
95. The introduction of fees may encourage some parties to settle disputes earlier, outside of court. Although this assumption has not explicitly fed in to caseload assumptions for the base case, it is a driver of the downside sensitivity analysis.

Net impact of Option 5

96. HMCTS is expected to incur transitional costs from implementing the new fee regime (estimated at up to around £0.1 million). Tribunal staff, tribunal users and legal services providers are also expected to incur negligible costs from having to familiarise themselves with the new fee structure.
97. On an ongoing basis the proposals are expected to generate increased fee income for HMCTS of around **£0.1 million per annum**. As the benefit to HMCTS will be offset by the additional cost to court users, the net economic impact is estimated to be minimal.

Sensitivity Analysis

98. As discussed in the Key Assumptions section above, the demand for services of the Residential Property, Tax, Upper Tribunal Tax and Chancery and General Regulatory Chambers is assumed not to change in response to the proposed changes to fees. Nonetheless, if demand were to change, the expected income from the proposals would be affected.
99. To assess this risk, we have modelled three theoretical situations (in addition to the baseline caseload trend which assumes changes in caseload which are not due to court fee changes) in which demand falls by 10 per cent, 20 per cent or 50 per cent. These demand scenarios have been applied to our central baseline case volume figure and the results of this analysis are shown in Table 10 below. The volume of cases heard by the Lands Chamber is assumed to be unchanged given the fee increase is restricted to 10%.

100. As Table 10 shows, changes to caseload as a result of changes to fees would have a reasonably significant impact on the anticipated annual income from the fee changes included in the current consultation. These figures relate to gross income received by HMCTS:

Table 10: Gross fee income under different demand scenarios

		Demand scenarios			
		No demand change	10% demand fall	20% demand fall	50% demand fall
Estimated net income (£m)	Residential Property Chamber	£3.8 m	£3.4 m	£3 m	£1.9 m
	Lands Chamber	£0.9 m	£0.9 m	£0.9 m	£0.9 m
	General Regulatory Chamber	£0.4 m	£0.3 m	£0.3 m	£0.2 m
	First Tier and Upper Tier Tax Chambers	£2.4 m	£2.1 m	£1.9 m	£1.2 m
	Immigration and Asylum Chamber	£14.6 m	£13.1 m	£11.7 m	£7.3 m
	Total	£21.9 m	£19.8 m	£17.7 m	£11.4 m

Note: totals may not sum due to rounding