

Title: Impact Assessment on Her Majesty's Courts and Tribunals Service proposals on the future of Spalding Magistrates' Court IA No: IA NUMBER Lead department or agency: Ministry of Justice Other departments or agencies:	Impact Assessment (IA)		
	Date: 04/06/2014		
	Stage: Consultation		
	Source of intervention: Domestic		
	Type of measure: Other		
Contact for enquiries:			

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
£310,000			No NA

What is the problem under consideration? Why is government intervention necessary?
 Spalding Magistrates' Court ceased hearing cases in January 2014. There is sufficient spare capacity in Lincolnshire to continue to absorb the work that was previously done at Spalding Magistrates' Court. This means that HMCTS is currently spending money to operate a court which is not required from an operational perspective.

What are the policy objectives and the intended effects?
 The objective is to reduce over-capacity in Lincolnshire and deliver cost savings.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
 Option 1: Keep Spalding Magistrates Court open.
 Option 2: Close Spalding Magistrates Court.

 The preferred option is Option 2 as this meets the policy objective.

Will the policy be reviewed? It will/will not be reviewed. If applicable, set review date: Month/Year					
Does implementation go beyond minimum EU requirements?				Yes / No / N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes/No	< 20 Yes/No	Small Yes/No	Medium 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 SELECT SIGNATORY: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2014	PV Base Year 2014	Time Period Years 5	Net Benefit (Present Value (PV)) (£m)		
		Low:	High:	Best Estimate: £0m	

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate	£0	£0	£0

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

HMCTS would continue to fund the ongoing operating cost of Spalding Magistrates' Court; and not make the potential savings of around £40,000 per year. This figure includes IT costs, utilities, property services and maintenance, and other office expenditure. As this is the baseline option, these costs are considered as part of the status quo and set to zero in the summary tables.

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

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

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

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

Key assumptions/sensitivities/risks	Discount rate (%)	3.5%
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BUSINESS ASSESSMENT (Option 1)

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

Summary: Analysis & Evidence

Policy Option 2

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2014	PV Base Year 2014	Time Period Years 5	Net Benefit (Present Value (PV)) (£m)		
		Low:	High:	Best Estimate: £0.31m	

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate	£30,000	£0	£30,000

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

The monetised costs comprise of decant costs (around £3,000), IT decommissioning costs (around £20,000) and disposal costs (around £10,000). Total transition costs are estimated at £30,000 (note that figures presented here are rounded; totals may not match the sum of individual components).

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

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			
High			
Best Estimate	£200,000	£40,000	£340,000

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

The transition benefits are a result of selling the property. We estimate the market value to be around £200,000 (including optimism bias of 10%), based on the value of the land. The ongoing benefits are a result of operating cost savings; these are estimated to be around £40,000 per year.

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

Key assumptions/sensitivities/risks

Workload and court user waiting times are not expected to change.

Discount rate (%)

3.5%

BUSINESS ASSESSMENT (Option 2)

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

Evidence Base (for summary sheets)

1. Background Information

1.1 Introduction

1. This Impact Assessment examines options for the future of Spalding Magistrates' Court. The preferred option is to close Spalding Magistrates' Court.

1.2 Rationale

2. No cases have been heard at Spalding Magistrates' Court since January 2014. At that point, the magistrates' courts in Lincolnshire were combined into a single Local Justice Area. This allowed the transfer of work from Spalding to Boston Magistrates' Court. As there is sufficient spare capacity in Lincolnshire to absorb the work that was previously done at Spalding Magistrates' Court, HMCTS is currently spending money to retain a court which is not required from an operational perspective.

1.3 Background Information

3. Spalding Magistrates' Court was built in 1843 and has the status of a grade II listed building. Any repairs have to be sympathetic to this, and are therefore costly. The court has received a steady rate of investment for repairs over the years but the enhancements required to make the court fully functional have become disproportionate.
4. The type of work that can be listed at Spalding Magistrates' Court is limited due to the nature of the building. The cost of the work required to bring the building up to the standard required to do more types of work would exceed the value of the building.
5. In January 2014 work from Spalding Magistrates' Court moved to Boston Magistrates' Court. There may have been impacts on travel times for court users as a result; the consultation process will assist in highlighting these.
6. The accommodation at Spalding Magistrates' Court is unsuitable for several reasons:
 - There is no van dock.
 - The loading and unloading yard is overlooked by private dwellings, which is in contravention of the Criminal Justice Human Rights Act.
 - There is no air lock between exterior rooms and custody rooms or between custody rooms and interview rooms, which increases the risk of a prisoner escaping.
 - The cell facilities are not fit for purpose.
 - The staircase from the custody suite is very narrow and steep and has limited head room. It is not possible for a prisoner to be handcuffed whilst going up or down the stairs, which increases the risk of a prisoner using violence against an officer or attempting to escape.
 - The dock in one of the courtrooms is not secure.
 - The witness waiting room is not fit for purpose. As a result of this, staff are faced with a choice of either breaching security and allowing access to a secure area of the court where magistrates' rooms can be accessed, or locking what is supposed to be a fire door.
 - The court layout is very restrictive. If Courtroom One is in session the building is effectively divided, making it impossible to get from one side of the building to the other without going outside.

1.4 Policy Objective and Scope

The objective is to reduce over-capacity in Lincolnshire and deliver cost savings.

1.5 Policy Options

7. There are two policy options, labelled Option 1 and Option 2. Under Option 1, Spalding Magistrates' Court remains open in its current state, and under Option 2 Spalding Magistrates' Court is closed.

1.6 Groups Affected

8. Other than HMCTS, the following people and organisations could potentially be affected by the implementation of Option 2:
 - *Court users*
 - *MoJ*
 - *Police*
 - *Crown Prosecution Service*
 - *Probation (NOMS)*
 - *PECS (Prison Escort Custody Service)*
 - *Youth Offending Service*
 - *Victim Support Services and Witness Service*
 - *Judiciary*
 - *Local businesses.*
9. The potential impacts on these groups are outlined in Section 3.2 below.

1.6 Utilisation

10. Utilisation is a measure of how much of a building's capacity is being used. For each building, it is defined as the total workload in hours divided by the theoretical capacity, assuming that each room can be used for 5 hours per day and 248 days per year. (Note that utilisation is measured against capacity rather than court schedules.)
11. Spalding Magistrates' Court has had zero utilisation since January 2014.

1.6 Principles of Cost Benefit Analysis

12. This Impact Assessment identifies, as far as possible, the impacts of the two options under consideration, with the aim of understanding what the net impact on society will be under these options. It aims to provide a cost-benefit analysis in the broadest sense of the term, including both monetised and non-monetised costs and benefits. The geographical scope of this Impact Assessment is Lincolnshire.

2. Monetised Impacts

2.1 Transition Costs

13. Under Option 2, HMCTS will incur the following one-off costs. All figures exclude VAT.
 - *Decant costs.* These are costs associated with moving work and equipment between sites. The total decant cost is estimated to be around £3,000.
 - *IT decommissioning costs.* These are costs associated with removing computers from a building. The total IT decommissioning cost is estimated to be around £20,000.
 - *Disposal costs.* These costs cover the legal fees and marketing required to sell Spalding Magistrates' Court. The total disposal cost is estimated to be around £10,000.
 - *Enabling works costs.* These are costs associated with work that needs to be done to ensure the receiving court has sufficient capacity to accommodate the extra work. There are no enabling works costs in this case as cases are no longer being heard at Spalding Magistrates' Court. Therefore, no new work is being transferred.

- *Project costs.* These costs cover the extra staff and other resources required to carry out the project. There are expected to be negligible project costs (beyond those already captured above) as the closure is expected to be delivered as part of business as usual.

2.2 Ongoing Costs

14. There will be no negative impacts on HMCTS staff as none are currently based at Spalding Magistrates' Court.

2.3 Transition Benefits

15. We estimate the market value of Spalding Magistrates' Court to be around £200,000 (including 10% reduction for optimism bias), based on the value of the land.

2.4 Ongoing Benefits

16. Under Option 2, some of the operating costs for Spalding Magistrates' Court will be transferred to Boston Magistrates' Court, but others will be saved. The total operating cost savings are estimated to be around £40k per year. This figure includes maintenance and utilities, cleaning, waste disposal, security, IT and telecommunications.

2.5 Travel Time Impacts

17. Some travel time impacts were experienced when cases ceased being heard at Spalding Magistrates' Court. However, no new changes to journey times will arise should the court close following consultation.

2.6 Summary of Monetised Impacts

18. The economic appraisal is conducted over 5 years starting in 2014/15. In present value terms, Option 2 has a total cost of around £30,000 and a total benefit of around £340,000, and therefore a net present value of around £310,000. A summary of the costs and benefits of Option 2 is shown in Table 3 below. (It is assumed that it takes a year for the benefits to start being realised.)

Table 3: Summary of monetised impacts of Option 2 (including optimism bias)

Figures are real 2014 values

	2014/15	2015/16	2016/17	2017/18	2018/19
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Costs (excl VAT)

Decant	£3,000				
IT Decommissioning	£20,000				
Disposal	£10,000				
Enabling Works					
Travel Time					
Total	£30,000				

NPV Costs (5yrs)	£30,000
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Benefits

Asset Value		£200,000			
Operating Cost Saving		£40,000	£40,000	£40,000	£40,000
Total		£240,000	£40,000	£40,000	£40,000
Discounted Total Benefits		£230,000	£40,000	£40,000	£30,000

NPV Benefits (5yrs)	£340,000
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Net Benefit	-£30,000	£240,000	£40,000	£40,000	£40,000
	-£30,000	£230,000	£40,000	£40,000	£30,000

NPV (5yrs)	£310,000
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Note: Figures are rounded; column totals may not match the sum of the individual values

2.6 Risks and Assumptions

19. The following assumptions were made in calculating the costs and benefits shown in Table 1 above.
- There will be no change in the volume of court cases (but see 'Sensitivity Tests' below) and no change in court user waiting times over the next five years.
 - Judicial costs will remain unchanged under Option 2.
20. To account for the well attested tendency of project appraisers to be overly optimistic, optimism bias has been applied to the cost and benefit figures throughout this document. The values assumed are shown in Table 4 below.

Table 4: Optimism bias

Cost/Benefit	Assumed Optimism Bias
Decant Cost	10%
IT Decommissioning Cost	20%
Disposal Cost	10%

Enabling Works Cost	-
Market Value	10%
Operating Cost Savings	10%

2.7 Sensitivity Tests

21. There is a risk that court workload will increase. If the total 2013/14 workload in Spalding and Boston increased by 10%, then, under Option 2, the utilisation in the courtrooms in Boston would increase to 66%, and if the workload increased by 20%, the utilisation would increase to 72%.

	Total Available Courtrooms in Boston	Capacity (hours per year)	Workload (hours per year)	Utilisation
Current workload	2	2,480	1,486	60%
Current workload + 10%	2	2,480	1,635	66%
Current workload + 20%	2	2,480	1,783	72%

This table only includes courtrooms and workload associated with the Magistrates' system

22. Further increases in workload could be managed by exploiting inefficiencies in listing, by adding capacity (for example, additional rooms or extended sitting days), or by reallocating work across the local area.
23. In recent years court workloads have generally been in decline, so increases of the magnitude considered above are unlikely.

3. Non-Monetised Impacts

3.1 Non-Monetised Benefits to HMCTS

24. There are no non-monetised benefits to HMCTS.

3.2 Groups Affected

25. The potential impact of Option 2 on people and organisations other than HMCTS is summarised below. Due to the nature of the consultation process, we have been unable at this stage to directly consult the relevant organisations; the following sections are an initial assessment of the likely impacts and will be updated in the final version of this document in light of feedback received. As no work is being transferred, we do not expect any impacts on other organisations.

- *Court users.* No impacts.
- *Judiciary (including Magistrates).* No impacts.
- *MoJ.* No impacts.
- *Police.* No impacts.
- *Crown Prosecution Service.* No impacts.
- *Probation.* No impacts.
- *PECS (Prison Escort Custody Service).* No impacts.
- *Youth Offending Service.* No impacts.
- *Victim Support Services and Witness Service.* No impacts.
- *Local businesses.* There may be some knock on benefits to local businesses if the Spalding Magistrates' Court building is sold and employed in some productive activity.

3.3 Equality Statement

26. Under section 149 of the Equality Act 2010, when exercising its functions the Ministry of Justice is under a legal duty to have 'due regard' to the need to:
 - a. eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct under the Act;
 - b. advance equality of opportunity between different groups (those who share a protected characteristic and those who do not); and
 - c. foster good relations between different groups.
27. In line with our responsibilities under the Equality Act 2010 we have considered, on the basis of the available evidence, the likely impact the proposed closure of Spalding Magistrates' Court will have on individuals with protected characteristics.
28. Spalding Magistrates' Court would require a considerable amount of investment to bring the accommodation to a standard which would enable the delivery of all Magistracy proceedings. It provides poor quality accommodation for agency staff, witnesses, prisoners and disabled people, and the building poses a number of security risks. Although disabled court users are able to access the building, they are unable to access the court room located on the first floor as there is no lift. More specific details of the accommodation at Spalding are set out in the proposals section of the consultation document (page 9).
29. A Fire and Security assessment was undertaken in July 2012, which stated that the cells were significantly below standard and the custodial facilities were unusable; from which point all custodial cases were listed and heard at Grantham Magistrates' Court.
30. It is proposed that any work from Spalding Magistrates' Court continue to be listed at Boston Magistrates' Court, which has excellent accommodation facilities and is fully accessible to disabled users and therefore helps to promote equality of opportunity for disabled court users. It has two court rooms with separate waiting areas for prosecution and defence witnesses, and also provides improved accommodation for Victim and Witness Service, Probation and Crown Prosecution Service colleagues in the provision of workstations and offices.
31. Our analysis of public transport links, journey times and travel costs between Boston and Spalding is set out in the proposals section of the consultation document (page 10). The distance between the two courts is approximately 15 miles. The estimated travel time between the two town centre locations is 25 minutes by car, or 49 minutes by bus. There is a bus service available throughout the day, and the cost of a return fare is currently £7.25. We believe this to be reasonable.
32. Some travel time impacts were experienced when cases ceased being heard at Spalding Magistrates' Court. However, no new changes to journey times will arise should the court close following consultation.

3.4 Specific Impact Tests

33. The following specific impact tests have been conducted on Option 2.

- *Competition impact test.*

1. Will the scheme affect the number of legal services providers?

No.

2. Will the scheme affect the ability of suppliers to compete?

No.

3. Will the scheme affect suppliers incentives to compete vigorously?

No.

- *Wider environmental impact test.*

This impact test is on Her Majesty's Courts and Tribunals Service proposals for the closure of Spalding Magistrates' Court. As this could have a potential impact on the environment it has been assessed using the checklist published by DEFRA ([see](http://www.defra.gov.uk/corporate/about/how/policy-guidance/sd-impact/) below; <http://www.defra.gov.uk/corporate/about/how/policy-guidance/sd-impact/>); each major potential

impact has been considered (excluding carbon emissions, which have been analysed in the Greenhouse Gas impact assessment).

4. Will the scheme be vulnerable to the predicted effects of climate change?

All sites are covered by the department's Climate Change Adaption Plan¹ and none have been identified of being at significant risk or vulnerable to the effects of climate change, which include extreme weather events, heat/drought and disruption to transportation. This has been referenced against the UK Climate Projections 09, using the medium emissions scenario which shows an insignificant change increase in temperate and precipitation. A range of mitigation measures are in place including condition surveys to include adaptation requirements and revaluation of sites in light of climate change impacts.

Therefore, for this proposal, there is no expected net increase in vulnerability to the predicted effects of climate change.

5. Will the scheme 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 (which will not change) rather than the size of the estate therefore, there will not be a 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. This will lead to a net positive impact (reduction) in costs relating to environmental services and waste management.

6. Will the scheme impact significantly on air quality?

Initial screening indicates there may be an increase in average journey times to court as a result of the programme. However, any increase will not have a significant impact on air quality.

7. Will the scheme involve any material change to the appearance of the landscape or townscape?

No – none of the buildings are for planned demolition.

8. Will the scheme change 1) the degree of water pollution 2) levels of abstraction of water or 3) exposure to flood risk?

No.

9. Will the scheme change 1) the amount or variety of living species 2) the amount, variety or quality of ecosystems?

No.

10. Will the scheme affect the number of people exposed to noise or the levels to which they are exposed?

No.

- *Greenhouse gas impact test.*

11. Will the scheme result in increased greenhouse gas emissions?

No.

- *Health impact test.*

12. Will the scheme result in adverse health impacts?

No.

- *Human rights impact test.*

13. Will the scheme impact on human rights?

No.

¹ Issued March 2010; this now requires revision.

- *Rural proofing impact test.*

This could potentially have an impact on the 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*. The majority of courts/tribunals in are in towns that would be defined as 'Urban' and therefore rural proofing will not apply. For the few that fall within the rural definition using the checklist published by DEFRA (see below; <http://www.defra.gov.uk/corporate/about/how/policy-guidance/rural-proofing/>) each potential impact has been considered.

14. Will the scheme impact on service provision and availability?

The policy is recommending the centralisation of services. Local availability will be affected, although no reduction should occur as the closure programme will transfer court/tribunal functions to nearby sites with similar functions.

15. Will the scheme impact on service delivery costs?

The cost of delivering the service is expected to decrease as the MoJ gains from economies of scale by utilising fewer resources more efficiently and centralisation.

16. Will the scheme impact on accessibility and infrastructure?

It is likely that travel duration will increase; however the transport links are considered sufficient and journey times are expected to remain acceptable.

17. Will the scheme impact on communications?

The policy is unlikely to have an effect on communications and the use of a range of communication solutions will continue.

18. Will the scheme impact on the local economy?

While some negative effect is possible in the towns where courts/tribunals will close this is expected to be slight and the overall effect minimal as services are transferred to areas nearby.

19. Will the scheme impact on peoples' access to justice?

No.

- *Small firms impact test.*

20. Will the scheme impact on small firms in the region?

No.

- *Sustainable development impact test.*

Stage 1

1. Environmental Standards

1a. Are there any significant environmental impacts of your policy proposal (see Wider Environment Specific Impact Test)?

No

If the answer is 'yes' make a brief note of the impacts below:
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The policy will result in a small reduction in carbon emissions from the HMCS estate. The total amount HMCTS could reduce its annual emissions by, once the site is disposed, is estimated to be 49 tCO ₂ e, or 0.04% of HMCTS's total reported emissions.

Other environmental impacts are not deemed significant. Waste production and water consumption will reduce but only to a small degree (as they are both primarily linked to staff and court user numbers, rather than estate size). Almost all environmental effects are positive.
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1b. If you answered 'yes' to 1a., are the significant environmental impacts relevant to any of the legal and regulatory standards identified?

N/A

If the answer is 'yes' make a brief note of the relevant standards below:

N/A

If you answered 'yes' to 1b, have you:

1c. Notified the Government Department which has legal responsibility for the threshold and confirmed with them how to include the impacts appropriately in the analysis of costs and benefits?

N/A

1d. Informed ministers where necessary?

N/A

1e. Agreed mitigating or compensatory actions where appropriate?

N/A

2. Intergenerational impacts

2a. Have you assessed the distribution over time of the key monetised and non-monetised costs and benefits of your proposal? This assessment can be included in your Evidence Base or put in an annex.

Yes

The toolkit for the greenhouse gas impact assessment included a monetised and non-monetised cost-benefit analysis.

2b. Have you identified any significant impacts which may disproportionately fall on future generations? If so, describe them briefly.

No

If you answered 'yes' to 2b. , have you:

2c. Informed ministers where necessary? If so, provide details.

No significant impact identified, but ministers are aware of the court closure proposal.

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

No significant impact identified. The SD impact test will be reviewed during the consultation period.

Stage 2

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

3a. Indicate in the appropriate box whether the balance of monetised costs and benefits is:

Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
		x		

3b. Indicate in the appropriate box whether the balance of non-monetised costs and benefits is likely to be:

Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
		x		

3c. Indicate in the appropriate box whether the results of the SD questions 1-3 are, on balance, likely to be:

Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
		x		

3d. Indicate in the appropriate box whether, overall, the balance of the monetised and non-monetised costs and benefits and the sustainability issues is considered to be:

Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
		x		

3e. Provide an explanation of the final result from 3d, explaining, for example, how you have compared monetised and non-monetised costs and benefits and how you have resolved any conflicts between the cost-benefit results and the SD results.

The only significant SD impact of the policy is the resulting reduction in carbon emissions, which has been calculated in terms of monetised and non-monetised costs as part of the Greenhouse Gas Impact Assessment. There will be a smaller, yet positive, impact on water consumption and waste production. Although there are positive aspects, both in terms of SD and monetisation, given the size of the building it is now considered there will be a roughly neutral impact.