



Ministry of
JUSTICE

Getting it right for Victims and Witnesses: Impact Assessments

30 January 2012

Getting it right for Victims and Witnesses: Impact Assessments

This document contains Impact Assessments on the proposals in the consultation document “Getting it right for Victims and Witnesses” published by the Ministry of Justice on 30th January 2012. It contains eight individual Impact Assessments – detailed consideration of the seven elements of the proposals, and one summary assessment covering the full range of the proposals. The document is arranged as follows:

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Title: Victim and Witness Consultation IA No: MOJ128 Lead department or agency: Ministry of Justice Other departments or agencies: Home Office, Scottish Government, HM Treasury, Police, Crown Prosecution Service, HM Courts and Tribunals Service, Probation Service, HM Prison Service, Criminal Injuries Compensation Authority, First Tier Tribunal (Criminal Injuries Compensation), The Criminal Cases Review Commission, Youth Offending Teams	Impact Assessment (IA)	
	Date: 30/01/2012	
	Stage: Consultation	
	Source of intervention: Domestic	
	Type of measure: Other	
Contact for enquiries: victimsconsultation@justice.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?
£75m - £145m	N/Q	N/Q	No
			NA

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

The Government believes that it is a more effective use of available resources to fund services that meet victims' practical and emotional needs in the immediate aftermath of a crime than to fund small payments for minor injuries for some victims of violent crime months after the crime.

The Government believes that it is right to move from a culture of compensation funded by the tax payer to one of reparation funded by offenders. The Criminal Injuries Compensation Scheme (CICS) currently has an estimated caseload of £260m. The scheme must be sustainable in the future.

The Government aims to ensure, through additional sums raised from offenders, that in the long run the annual amount spent on victims (across all types of crime) is not reduced.

In addition the Victims' Code which sets out how victims should be treated by the Criminal Justice System is overly process-oriented and insufficiently responsive to differences in victims' needs. Voluntary sector organisations provide valuable support services for victims. However there has been no consistent strategic approach to commissioning these services.

What are the policy objectives and the intended effects?

To increase the amount of funding available for support services for victims, by increasing the amount raised from offenders.

To reform the Criminal Injuries Compensation Scheme (CICS) to reduce the cost of the Scheme and make it more sustainable long term while targeting the available resources on those victims most seriously affected by their injuries.

To make victims' services better targeted at those in need, and to ensure that support services for victims have a real positive impact on their well-being and that providers and funding bodies can be held to account.

To simplify the victim experience of the criminal justice system, creating a set of clear entitlements and providing victims of crime with services from criminal justice agencies according to their needs.

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: Implement the proposals in the consultation document “Getting it right for victims and witnesses”:

- a) Reform the Victims’ Code to: make it more accessible to victims; make it outcomes based; and enable resources to be targeted at those in most need;
- b) Develop a Commissioning Framework for support services for victims of crime in most need by (i) defining a set of categories that describe needs that may inhibit a victim’s ability to cope and recover and that government funding should be used to meet, and (ii) developing a means of measuring the impact of a service;
- c) Have most government-funded services for victims commissioned locally by Police and Crime Commissioners. Commission specialist, low-volume services and nationally delivered services at national level;
- d) Increase funding for victims’ services by increasing the Surcharge on fines and extend the Surcharge to conditional discharges, community sentences and custodial sentences. Increase the value of PNDs and use the revenue from the increase for the same purposes as the Surcharge;
- e) Use up to £30m of revenue from the Department for Transport’s proposed increase in Fixed Penalty Notices to increase funding for victims’ services;
- f) Reform the Criminal Injuries Compensation Scheme to reduce the burden on taxpayers by focusing the scheme on victims in the greatest need; and
- g) Introduce schemes for making payments to eligible victims of overseas terrorism.

NB The impact assessments for each strand of the proposal detail all the options considered. This impact assessment only considers the preferred option from each strand.

Will the policy be reviewed? It will be reviewed (for dates see Impact Assessments for individual proposals)

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/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: N/Q	Non-traded: N/Q	

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: _____

Summary: Analysis & Evidence

Policy Option 1

Description: Implement the proposals in the consultation document "Getting it right for victims and witnesses"

FULL ECONOMIC ASSESSMENT

Price Base Year 2011/12	PV Base Year 2011/12	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 75	High: 145	Best Estimate:

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (after Transition) (Constant Price)	Total Cost (Present Value)
Low	115	3	60	590
High	205		85	850
Best Estimate				

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

Those eligible for the CICS: reduction in direct financial compensation paid under the Criminal Injuries Compensation Scheme to victims of crime and to witnesses to violent crime or to trespass on the railways (by on average £35m - £55m, or £40m - £60m in 2011/12 nominal terms per year)

Government: increase in spending on victims' services (using revenue raised from increased FPNs, up to £25m - £30m per year)

MoJ/HM Treasury/CPS (and other prosecutors): reduction in fine and court cost revenue (£0m - £5m)

NB: In addition to new Government funding for services (raised from FPNs) offenders will pay £15m - £20m towards services for victims, but for the purposes of assessing the net impact of proposals we do not count the impacts of penalties imposed on offenders as costs

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

Victims of crime (in England and Wales): victims assessed as low need may receive fewer or different services from CJS agencies; reallocation of funding to services for victims in the most need may reduce services for some other victims (though there will be an increase in overall funding for services); possible additional reductions in compensation due to changes to eligibility rules;

HM Treasury/Government: reduced PND revenue, possible additional reduction in fine revenue; payments to eligible victims of overseas terrorism

MoJ(HMCTS and NOMS): resource costs of developing outcomes framework and funding formula for local commissioning; additional enforcement work, more fine defaulters sent to prison, more PNDs challenged in court; increase in CICS appeals, appeals against decisions on payments to victims of terrorism

CPS (and other prosecutors): new needs assessment for victims; additional reduction in cost revenue

Providers of support services: collecting information to measure outcomes; resources transferred to services providing effective services to victims in the most need; some resources spent on commissioning rather than front-line services

Police and Crime Commissioners: researching needs of victims and monitoring outcomes of services

Other CJS agencies: review of current procedures for victims; new needs assessment for victims

Local Authorities and parents of juvenile offenders: possible Surcharge to pay

Other government departments and the NHS: possible costs due to CICS reforms, administrative costs associated with payments to victims of terrorism overseas

Personal injury lawyers: possible reduction in business due to CICS reforms

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (after Transition) (Constant Price)	Total Benefit (Present Value)
Low	175	3	75	595
High	280		105	865
Best Estimate				

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

Victims of crime (in England and Wales): increase in spending on victims' services of up to £40m - £50m per year

Government: reduction in compensation paid under the Criminal Injuries Compensation Scheme by £35m - £55m (or £40m - £60m in 2011/12 nominal terms)

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

Victims of crime: better targeting of support (from both CJS agencies and VCSE sector providers) so victims with higher needs should receive more support (applies in England and Wales); payments to eligible victims of overseas terrorism (applies to the UK)

MoJ, CPS, other CJS agencies: opportunity to target services for victims within the CJS at those with the greatest need, and to provide services more efficiently

Providers of support services: increased funding; resources transferred to services providing effective services to victims in the most need

Police and Crime Commissioners: opportunity to shape local services for victims, and funding for commissioning activities including research and engagement

Key assumptions/sensitivities/risks**Discount rate (%)** 3.5

The impacts on victims of changes to services from CJS agencies and from other providers assume there is scope to improve the allocation of resources for victims, and that the proposals will achieve this.

The increase in spending on victims' services depends on the revenue raised from increasing and extending the Surcharge, increasing the value of PNDs, and DfT's proposed increase in FPNs. This is sensitive to: the level of increase in FPNs (which depends on the outcome of DfT's consultation); payment rates for the Surcharge on different disposals, PNDs or FPNs; the number of offenders given different disposals.

The impact on the MoJ, HM Treasury, and the CPS and other prosecutors is sensitive to the impact of changes to the Surcharge on the value of fines and cost orders imposed by sentencers and collected from offenders by HMCTS.

The reduction in compensation paid to victims of violent crime depends on the level of demand for compensation. The impact of the proposals on payments for loss of earnings is particularly uncertain.

The net impact on victims depends on the relative value of spending on compensation payments to those who will no longer be eligible and the value of spending on additional services to those who will use them. We assume that spending on services is at least as valuable as spending on compensation.

The impacts of all proposals are assessed from a start date of July 2012. We assume reforms to the CICS apply to applications made after October 2012, and the increase and extension of the Surcharge applies to offences committed after October 2012. We assume additional revenue from PNDs and FPNs is then received immediately. To allow for time between offence, sentencing and collection, we assume Surcharge proposals relating to fines, community sentences, conditional discharges and juveniles will take 6 -18 months to impact on revenue. We assume that the Surcharge on custodial sentences will take 2 – 3 years.

BUSINESS ASSESSMENT (Option 1)

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

Evidence Base (for summary sheets)

Introduction

1. This impact assessment accompanies the Ministry of Justice's consultation "Getting it right for victims and witnesses". The associated consultation paper can be found at www.justice.gov.uk. This impact assessment is an overarching assessment of the proposals subject to consultation. Individual impact assessments have been prepared for each proposal These cover:
 - (1) Changes to the victim and witness experience of the Criminal Justice System
 - (2) Quality and Outcomes in Support Services
 - (3) Commissioning locally led victim services
 - (4) Increasing and extending the Victim Surcharge, and increasing the value of Penalty Notices for Disorder to fund victims' services
 - (5) Using money raised from increasing Fixed Penalty Notices to fund victims' services
 - (6) Reforms to the Criminal Injuries Compensation Scheme
 - (7) Compensation for victims of overseas terrorism
2. State provision for victims and witnesses of crime takes a number of forms. Victims going through the Criminal Justice System are entitled to certain services, set out in the statutory *Code of Practice for Victims of Crime* ("victims' code"). The victims' code places obligations on criminal justice agencies to provide victims with a universal basic level of services and information, and an enhanced service to vulnerable and intimidated victims.
3. Central government also provides funding to a range of voluntary, community and social enterprise (VCSE) sector organisations to provide non-financial support for victims and witnesses of crime. This funding is allocated through a variety of mechanisms, and totals around £70m per year. Around £10m of this comes from offenders through the Victim Surcharge – a £15 surcharge payable on fines issued by the courts.
4. Thirdly, the government pays financial compensation to victims of violent crime in recognition of a sense of public sympathy for the pain and suffering of the victim. The amounts paid are determined by the Criminal Injuries Compensation Scheme, and may include compensation for lost earnings and other expenses, as well as a payment for pain and suffering tied to the nature of the injury.
5. The proposals in this impact assessment relate to the full range of proposals set out in the consultation document. These are set out in detail below.

Problem under consideration

6. This proposal is intended to address a number of aspects of state provision for victims and witnesses of crime.
7. For victims going through the Criminal Justice process, the Victims' Code, which sets out how victims should be treated by the Criminal Justice System, is overly process-oriented and insufficiently responsive to differences in victims needs.
8. For all victims who might need support following a crime, voluntary sector organisations provide valuable services. However, there has been no consistent, strategic approach to commissioning these services. Decisions about what to fund, where, and when, have often been taken in isolation by a range of decision makers without a consensus about the aims of providing support. In addition, offenders do not contribute enough to the cost of services. The current Victim Surcharge is only imposed on offenders sentenced to fines, and provides around £10m of the approximately £70m that is spent on services for victims.
9. The Criminal Injuries Compensation Scheme is a demand led scheme which costs the Government over £200m per year. The Scheme has historically been underfunded, with funding allocated at the beginning of the year on occasion needing to be topped up later in the year. At the end of 2010/11 the tariff scheme had an estimated caseload of £260m,¹ more than the value

¹ In addition, CICA's accounts include a £128m estimated provision for cases that are assumed to have occurred but not yet been reported to CICA. Including unreported liabilities, the total tariff liability provision at the end of 2010/11 was £388m.

of claims expected to come in every year, and more than the available annual budget for future years. A review of the scheme is well overdue and needs to recognise the current challenging financial climate. The scheme must be sustainable if it is to continue to offer timely compensation to victims in the long-term and provide a set of fair, realistic expectations.

10. In this context, the Ministry of Justice has undertaken a comprehensive review of the scheme, to consider the most effective use of resources. The government believes that providing support services (for victims of all types of crime) may produce more benefit than financial compensation for victims with minor injuries like sprained ankles or bruised ribs, for the same financial cost. However, for those affected by the most serious injuries and crimes, and for families bereaved by homicide, compensation payments should be protected as far as possible.

Policy Objectives

11. The proposals have a number of objectives:
- To increase the amount of funding available for support services for victims, including by increasing the amount paid by offenders.
 - To reform the Criminal Injuries Compensation Scheme (CICS) to reduce the burden on the taxpayer by focusing resources on victims in the greatest need
 - To provide payments to British and EU/EEA residents of the UK, who are seriously affected as a direct result of being caught up in a terrorist attack overseas in the absence of financial recompense elsewhere.
 - To make victims services better targeted at those in need, and to ensure that support services for victims have a real positive impact on their well-being and that providers and funding bodies can be held to account.
 - To simplify the victim experience of the criminal justice system, creating a set of clear entitlements and provide victims of crime with criminal justice support according to their needs.
 - To reduce the amount raised from tax payers and increase the amount raised from offenders to be spent on services for victims of crime, protecting the overall level of funding for victims.

Proposals

12. This impact assessment covers a range of proposals:

- Review, rationalise and reissue the victims' code to improve clarity, efficiency and performance. This would mean relaxing the prescription on exactly who does what and when in the process of liaising with victims and changing the victims' code to allow criminal justice agencies to focus their resources on those most affected by crime rather than offer a basic, blanket service;
- Develop a Commissioning Framework for support services for victims of crime in most need by (i) defining a set of categories that describe needs that may inhibit a victim's ability to cope and recover and that government funding should be used to meet, and (ii) developing a means of measuring the impact of a service (either on the victim's overall level of well-being, or, more specifically, on the victim's progress toward no longer having the particular need that service targets)
- Have government funded support services for victims of crime commissioned locally by Police and Crime Commissioners, except for specialist, low-volume services and nationally delivered services, which would be commissioned nationally
- Increase funding for support services for victims of crime by increasing and extending the Surcharge in the following ways: (i) extend the Surcharge to conditional discharges at a flat rate of £15 (ii) Increase the value of the Surcharge on fines to £20 or 10% of the value of the fine, whichever is larger, with a £120 maximum Surcharge level that can be ordered; (iii) extend the Surcharge to adult community sentences at a flat rate of £60; (iv) increase the value of Penalty Notices for Disorder (PNDs) by £10 and use the revenue from the increase for the same purpose as the Surcharge; (v) extend the Surcharge to custodial sentences, including suspended sentences, at £80 for sentences of 6 months and below; at £100 for sentences of over 6 months and up to and including 2 years; at

£120 for sentences over 2 years, (vi) extend the Victim Surcharge to juvenile offenders, for conditional discharges at £10, for fines and community sentences (including youth rehabilitation orders and referral orders), at £15 and for custodial sentences (including suspended sentences) of any length at £20.

- Use revenue from the DfT's proposed increase in the level of Fixed Penalty Notices (FPNs) for motoring offences to increase spending on support services for victims and witnesses of crime by up to £30m.
- Reform the Criminal Injuries Compensation Scheme to reduce the burden on the taxpayer by focusing resources on victims in the greatest need:
 - Clarifying eligibility for the scheme and changing the scope of the scheme to no longer make payments for mental injury to those who: witness, or are closely involved in the aftermath, of a violent crime against someone with whom they had, and still have, a close relationship of love and affection; are employed on the railways and witness (or are involved in the aftermath) of an injury resulting directly from an offence of trespass on the railways;
 - (i) excluding those who are not an EU national or a national of a state party to the European convention on the Compensation of Victims of Violent Crime, and who do not have a non-transient connection to the UK (demonstrated by at least 6 months lawful residency) OR (ii) excluding only those not legally present in the UK at the time of the incident;
 - requiring that (except in exceptional circumstances) an offence be reported to the police (rather than another body) as soon as reasonably practicable, and that the applicant cooperate so far as practicable in bringing the assailant(s) to justice;
 - no longer making awards where the applicant has consented to a criminal offence in fact (but not in law). (Retain the practice that a child under 13 who is the victim of sexual assault will remain eligible for compensation. For children between 13 and 15 an assessment will be made for each case relating to a sexual offence (see consultation document for details);
 - making awards to under 18s where previously it would have been deemed against their interest;
 - (i) excluding (except in exceptional circumstances) all of those with unspent criminal convictions OR (ii) excluding those with unspent convictions for offences that could result in an award under the scheme. In fatal cases take into account any convictions of the claimant but not those of the deceased, except in exceptional circumstances. Continue to take into account the conduct of the deceased;
 - eliminating tariff bands 1 – 5 (less serious injuries);
 - (i) reducing payment in bands 6 - 12 by £1500 in band 6 to £1000, by £1800 in band 7 to £1500 and by £2000 in bands 8 – 12 (no change to bands 13 – 25);
 - but retaining fatal injury awards and awards for sexual assault and for physical abuse (including those in bands 1 – 5) at their current values;
 - and no longer distinguishing between mental and physical injuries when calculating multiple injury awards;
 - (1i) paying for lost earnings (to victims and bereaved dependents) at a flat-rate of statutory sick pay (currently £4,243 pa) per year of loss without making any deductions OR (1ii) paying the flat rate but not paying if the claimant has employer funded income (e.g. ill-health pension, that exceeds the minimum wage) OR (2) reducing the cap on annual loss to around £12,600, 60% of gross median earnings (for all employees), and continuing to apply deductions for other sources of income (and, for dependency, the living expenses of the deceased);
 - removing the special expenses payments for private medical care not available on the NHS;
 - *and* increase the onus on applicants to provide evidence for their case, while clarifying the application process by:
 - maintaining the onus on the applicant to make out their case, but clarifying what evidence the applicant will be required to provide as a minimum, so far as it is practicable for the applicant to do so. This includes initial expert/medical evidence that an injury has been sustained;
 - tightening the circumstances where CICA will meet the costs of obtaining expert (mainly medical) evidence;
 - introducing a new provision enabling the applicant to request that a decision on the case be deferred for an initial period of two years, with one further two year period of deferment possible when requested, and also enabling asylum seekers to request their application be deferred until the question of their refugee status is settled;
 - reducing the period for applicants to accept, or request a review of, their award from 90 to 56 days;

- extending the circumstances where repayment of all or part of the award may be requested to cover circumstances where it comes to light that the applicant had not cooperated in bringing their assailant to justice or the applicant deliberately misled the claims officer when making their application;
 - removing the possibility of reopening cases on medical grounds from the scheme;
 - when it becomes apparent that a claims officer has made an error on review, allowing CICA (with the agreement of the applicant) to withdraw the decision before the appeal is heard so that the appeal falls and a fresh decision can be issued;
 - implementing provisions in the Criminal Injuries Compensation Act 1995 to allow CICS claims officers to issue a recovery notice to an offender for the compensation paid to their victim and, if the amount is not paid, to initiate debt recovery action through the civil courts
- Introduce schemes for making payments to eligible victims of overseas terrorism. This proposal is in two parts:
 - To make arrangements for a compensation scheme under the provisions in the Crime and Security Act 2010 for eligible victims that will make payments under the same categories as the revised² domestic Criminal Injuries Compensation Scheme and come into force at the same time as the revised domestic scheme.
 - To make ex gratia payments to eligible victims of certain terrorist incidents in line with what was promised by the Government and announced in Parliament at the Second Reading of the Crime and Security Bill. These payments will be limited to payments under the tariff and therefore do not include payments for loss of earnings or special expenses. These payments will be limited to those victims who continue to have a disability as a direct result of their injuries and therefore will not be made to bereaved relatives.

Economic Rationale for intervention;

13. The economic rationale for government intervention may relate to securing macroeconomic objectives, especially in relation to fiscal policy, as well as to microeconomic considerations. On the macroeconomic side the policy proposals in this Impact Assessment will also contribute to reducing the scale of Government expenditure (while increasing the contribution offenders make to funding victim support services). In addition to the policy rationale for reforming the CICS, these policies will contribute to the Government's objective of reducing the size of the budget deficit.
14. On the microeconomic side the conventional economic rationale for government intervention to resolve a problem is based on efficiency or equity arguments. The Government may consider intervening if there are strong enough failures in the way markets operate (e.g. monopolies overcharging consumers) or if there are strong enough failures in existing government interventions (e.g. waste generated by misdirected rules). In both cases the proposed new intervention itself should avoid creating a further set of disproportionate costs and distortions. The Government may also intervene for equity (fairness) and distributional reasons (e.g. to reallocate goods and services to the more needy groups in society).
15. Together, the proposals in this impact assessment seek to address all three objectives.
16. **The proposals relating to the Surcharge, PNDs, FPNs and the CICS** are intended to rebalance funding for victims services so that in the long run, the annual amount spent on victims (across all types of crime) is at current levels, but there is both a reduction in net government expenditure and a redirection of resources from financial compensation payments for victims of more minor injuries toward non-financial support services better targeted to those victims who need it most; victims of the most serious crimes, the most persistently targeted and the vulnerable. Reducing net government expenditure will contribute to the macroeconomic objective set out above. Under the assumption that spending on support services (for victims of all types of crime) generates more benefit to victims than the same amount of spending on direct financial compensation (for victims of violent crime with more minor injuries), shifting resources from compensation to services will improve efficiency.

² Refer to the consultation on CICS

17. **Proposals to increase and extend the Surcharge** are also intended to improve fairness by increasing the amount paid by offenders towards support services for victims of crime and by ensuring more offenders pay a contribution towards the costs of supporting victims, with the level of contribution more proportionate to the seriousness of the sentence. Currently only offenders ordered by a court to pay a fine are also ordered to pay the Victim Surcharge. This is not a straightforward equity argument, since typically we do not place value on offender welfare when assessing impacts. Rather, it is based on the idea that members of society value having a justice system that delivers appropriate and proportionate penalties and reparation by offenders.
18. **Proposed reforms to the victims' code** are intended to reduce two sources of inefficiency. The first is inefficiency created by overly restrictive obligations that set out the processes CJS agencies have to follow when dealing with victims. By moving to a system based on entitlements rather than specific processes, CJS agencies will be able to exploit opportunities to increase efficiency.
19. The second is both the inefficiency and inequity created by the current system of providing the same service to almost all victims. By allowing CJS agencies greater freedom to differentiate the service offered to victims with different levels of need, resources can be targeted where they will have the most benefit, potentially increasing efficiency and providing for a more equitable service.
20. **Proposals to change the commissioning of government funded support services for victims** are intended to improve both efficiency and equity. The proposals are in two parts. The first is to develop a commissioning framework for support services for victims of crime that defines the needs that may inhibit a victim's ability to cope and recover and that government funding should be used to meet, and that introduces a means of measuring the impact of a service. The second is to make local Police and Crime Commissioners responsible for commissioning all government funded support services for victims except specialist, low-volume services and those that are nationally provided (e.g. telephone help-lines). Moving responsibility for commissioning to a body with good local information, defining the needs that services should meet and developing a means of measuring impact should all mean that resources are better targeted at effective services that meet real needs – improving efficiency. The proposals will also improve equity by making it easier to target resources at those in greatest need.
21. **Proposals to reform the CICS** are also intended to distribute resources more fairly, by excluding individuals with unspent criminal convictions (except in exceptional circumstances) and those who are not direct victims of violent crime, and also by focusing resources more tightly on victims of serious crimes and injuries, and the bereaved.
22. Terrorism is intended as a political statement and attack on society as a whole and has ramifications beyond those who are directly affected by it. **Proposals to introduce schemes for making payments to eligible victims of overseas terrorism** are intended to show solidarity with British and EU victims who are part of our community and have been caught up in terrorist attacks overseas designated for the purposes of these schemes by making payments to those who have been seriously injured and who could not have reasonably anticipated a significant threat to their safety or security when travelling abroad.

Affected Groups

- Victims and witnesses, including victims of terrorist attacks overseas
- Central government as a whole/HM Treasury
- The Ministry of Justice (MoJ) including its executive agencies HM Courts and Tribunals Service (HMCTS), the National Offender Management Service (NOMS), and the Criminal Injuries Compensation Authority (CICA). Note the CICA is jointly funded by the MoJ and the Scottish Government.
- The Crown Prosecution Service (CPS) and other prosecutors
- Voluntary, Community and Social Enterprise (VCSE) sector providers of support services for victims and witnesses
- Police and Crime Commissioners
- Other Criminal Justice System (CJS) agencies who have responsibilities under the Victims' Code³
- Local Authorities
- Parents of juvenile offenders
- Other government departments and the NHS
- Personal Injury Lawyers
- Insurance providers.

Costs and Benefits of Options

23. This IA is intended to bring together the impacts identified in the individual impact assessments associated with the component parts of the proposal in this IA. This section briefly describes the costs and benefits of the proposed options for the affected groups identified above. More detail on the costs and benefits associated with a component proposals are contained in the individual impact assessment associated with that proposal.
24. For the most part, we do not have sufficient information to monetise the costs and benefits identified in this Impact Assessment. However, where this is possible estimates are provided. Again, further details are contained in the impact assessments for the individual proposals.

Note on territorial application

25. The Criminal Injuries Compensation Scheme applies across England, Wales and Scotland, and the proposed reforms will therefore affect the relevant groups in all these area. The proposals to introduce schemes for making payments to eligible victims of overseas terrorism will apply across the UK. The remaining proposals apply only to England and Wales.

Option 0: Do nothing

26. Under this option provision for victims would be organised and funded in the same way as now.
27. Because the do-nothing option is compared against itself its costs and benefits and necessarily zero, as is its Net Present Value (NPV)⁴

Option 1: Implement the proposals in the consultation document "Getting it right for victims and witnesses":

- a) Reform the Victims' Code to: make it more accessible to victims; make it outcomes based; and enable resources to be targeted at those in most need
- b) Develop a Commissioning Framework for support services for victims of crime in most need by (i) defining a set of categories that describe needs that may inhibit a victim's ability to cope and recover

³ these are: all police forces in England and Wales, the Parole Board, NOMS (prisons and probation), Youth Offending Teams, Joint police / Crown Prosecution Service Witness Care Units, the Criminal Cases Review Commission, and the First-tier Tribunal (Criminal Injuries Compensation) (formerly known as the Criminal Injuries Compensation Appeals Panel). The code also covers HMCTS, CICA and the CPS.

⁴ The Net Present Value (NPV) shows the total net value of a project over a specific time period. The value of the costs and benefits in an NPV are adjusted to account for inflation and the fact that we generally value benefits that are provided now more than we value the same benefits provided in the future.

and that government funding should be used to meet, and (ii) developing a means of measuring the impact of a service.

- c) Have most government-funded services for victims commissioned locally by Police and Crime Commissioners. Commission specialist, low-volume services and nationally delivered services at national level.
- d) Increase funding for victims' services by increasing the Surcharge on fines and extend the Surcharge to conditional discharges, community sentences and custodial sentence. Increase the value of PNDs and use the revenue from the increase for the same purposes as the Surcharge
- e) Use up to £30m of revenue from the Department for Transport's proposed increase in Fixed Penalty Notices to increase funding for victims' services
- f) Reform the Criminal Injuries Compensation Scheme to reduce overall spending on taxpayer-funded financial compensation while focusing resources on victims in the greatest need and simplifying the scheme so that it is less resource intensive
- g) Introduce schemes for making payments to eligible victims of overseas terrorism.

28. *Timing Assumptions for monetised costs and benefits:* The estimated impacts of all proposals are based on a start date of July 2012. We assume reforms to the CICS apply to applications made after October 2012, and the increase and extension of the Surcharge applies to offences committed after October 2012. We assume additional revenue from PNDs and FPNs is then received immediately. To allow for time between offence, sentencing and collection, we assume Surcharge proposals relating to fines, adult community sentences, conditional discharges and juveniles will take 6 -18 months to impact on revenue. We assume that the Surcharge on custodial sentences will take 2 – 3 years to peak and stabilise.

Costs of option 1

Costs to Victims and Witnesses

29. The reforms to the victims' code (**option 1(a)**) mean victims who are assessed as having a low level of need for services would receive fewer services from criminal justice agencies than they do at present.
30. The introduction of a commissioning framework (**option 1(b)**) for support services for victims and witnesses may mean that government funding will be reallocated to those organisations that best achieve the desired outcomes. This may impose a cost on users of services that lose funding. In addition, to the extent that a common set of defined needs will be a compromise between those that are optimal for a diverse group of victims, changes in government funded services to meet the agreed needs may impose costs on victims. The size of these will depend on how heterogeneous the optimal outcomes are, and the extent to which current activities achieve these outcomes.
31. Moving to a system where most support services for victims and witnesses are commissioned locally by the Police and Crime Commissioner (**option 1(c)**) is likely to result in resources being reallocated to services for victims assessed as the most in need of support. As a result, other groups of victims will not receive the same level of support they would receive under option 0. Also, some of the overall budget will be spent by the local commissioners on research and engagement so the total amount of government money providers receive from government to spend on services for victims will be lower.
32. The reforms to the CICS (**option 1(f)**) will impose a cost **estimated at £40m - £60m per annum (in 2011/12 nominal terms)** in reduced compensation payments. We assume that, as in the past, tariff payments will stay fixed in nominal terms (under either this option or the baseline). Therefore the real cost of these proposals (the difference between the amount of compensation received by victims following the proposed reforms and under the baseline) will decline in the future.
33. UK residents who do not qualify to apply for compensation under the scheme may currently take out travel cover which does not include exclusions relating to terrorist activity. If the introduction of publicly funded payments for eligible victims of overseas terrorism (**option 1(g)**) meant that this type of cover was no longer provided by the insurance market, these UK residents would not be covered by the private or public sector in future.

Costs to HM Treasury/government as a whole

34. Increasing the Surcharge on fines and extending it to community penalties and custodial sentences (**option 1(d)**) is likely to reduce fine income to HM Treasury. We estimate that the increase in the Surcharge on fines **might reduce combined fine and cost revenue** (accruing to HM Treasury, the MoJ and the CPS) **by up to £5m per year in total**. We are not able to monetise the impact of extending the Surcharge to other disposals on fine revenue.
35. Increasing the value of PNDs by £10 and using the revenue for the same purpose as the Surcharge (**option 1(d)**) is likely to reduce PND income to HM Treasury.
36. Using £25m - £30m of revenue from the Department for Transport's proposed increase in Fixed Penalty Notices to increase funding for victims' services (**option 1(e)**) means this money will not be available to be spent on other government activities.
37. Government will fund payments to eligible victims of overseas terrorism (**option 1(g)**).

Costs to MoJ (including its executive agencies HMCTS and NOMS and the CICA)

38. Developing a Commissioning Framework for support services for victims of crime (**option 1(b)**) will require the MoJ to research the categories of needs victims have and possible methods of measuring outcomes.
39. Having most government-funded services for victims commissioned locally by Police and Crime Commissioners (**option 1(c)**) will require the MoJ to develop and update a formula to allocate funding to commissioners. The MoJ may also incur costs in ensuring accountability of Commissioners to central government.
40. Increasing the Surcharge on fines and extending it to community sentences and custodial sentences (**option 1(d)**) is likely to reduce fine income to the MoJ (though total revenue raised from offenders, including the Surcharge, is expected to rise). We estimate that the increase in the Surcharge on fines **might reduce combined fine and cost revenue** (accruing to HM Treasury, the MoJ and the CPS) **by up to £5m per year in total**. We are not able to monetise the impact of extending the Surcharge to other disposals on fine revenue.
41. Increasing the Surcharge on fines and extending it to conditional discharges, community sentences and custodial sentences, and increasing the value of PNDs (**option 1(d)**) is likely to reduce compliance with financial impositions, which will increase HMCTS's enforcement workload. Any increase in non-payment of financial impositions may also increase the number of offenders imprisoned for default, which will impose costs on NOMS. The increase in PND value may also result in more offenders opting for trial rather than paying the PND, imposing an additional burden on HMCTS.
42. Reforming the CICS (**option 1(f)**) may impose costs on MoJ (HMCTS) if there is an increase in applicant appeals as a result of the reforms, or an increase in civil damages cases (though note the scheme is already one of last resort). The MoJ/Scottish Government (CICA) will also incur any costs of training staff in the new scheme and possibly costs of defending any additional appeals. There may also be additional administrative costs from implementing provisions in the Criminal Injuries Compensation Act 1995 to allow CICA to issue recovery notices to offenders for the compensation paid to their victim and, if the amount is not paid, to initiate debt recovery action through the civil courts, though the decision to implement the provisions will depend on a process being designed that is expected to be cost effective.
43. Introducing schemes to make payments to eligible victims of overseas terrorism (**option 1(g)**) may impose costs on MoJ (HMCTS) if there are appeals against the CICA's decision to the First Tier Tribunal, and subsequently to the High Court. The MoJ/Scottish Government (CICA) will also incur any costs of setting up the schemes and training claims officers in the rules of the proposed new schemes.

Costs to the CPS (and other prosecutors)

44. Reforming the Victims' Code to enable resources to be targeted at those in most need (**option 1(a)**) will require the CPS to improve or altering its needs assessment. Staff will need to take more time with each victim, with consequent resource costs. They will also need to be trained in enhanced needs assessment procedures.
45. Increasing the Surcharge on fines and extending it to conditional discharges, community sentences and custodial sentences (**option 1(d)**) is likely to reduce cost income to the CPS (and other prosecutors). The Surcharge takes priority over costs both at the point of sentence and in the application of payments received from the offender. The Surcharge may inhibit courts from ordering costs against the offender at all, and that when they do, these might be at a lower level. An increase in the Surcharge amount may therefore reduce the amount of costs imposed and due to the Surcharge taking priority over discharging cost ordered by the court there may also be reduced costs paid to the CPS and other prosecutors. We estimate that the increase in the Surcharge on fines **might reduce combined fine and cost revenue** (accruing to HM Treasury, the MoJ, and the CPS and other prosecutors) **by up to £5m per year in total**. We are not able to monetise the impact of extending the Surcharge to other disposals on cost revenue.

Costs to VCSE providers of support services for victims and witnesses

46. Developing a Commissioning Framework for support services for victims of crime, including defining categories of need that government funding should be used to meet and developing a means of measuring the impact of a service (**option 1(b)**) may impose costs on VCSE providers of support services.
47. VCSE organisations that do not currently collect outcome-type information, or who collect less than will be required once services are commissioned on the basis of measured outcomes, will incur staff and other administrative costs associated with collecting data.
48. Organisations that cannot show that their service meets any of the specified needs or whose service does not meet the needs prioritised by the relevant commissioner, may lose funding
49. Organisations that cannot show their services have a measurable impact on outcomes for victims are likely to lose funding.
50. To the extent that it is possible to develop outcome measurements that can be compared across providers, organisations that prove to be less cost-effective than other providers at meeting victims' needs may lose funding.
51. Commissioning most government-funded services for victims locally by Police and Crime Commissioners, but commissioning specialist, low-volume services and nationally delivered services at national level (**option 1(c)**) will also impose costs on VCSE providers.
52. Providers who cover more than one local area will need to submit multiple applications (unless they provide a service that will be commissioned nationally). As some of the overall budget will be spent by the PCCs on research and engagement, the total budget available for providers will be lower than it would be if commissioning arrangements were not changed (though note that proposals to increase the Surcharge (**1(d)**) and use revenue from FPNs (**1(e)**) mean that overall the proposals will increase the available budget). Some organisations will receive less funding as resources are reallocated to those assessed as providing a good service to those victims most in need of support.
53. Victim Support may incur costs from the introduction of schemes to make payments to victims of overseas terrorism (**option 1(g)**), if it provides advice to potential applicants in the same way as it does for potential applicants to the CICS. There are likely to be small one off costs for staff training. There may also be ongoing staff costs from providing support to victims. These may not be significant unless there is a large increase in the volume of attacks.

Costs to Police and Crime Commissioners

54. Moving to a system in which most support services for victims and witnesses are commissioned locally by Police and Crime Commissioners (**option 1 (c)**) will impose costs on them. They will

need to research the needs of victims and monitor and measure the performance of providers, in order to direct funding to services that effectively meet victims' needs.

Costs to CJS agencies

55. Reforming the Victims' Code to make it more accessible to victims; make it outcomes based; and enable resources to be targeted at those in most need (**option 1(a)**) will impose costs on the criminal justice agencies covered by the Victims' Code.⁵
56. The agencies will have to decide on the best way to deliver victim services. This may mean large-scale internal reviews and assessment of current procedures, and transition costs associated with moving to any new system.
57. In addition, the police and Witness Care Units will need to improve or alter the needs assessment they use with victims (in the same way as the CPS, discussed above). This will mean staff from these agencies will have to take more time with each victim, with consequent resource costs. They will also need to be trained in enhanced needs assessment procedures.

Costs to Local authorities

58. Extending the Surcharge to juvenile offenders sentenced to conditional discharges, community sentences and custodial sentences (**option 1(d)**) may impose cost on local authorities. Where the juvenile offender is looked-after and is under the age of 16, the local authority will generally become responsible for paying the Surcharge. The court has a discretion to order the local authority to pay the Surcharge in respect of juvenile offenders aged 16 or over in its care. We do not have data on the offending rates of looked-after children, so we are unable to estimate the scale of this impact.

Costs to Parents of juvenile offenders

59. Extending the Surcharge to juvenile offenders sentenced to conditional discharges, community sentences and custodial sentences (**option 1(d)**) may impose cost on the parents of juvenile offenders. Where the juvenile offender is under the age of 16, the parents of the juvenile offender will generally become responsible for paying the Surcharge. The court has discretion to order the parents to pay the Surcharge where the juvenile offender is aged 16 or over.

Costs to Other Government Departments

60. Reforming the CICS (**option 1(f)**) including reducing loss of earnings payments and no longer paying for private health care costs may impose costs on DWP (due to increased take-up of benefits) and the NHS. The scheme is intended to be one of last resort, and in particular only to pay special expenses and loss of earnings as supplements to, rather than substitutes for, state provision. Nevertheless, it may be the case that the reductions to loss of earnings and withdrawal of special expenses for private health care will result in increased demand for public services and benefits. It is not possible to quantify this impact, but since special expenses for private health care are only paid in a small number of cases (fewer than 50 in each year 2007/08 – 2009/10), and loss of earnings in around 1,000 cases it can be expected to be quite small. Enforcing the residency requirements relating to eligibility to apply to the Criminal Injuries Compensation Scheme may impose administrative costs on Government.
61. Introducing schemes to make payments to eligible victims of overseas terrorism (**option 1(g)**) will result in costs to the Foreign and Commonwealth Office for its Counter Terrorism Department which would need to provide robust advice to Ministers on designation and service litigation.

⁵ These are : all police forces in England and Wales, the CPS, HMCTS, the Parole Board, NOMS (prisons and probation), Youth Offending Teams, Joint police / Crown Prosecution Service Witness Care Units, the Criminal Cases Review Commission, CICA and the First-tier Tribunal (Criminal Injuries Compensation) (formerly known as the Criminal Injuries Compensation Appeals Panel).

Costs to Personal Injury lawyers

62. Reforming the CICS (**option 1(f)**) to limit eligibility, including by removing more minor injuries from the scheme, may impose a cost on personal injury lawyers. Approximately 25% of applicants have legal representation, and these claims receive 35% - 40% of awards by value. Removal of tariff bands 1 – 5 and other eligibility changes can be expected to reduce demand for assistance from personal injury lawyers for applying to CICS. This will reduce their income from this work but also free up resources for other activities. The cost is therefore the difference in profitability between this work and alternative uses of the resources. Where fees are linked to the size of award, reductions in the value of tariff payments and other payments could also have an impact.

Costs to the insurance industry

63. The introduction of schemes to make payments to eligible victims of overseas terrorism could reduce demand for travel insurance. The extent of any impact is unclear.

Costs to those who assist/represent applicants for payments for injuries resulting from overseas terrorism

64. Those who assist or represent eligible victims of overseas terrorism who apply for payments (**option 1(g)**) will incur costs from providing this assistance.

Benefits of Option 1

Benefits to Victims and witnesses

65. The reforms to the Victims' code (**option 1(a)**) mean victims would be provided with a clearer set of their rights and entitlements in the criminal justice system. Tailoring the level of services to the individual needs will cut down on unnecessary contact with victims who do not require it, while releasing resources to provide additional services to those victims who do require it.
66. Developing a Commissioning Framework for support services for victims of crime, including defining categories of need that government funding should be used to meet and developing a means of measuring the impact of a service (**option 1(b)**) will benefit victims. Victims with needs prioritised by the PCC (or national commissioner) will benefit from more resources being put into services that meet their needs. In addition, services for all victims are likely to become more effective because providers will be able to measure the outcomes of their interventions, and will be incentivised to improve outcomes for victims. In addition, resources may be redirected to more cost-effective services, again resulting in better outcomes for victims.
67. Commissioning most government-funded services for victims locally by Police and Crime Commissioners, but commissioning specialist, low-volume services and nationally delivered services at national level (**option 1(c)**) will also benefit victims. PCCs will have an understanding of local issues and the services provided locally, and will be in a position to work collaboratively with other statutory service providers. As a result, victims most in need of support are likely to benefit as the local commissioner will reallocate resources for services to them. Service design and quality may also improve as local commissioners will put resources into research, engagement and monitoring (either due to reallocation of funding across organisations, or organisations reshaping their services in light of the commissioner's requirements).

68. Increasing the amount of funding available for victims services by increasing and extending the Surcharge, increasing the value of PNDs and using the revenue for the same purpose as the Surcharge (**option 1(d)**) and using up to £30m of revenue from increased FPNs (**option 1(e)**) will benefit victims. We estimate that once fully implemented, together options 1(d) and 1(e) will result in **increased spending on victims' services of £40m - £50m per year when income peaks**.
69. Reforming application procedures for the CICS (**option 1(f)**) may benefit victims, by making the process simpler and clearer and speeding up the time it takes to process claims for loss of earnings. Victims who make claims for both a physical and psychological injuries will benefit under our proposals to change the rule that currently prevents an applicant from receiving a payment for psychological injuries where that award is lower than the physical payment.
70. British and EU/EEA residents who are victims of overseas terrorism (and the dependents of those fatally injured) will benefit from publicly-funded payments (**option 1(g)**).

Benefits to the Ministry of Justice (MoJ) including its executive agencies, and to the Scottish Government

71. The reforms to the Victims' code (**option 1(a)**) will enable criminal justice agencies including HMCTS, NOMS and CICA to target services at victims. This provides benefit to the agencies by ensuring they can focus resources on those who need the most services to deal with the impact of the crime, or to stay engaged with the process.
72. Reforms to the CICS (**option 1(e)**) will **reduce spending on compensation by the MoJ/Scottish Government by £40m - £60m per year in 2011/12 nominal terms**. There will also be a reduction in administration costs in the medium term, largely due to the removal of payments in tariff bands 1 – 5 and simplified loss of earnings provisions. These are estimated at approximately £1m - £1.5m in total. There may also be a benefit from implementing provisions in the Criminal Injuries Compensation Act 1995 to allow CICA to issue recovery notices to offenders for the compensation paid to their victim and, if the amount is not paid, to initiate debt recovery action through the civil courts.

Benefits to the Crown Prosecution Service (CPS) and other prosecutors

73. The reforms to the Victims' code (**option 1(a)**) will enable the CPS to redesign its processes for supporting victims, and to target services at victims. This may allow it to operate more efficiently, as well as to focus resources on those who need the most support to deal with the impact of the crime, or to stay engaged with the process.

Benefits to Voluntary, Community and Social Enterprise (VCSE) sector providers of support services for victims and witnesses

74. Developing a Commissioning Framework for support services for victims of crime, including defining categories of need that government funding should be used to meet and developing a means of measuring the impact of a service (**option 1(b)**) will have benefits for providers of support services. Those who can show that their service meets the specified needs (especially if these are also needs prioritised by the relevant commissioner) and can show their services have a measurable impact on outcomes, may receive more funding.
75. Moving away from measuring outputs to outcomes will mean organisations can reallocate resources to different activities during a funding cycle, if these will better achieve the desired outcomes.
76. More generally, the ability to assess the effectiveness of their services and the impact of any service innovations on victim welfare is likely to be valued by VCSE sector organisations as they are motivated primarily by the desire to help victims of crime
77. Commissioning most government-funded services for victims locally by Police and Crime Commissioners, but commissioning specialist, low-volume services and nationally delivered services at national level (**option 1(c)**) will also benefit providers of support services. There are likely to be opportunities for service providers to be involved in and shape the commissioning process. Providers of good services to victims assessed as most in need of support, including small local providers who might have difficulty applying successfully for national grants, should receive more funding – and access to, and monitoring of, funding could be less bureaucratic as PCCs would be closer to service providers. Also, providers who work in one area (or in only a few areas) but currently apply to multiple funding bodies may have to submit fewer applications.

78. Increasing funding for support services for victims by increasing and extending the Surcharge (**option 1(d)**) and using up to £30m of revenue from FPNs for support services for victims (**option 1(e)**) will also benefit providers as they will be able to help more victims – and these organisations are motivated primarily by the desire to help victims of crime.

Benefits to Police and Crime Commissioners

79. Commissioning most government-funded services for victims locally by Police and Crime Commissioners (**option 1(c)**) will give PCCs the opportunity to shape local services to the benefit of the local people. They will also receive funding to spend on the commissioning process, and there may be opportunities to join up services and improve efficiency.

Benefits to Other Criminal Justice System (CJS) agencies who have responsibilities under the Victims' Code⁶

80. The reforms to the Victims' code (**option 1(a)**) will enable the agencies to redesign their processes for providing services to victims, and to target those services, allowing them to operate more efficiently, as well as to focus resources on those with the most need for services.

Net impact of Option 1, Key Risks, Assumptions and Sensitivities

Net Impacts

81. *Detailed net impacts of the individual proposals are set out in the individual impact assessments associated with the proposals. This section looks only at the key interactions between the proposals interact – the effect of the proposed changes to funding for state support for victims on victims, and on the government.*

Victims

82. In financial terms, compensation paid to victims of violent crime with more minor injuries will be reduced by an estimated £35m - £55m per year (equivalent to £40m - £60m per year in 2011/12 nominal terms). Once proposals relating to the Surcharge and FPNs have their full impact, funding for support services for victims will be increased by £40m - £50m. Therefore in the long run we estimate that there is likely to be little overall impact on annual funding for victims.

83. Whether there is a net benefit or cost to victims depends on the value placed on £1 of compensation by those who will no longer receive it (mainly those with minor injuries) compared to the value of £1 spent on support services. We do not have evidence to assess whether there is a difference. However, we assume that the value to victims as a whole of £1 spent on support services is at least as great that of £1 in compensation to those victims who will no longer receive it – and therefore that the proposals either have no net impact on victims, or a positive impact.

84. The value of spending on services (both the current spending and the proposed increase in spending) to victims may be increased by the proposals to develop a commissioning framework specifying needs that services should address, and a means of measuring whether services achieve outcomes. It also may be increased by the proposal to devolve the commissioning of most services to local Police and Crime Commissioners. The more effective these proposals are in improving the targeting of resources and the quality of services, the more likely the proposals overall are to result in a net benefit to victims.

Government, including MoJ

85. Together, the proposals are estimated to result in a net government saving of £0m - £30m per year.

86. We estimate that there will be a saving to government, due to a reduction in compensation paid under the CICS, of around £35m - £55m per year (in real terms) over ten years.⁷

87. This will be partially offset by an increase in spending on support services for victims of £25m - £30m (using FPN revenue). In addition, there may be a loss of fine and court cost revenue of up to £5m.⁸

⁶ these are: all police forces in England and Wales, the Parole Board, NOMS (prisons and probation), Youth Offending Teams, Joint police / Crown Prosecution Service Witness Care Units, the Criminal Cases Review Commission, and the First-tier Tribunal (Criminal Injuries Compensation) (formerly known as the Criminal Injuries Compensation Appeals Panel). The code also covers HMCTS, CICA and the CPS.

⁷ this corresponds to a reduction of around £40m - £60m per year in 2011/12 nominal terms

⁸ Note that we propose to increase spending on victims services by up to an additional £20m, but this will be funded by proposals to increase and extend the Victim Surcharge – revenue which is ring-fenced for victims' services.

88. There will therefore be a net financial benefit to government. As for victims, we can also consider the social value of this change in spending. It will depend on the relative value of £1 spent on compensation for victims who will no longer be eligible; the value of £1 spent on support services for victims; and the value of £1 spent on other government activities.

Key Risks, assumptions and sensitivities

89. *The following general risks and sensitivities apply. For specific risks and sensitivities attached to individual proposals please see the individual impact assessment associated with that proposal.*
90. The impacts of the reforms to the Victims' code (**option 1(a)**) are sensitive to how appropriate the new entitlements and needs assessment processes are, and whether adequate monitoring and enforcement is implemented. It is also sensitive to the scope for improving the efficiency of service provision and the targeting of resources.
91. The impacts of the proposed changes to the commissioning of government funded support services for victims (**options 1(b) and 1(c)**) are particularly sensitive to: the extent to which the needs prioritised by the government/commissioners impact on victims' overall well-being; the scope there is for changing the allocation of resources across providers to improve outcomes; the feasibility of developing a tool for measuring outcomes and the scope for measurement of outcomes to improve the quality of funded services; the extent to which PCCs will have better information on need in their area than current commissioning bodies.
92. The impacts of the proposals to increase and extend the Surcharge (**option 1(d)**) are highly sensitive to the payment rate of the Surcharge on different disposals, the impact of the Surcharge on the amount of fines and costs imposed and collected, the numbers sentenced to different disposals in the future. There is particularly significant uncertainty around likely payment rates. These will be influenced by, amongst other things, the response of HMCTS enforcement to any increase in non-compliance. The impact of proposals relating to the Surcharge are also sensitive to the length of any delay between the changes being implemented and additional revenue being collected (due to lags between offence, sentence and collection of financial penalties).
93. The impacts of the proposal to use revenue from the Department for Transport's (DfT) proposed increase in the level of FPNs (**option 1(e)**) is sensitive to: the level of the increase set following the DfT's consultation; the number of FPNs issued in future; and the payment rate for FPNs.
94. The impacts of the proposals to reform the CICS (**option 1(f)**) are sensitive to future demand for compensation. There is significant uncertainty relating to the likely number and value of claims for loss of earnings payments.
95. Leaving aside uncertainties regarding the scale of the financial costs and benefits, as discussed above, the overall impacts of the proposals on victims are sensitive to the relative value to victims of support services compared to financial compensation. A key assumption is that the value to victims of £1 spent on support services is at least as great as the value of £1 in compensation to those victims who will receive less compensation as a result of the proposed reforms to the CICS.
96. Similarly, the overall impact of the proposals on the Government depends on the relative value to society of compensation compared to support services or other government spending.

Specific Impact Tests

Statutory equality duties

An Equality Impact Assessment is included as a separate document in this consultation.

Competition Assessment

See relevant sections in the impact assessments for proposed reforms to the Criminal Injuries Compensation Scheme and the proposed introduction of a commissioning framework for support services for victims of crime.

Small Firms Impact Test

The proposal to introduce a Commissioning Framework for support services for Victims of Crime (**option 1(b)**) and to introduce locally-led commissioning by Police and Crime Commissioners (**option 1(c)**) may have an impact on small firms. Some providers of services for victims are businesses so the Commissioning Framework will apply to businesses, including small businesses, who wish to provide support services to victims of crime. However, we do not have evidence on the number of providers of services to victims of crime that are businesses or whether they are micro, small, medium or large businesses. We therefore can not be sure whether the impact is likely to fall on a disproportionate number of small businesses compared to their representation in the private sector as a whole.

It would not be appropriate to exempt small businesses from the Commissioning Framework as the Framework will be used to satisfy commissioners, providers, victims and tax payers that limited resources are being spent on those services which do the most to help the vulnerable cope with, and recover from, the effects of crime. However, we will include providers who are small businesses in the discussions to develop the Framework and we will ensure that the Framework is not too prescriptive, bureaucratic or disproportionate to the scale and type of organisations which are likely to provide the majority of support services for victims.

The proposal to increase the Surcharge on fines (part of **option 1(d)**) is likely to impact upon businesses found guilty of criminal offences. Only quite a small number of fines are given to businesses each year. 7,610 fines were given to “other” offenders in 2010 – whereas ONS data shows there were 2.1m business registered for VAT and/or PAYE in March 2010⁹. This category covers businesses but also public sector bodies.

The businesses affected will include small firms. However, we do not have any evidence on the size of businesses given fines and so can't be sure whether the impact is likely to fall on a disproportionate number of small businesses compared to their representation in the private sector as a whole.

We do not think it would be appropriate to exempt or adopt an alternative approach for small businesses. In order to be subject to the Surcharge a business needs to have committed an offence, and we do not think it appropriate to distinguish between offenders on grounds of whether they are a small business.

Whether the proposal (to set the Surcharge at 10% of the fine, with a minimum of £20 and a £120 maximum Surcharge level) is likely to have a larger impact on small businesses than large businesses depends on if small businesses tend to receive fines under or above £1200. If small businesses receive fines of under £1200, then they will not have their Surcharge capped. The proportionate increase in imposition could then be larger for small businesses. However, as mentioned above sentencers are expected to ensure the overall imposition is in line with the offender's ability to pay.

Proposed reforms to the Criminal injuries Compensation Scheme (**option 1(f)**), changing the rules and reducing the number and potential value of applications for compensation will affect personal injury lawyers, including those in small firms, in two ways. There may be a reduction in demand for assistance with claims due to changes to eligibility criteria and reduction in the size of payments to those still eligible. Compared to the market in personal injury claims as whole, this impact is unlikely to be significant.¹⁰ There may also be a transitional impact because lawyers will need to familiarise themselves with the new scheme. However, this impact should be limited by the fact that the new scheme will be simpler than the current one.

Since the scheme revisions will apply equally to all victims of violent crime, it would not be possible to make exemptions, or provide a different approach, for small firms. We do not currently have data on the

⁹ www.statistics.gov.uk/cci/nugget.asp?id=1238

¹⁰ Around 25% of successful claims, or 10,000 claims per year, have legal representation. Our proposals might reduce this by a third to a half (3,000 – 5,000). Data is not available to allow us to compare this to the total number of claims for compensation a year that involving personal injury lawyers.

However, the Compensation Recovery Unit keeps statistics on the number of cases registered with them. The Compensation Recovery Unit works with insurance companies, solicitors and DWP customers, to recover: amounts of social security benefits paid as a result of an accident, injury or disease, where a compensation payment has been made, and costs incurred by NHS hospitals and Ambulance Trusts for treatment from injuries from road traffic accidents and personal injury claims.

In 2009/10, 861,325 cases were registered to the CRU. Some of these cases may have involved only insurance companies, and no lawyers. However, if lawyers were only involved in 50% of these cases, CICA cases with legal representation would still correspond to less than 1% of this other work.

proportion of firms which offer support with CICA applications that are small. However, many providers of legal services are small, so it is possible that most of the relevant providers may also be small. In this sense (i.e. compared to the private sector as a whole) the impact might fall more heavily on small firms. However, amongst firms that provide assistance with CICA applications, we do not expect there to be a disproportionate impact on small firms.

We would welcome views from consultees on these impacts.

Carbon Assessment

We do not expect these proposals to have an impact on the emission of greenhouse gases.

Other Environment

We do not expect these proposals to have any other environmental impacts.

Health Impact Assessment

- Will your policy have a significant impact on human health by virtue of its effects on the following wider determinants of health? : Income; crime; environment; transport; housing; education; employment; agriculture; social cohesion.

There may be an impact on the health of victims of violent crime as a result of them receiving smaller payments. Conversely, though, if support services help victims to cope with and recover from the effects of crime, there may be a positive impact on economic activity, and therefore income, among this group.

- Will there be a significant impact on any of the following lifestyle related variables? : Physical activity; diet; smoking, drugs or alcohol use; sexual behaviour; accidents and stress at home or work.

Increased spending and reformed commissioning processes for support services for victims and witnesses of crime may have a positive impact by helping them to cope with and recover from the effects of crime, reducing stress.

- Is there likely to be a significant demand on any of the following health and social care services? : Primary care; community services; hospital care; need for medicines; accident or emergency attendances; social services; health protection and preparedness response.

There may be an impact on the health service if the CICS no longer pays special expenses for private health care that is not available on the NHS. However, the small number of people involved (less than 50 per year), and the fact that the scheme is already designed as one of last resort mean that this impact is not expected to be significant. If improved support services help victims to cope with and recover from the effects of crime, there may be reduced demand for health and social care services.

Human Rights

We believe the proposals are compliant with the Human Rights Act.

Justice Impact Test

Impacts on the justice system are covered in the main body of this Impact Assessment.

Rural proofing

We do not expect the impacts of these proposals to differ between rural and urban areas.

Sustainable Development

These proposals are consistent with the principles of sustainable development, in particular those of a sustainable economy and of a just society.

Privacy Impact Test (an MoJ Specific Impact Test)

Not relevant.

Title: The Victim and Witness Experience of the Criminal Justice System IA No: MoJ129 Lead department or agency: Ministry of Justice Other departments or agencies: Home Office, Police, Crown Prosecution Service, HM Courts and Tribunals Service, Probation Service, HM Prison Service, Criminal Injuries Compensation Authority, First Tier Tribunal (Criminal Injuries Compensation), The Criminal Cases Review Commission, Youth Offending Teams	Impact Assessment (IA)			
	Date: 30/01/2012			
	Stage: Consultation			
	Source of intervention: Domestic			
	Type of measure: Secondary legislation			
Contact for enquiries: victimsconsultation@justice.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, One-Out?	Measure qualifies as One-Out?
N/Q	0	0	No	NA

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

The experience of victims and witnesses in the criminal justice system, from reporting a crime to an offender being released, is long, complicated and bureaucratic. The services provided by agencies is often a one size fits all approach, which is not sufficiently sensitive to the differing needs of victims of crime. There are also undue and unnecessary burdens on criminal justice agencies, which often have to duplicate work to follow prescriptive procedures. Only government can change the Victims' Code.

What are the policy objectives and the intended effects?

1. To simplify the victim experience of the criminal justice system, creating a set of clear entitlements to services.
2. To provide victims of crime with services according to their needs rather than a one size fits all approach.
3. To reduce the bureaucracy and the inefficiency imposed on criminal justice agencies.

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

Option 0: Do nothing. Continue as at present, with a prescriptive, inflexible set of procedural obligations governing CJS interaction with victims as it is currently written.

Option 1: Simplify and cut bureaucracy in the victim experience of the criminal justice system by a combination of:

- a. Reforming the statutory *Code of Practice for Victims of Crime* to create a more accessible entitlements-based set of services, which will allow CJS agencies to define their own internal processes.
- b. Reforming the *Code of Practice for Victims of Crime* to enable CJS agencies to offer the level of service required by individual victims, rather than a generic service.

The preferred option is option 1.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 01/2016

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

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: _____

Summary: Analysis & Evidence

Policy Option 1a

Description: Reforming the statutory *Code of Practice for Victims of Crime* to create a more accessible entitlements-based statutory framework.

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: -

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Not Quantified (N/Q)		N/Q	N/Q
High	N/Q		N/Q	N/Q
Best Estimate				

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

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

Criminal justice agencies: agencies may have transitional costs in deciding how to deliver services in future. This may mean internal reviews and assessments of current procedures, as well as transition costs associated with moving to any new system.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Not Quantified (N/Q)		N/Q	N/Q
High	N/Q		N/Q	N/Q
Best Estimate				

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

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

Victims: victims would have a clear set of entitlements to services from the CJS. A simpler system will be more transparent, which may result in improved performance
Criminal justice agencies: agencies will be subject to less bureaucracy and have more freedom to design internal processes and achieve efficiency savings. Greatest efficiency savings are likely to accrue to the police.

Key assumptions/sensitivities/risks	Discount rate (%)	N/A
<p>Risk: If entitlements are too loosely defined, CJS agencies may not implement appropriate internal processes to provide the appropriate level of service to victims.</p> <p>Risk: Entitlements in a new victims' code might not meet victims' needs.</p> <p>Assumption: There are more efficient processes than those mandated in the victims' code.</p> <p>Assumption: That victims will benefit from having a clearer, more understandable set of entitlements.</p> <p>Assumption: Current entitlements for victims are unclear.</p>		

BUSINESS ASSESSMENT (Option 1a)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: 0	Net: 0	No	NA

Summary: Analysis & Evidence

Policy Option 1b

Description: Reforming the *Code of Practice for Victims of Crime* to enable CJS agencies to offer the level of support required by individual victims, rather than a generic service.

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: -

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Not Quantified (N/Q)	N/Q	N/Q
High	N/Q	N/Q	N/Q
Best Estimate			

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

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

Victims: victims who do not want services or who are not in most need might find their needs are not met if agencies move away from a basic, universal service.

Police, Witness Care Units: units may need to spend more on resources and training to ensure better quality needs assessments are completed.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Not Quantified (N/Q)	N/Q	N/Q
High	N/Q	N/Q	N/Q
Best Estimate			

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

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

Victims: targeting resources according to need should improve the service for those victims who have suffered the greatest impact and have the greatest needs.

Criminal justice agencies: targeting resources according to need means not having to provide services to people who do not want or need them and being able to provide lower level services to those less in need.

Criminal Justice System: there could be a decrease in cracked or ineffective trials due to the better designed and focused support to victims and witnesses.

Key assumptions/sensitivities/risks

Discount rate (%)

Assumption: Criminal Justice agencies value victim participation, and will not see a change in the rules as an opportunity to deliver less support to all victims.

Assumption: That it is possible to identify the needs of victims from their first contact with the CJS

Risk: Criminal justice agencies make assumptions about victims (based on crime-type or other criteria), or do not adequately assess needs

BUSINESS ASSESSMENT (Option 1b)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: 0	No	NA
Benefits: 0		
Net: 0		

Evidence Base (for summary sheets)

Introduction, Problem and Background

1. This impact assessment is one of a group of impact assessments to accompany the consultation on the strategy for victims and witnesses. Other impact assessments in the consultation will focus on:
 - i) An overarching impact assessment on the overall impact of all of the reforms
 - ii) Quality and Outcomes in Support Services
 - iii) Commissioning locally led victim services
 - iv) Increasing and extending the Victim Surcharge, and increasing the value of Penalty Notices for Disorder to fund victims' services
 - v) Using money raised from increasing Fixed Penalty Notices to fund victims' services
 - vi) Reforms to the Criminal Injuries Compensation Scheme
 - vii) Compensation for victims of overseas terrorism
2. This impact assessment focuses on proposed changes to the victim and witness experience of the Criminal Justice System.
3. The experience of victims and witnesses in the criminal justice system can be protracted and complicated. Interactions with criminal justice agencies are often driven by bureaucracy rather than an appreciation of the individual needs of victims.
4. The services that victims can expect from criminal justice agencies were set out in the statutory *Code of Practice for Victims of Crime* ("victims' code") in 2006. The victims' code places obligations on criminal justice agencies to provide victims with a universal basic level of information and other services such as notification of important developments in their case, and an enhanced service to vulnerable and intimidated victims. As criminal justice agencies have developed a better understanding of the needs of victims, it is becoming clear that a one size fits all approach to victims is not the best way of ensuring a high quality service, or the most efficient use of resources, throughout the system. Agencies need the ability to decide, in dialogue with victims, the needs and service requirements on a case-by-case basis.
5. The strict procedural wording of the code was also necessary when it was first introduced because it established, promoted and embedded the principles and procedures of services provided by criminal justice agencies to victims. However, while a mandatory step-by-step guide to the exact process of services for victims was essential in 2006, it is no longer appropriate.
6. The way the code is written, in terms of obligations for agencies, means that it can be difficult for victims to understand their entitlements, and to challenge poor performance. There are 99 detailed obligations contained in the code, arranged by agency responsible.
7. Local criminal justice areas and criminal justice agencies view providing good quality services for victims as a high priority, and they are best placed, on a local level to determine their own processes in order to provide a high quality of service. Centrally-dictated processes can lead to bureaucracy and the duplication of effort.
8. The Code also needs updating as the definition of vulnerable and intimidated witness that the definition of vulnerable and intimidated victims in the Code was based on has been changed. This would extend those who should receive the enhanced service.

Rationale for Intervention

9. The conventional economic approach to government intervention to resolve a problem is based on efficiency or equity arguments. The Government may consider intervening if there are strong enough failures in the way markets operate (e.g. monopolies overcharging consumers) or if there are strong enough failures in existing government interventions (e.g. waste generated by misdirected rules). In both cases the proposed new intervention itself should avoid creating a further set of disproportionate costs and distortions. The Government may also intervene for equity (fairness) and redistributive reasons (e.g. to reallocate goods and services to the more needy groups in society).

10. The primary purpose of the proposed intervention is to reduce two sources of inefficiency. The first is inefficiency created by overly restrictive obligations that set out the processes CJS agencies have to follow when dealing with victims. By moving to a system based on entitlements rather than specific processes, CJS agencies will be able to exploit opportunities to increase efficiency.

11. The second is both the inefficiency and inequity created by the current system of providing the same service to almost all victims. By allowing CJS agencies greater freedom to differentiate the service offered to victims with different levels of need, resources can be targeted where they will have the most benefit, potentially increasing efficiency and providing for a more equitable service.

Policy objectives

1. The policy objectives we hope to achieve are to simplify and streamline the experience victims have of the criminal justice system, ensuring that victims are aware of the services that agencies should provide and are able to challenge agency performance.
2. We also want to enable agencies to target their resources at victims who need the most help; these will be those already classified as vulnerable and intimidated, but also include others who do not fall within that formal definition, those who are victims of serious crimes, the most persistently targeted and the most vulnerable.
3. We want to enable criminal justice areas to change their processes for providing services to victims if they identify more efficient ways of meeting obligations.
4. We want victims to be confident in the system and the service available, so that they feel willing to report crime and play their fundamental role in the criminal justice system.

Policy options

5. We have identified two broad approaches, which we are consulting on. The first is to do nothing, and leave the system as it is.
6. The second is government intervention to review, re-write and reissue the victims' code to improve clarity, efficiency and performance. This would mean:
 - a) relaxing the prescription on exactly who does what and when in the process of liaising with victims, and re-focusing efforts on the outcomes of the services; and
 - b) changing the victims' code to allow criminal justice agencies to focus their resources on those most affected by crime rather than offer a basic, blanket service;

Groups affected

7. The proposals under consultation involve a wide-ranging reform of services given to victims in the criminal justice system. As such, there are a number of groups that will be directly affected whichever policy option is chosen.
8. It is likely that the following groups will be directly affected:
 - Victims of crime
 - The 11 agencies with specific obligations in the victims' code
 - All police forces in England and Wales
 - The Crown Prosecution Service
 - Her Majesty's Courts and Tribunals Service
 - The Parole Board
 - The Prison Service
 - The Probation Service
 - Youth Offending Teams

- Joint police / Crown Prosecution Service Witness Care Units
- The Criminal Cases Review Commission
- The Criminal Injuries Compensation Authority
- The First-tier Tribunal (Criminal Injuries Compensation), formerly known as the Criminal Injuries Compensation Appeals Panel

Note on territorial application

The proposals in this Impact Assessment apply to England and Wales.

Cost and Benefits

9. In this section, ‘criminal justice agencies’ refers to the eleven agencies specifically covered by the victims’ code, as listed in the previous section. The term ‘criminal justice areas’ refers to the 42 former Local Criminal Justice Board areas, which are broadly equivalent to the areas of the 42 territorial police forces in England and Wales.

Base Case / Option 0

10. The base case is the “do-nothing” scenario, leaving the experience of victims and witnesses as they are at present.
11. Because the do-nothing option is compared against itself its costs and benefits are necessarily zero, as is its Net Present Value (NPV)¹¹

Option 1

12. Option 1 involves a reform of the victims’ code, to move away from procedural obligations imposed upon criminal justice agencies and towards entitlements for victims. It has two parts:
 - a) Reforming the statutory *Code of Practice for Victims of Crime* to create a more accessible entitlements-based set of services and allow CJS agencies to define their own internal processes.
 - b) Reforming the Code of Practice for Victims of Crime to enable CJS agencies to offer the level of service required by individual victims, rather than a generic service.

Option 1 a) Reforming the statutory *Code of Practice for Victims of Crime* to create a more accessible entitlements-based statutory framework and allow CJS agencies to define their own internal processes.

13. This option involves working with CJS stakeholders and victims groups to simplify, re-write and re-issue the victims’ code.

Transitional Costs of Option 1a)

Costs to Criminal Justice Agencies

14. The criminal justice agencies covered by the code will have to decide on the best way to deliver victim services. This may mean large-scale internal reviews and assessment of current procedures, and transition costs associated with moving to any new system.

Benefits of Option 1 a)

Benefits to Victims and Witnesses

15. Victims would be provided with a clearer set of their entitlements in the criminal justice system.
16. Allowing criminal justice areas to redesign their services could result in a better, more efficient service for victims.
17. A simplified system may improve transparency and local accountability.

¹¹ The Net Present Value (NPV) shows the total net value of a project over a specific time period. The value of the costs and benefits in an NPV are adjusted to account for inflation and the fact that we generally value benefits that are provided now more than we value the same benefits provided in the future.

Benefits to Criminal Justice Agencies

18. Criminal justice agencies would have more freedom to innovate and redesign their own internal process, providing they deliver the specified services. This could result in improvements in efficiency, releasing resources to provide more services for victims or for other activities

Risks, assumptions and sensitivities for option 1a)

19. The main assumptions are that:

- a) the current entitlements are unclear for victims, and it would be easier for victims and witnesses to understand the CJS process and their place in it if they are presented with a statement of what they are entitled to, and the outcomes they can expect, rather than the detail of the processes criminal justice agencies go through;
- b) a simplified system will increase transparency and local accountability;
- c) there are more efficient processes available than those specified in the current victims' code;
- d) criminal justice agencies have the resources, and are willing, to find and implement alternative processes or service delivery models;

20. The main risks and sensitivities are:

- a) If the entitlements defined in the new Code are insufficiently stringent, there may be a reduction in service quality for victims. How serious a risk this is depends on the other incentives criminal justice agencies have to support victims – for example in order to increase the probability of successful trials;
- b) If it proves difficult to monitor and enforce the new entitlements, there may be a reduction in quality of service for victims. How serious a risk this is depends on the other incentives criminal justice agencies have to support victims – for example in order to increase the probability of successful trials;
- c) If the entitlements are too stringent, there may be resource implications for the criminal justice agencies;
- d) The benefits to victims are sensitive to how closely the specified entitlements match their needs;
- e) The costs and benefits of this option may be affected by wider changes in policy and resources across the Criminal Justice System.

Option 1 b) Reforming the Code of Practice for Victims of Crime to enable CJS agencies to offer the level of services required by individual victims, rather than a generic service.

21. This option involves working with CJS stakeholders, victims groups to amend the victims' code to allow criminal justice agencies to vary the level of service they offer to different victims of crime, based on needs assessment and dialogue with the victim.

Costs of option 1b)

Costs to Victims of Crime

22. Some victims who are assessed as having a low level of need for services would receive fewer services from criminal justice agencies than they do at present. However, it is proposed that all victims, if they want it, should have access to some form of information about progress in their case and the criminal justice process.

Costs to the Police, CPS, Witness Care Units

23. Needs assessment procedures will need to be improved. The police and Witness Care Units, which are jointly run by the police and CPS, currently carry out needs assessments. The police are expected to carry out an initial needs assessment on all victims and witnesses who complete a witness statement. The WCU carry out a more detailed needs assessment on victims and witnesses who will be required to give evidence in court. Improving or altering the needs

assessment will mean that the police will have to take more time with each victim, with consequent resource costs.

Benefits of Option 1 b)

Benefits to Victims of Crime

24. Tailoring the level of service to the individual needs will cut down on unnecessary contact with victims who do not want or need it.
25. Currently, victims who suffer a large impact from crime are offered the same service as everyone else, unless they come within the definition of 'vulnerable' or 'intimidated', as defined in section 4 of the victims' code.¹² Under this option, more people will be entitled to an enhanced level of service. The service will also be better tailored to all victims according to their circumstances and need.

Benefits to Criminal Justice Agencies

26. Criminal justice agencies will be better able to target services at victims; this will benefit agencies by ensuring they can focus resources on those who need the service to deal with the impact of the crime, or to stay engaged with the process.

Risks, assumptions and sensitivities for option 1 b)

27. The main assumptions are that:

- a) the service required by the current set of obligations is not appropriate for all victims, and that in some cases a lower level of service would be sufficient;
- b) it is possible to accurately identify the needs of victims from their first contact with the criminal justice system;
- c) procedures can be implemented that will identify any victim needs that change over time as their case progresses.

28. The main risks and sensitivities are that:

- a) The needs assessment procedures set up aren't sufficiently robust (e.g. criminal justice agencies may make assumptions about the needs of victims based solely on crime-type rather than on the impact of the specific incident on the victim). This may mean providing the wrong level of service.
- b) The impact of this option depends on the wants of victims who are assessed as low need and receive a lower level of support as a result. If the current level of service is viewed as largely redundant by these victims as well as by the agencies, then there will not be much impact on victims.
- c) The costs and benefits of this option may be affected by wider changes in policy and resources across the Criminal Justice System.

Net Impact of Option 1

29. If both aspects of option 1 were adopted, we expect there would be a net benefit to victims. They would have a simpler, clearer set of statutory entitlements. They would also benefit from receiving services based on an assessment of their particular needs. This may be offset, at least in part, by costs to those victims assessed as low need, who are likely to receive a lower level of service than the current universal service. The size of this cost will depend on how much these victims value the current level of service.

¹² 'Vulnerable' victims, as defined in the current code, are those who are under 17 at the time of the offence; suffer from mental disorders or have a significant impairment of intelligence or social function; or suffer from a physical disability. 'Intimidated' witnesses are identified through practitioner judgement, although factors that might affect the assessment include: nature of the offence; age; social, religious or domestic circumstances; and the behaviour of the accused or the associates of the accused.

30. In the short term, criminal justice agencies that choose to explore the possibility of changing their processes will incur transitional costs associated with reviewing and revising their procedures to make them more efficient and improving their needs assessment process.
31. In the long term, we would expect the impact on criminal justice agencies to be positive. Increased freedom from bureaucracy, to make their internal processes more efficient, and to implement alternative methods of service delivery should provide resource savings. They may also benefit from being able to target resources at those most in need, which could lead to a lower cracked trial rate.

Specific Impact Tests

Statutory equality duties

A separate Equality Analysis is being carried out

Hampton Principles

We believe the policy proposals are in line with the Hampton Principles.

Competition Assessment

Currently the services specified in the Victims' Code are provided directly by the CJS agencies themselves. Therefore the proposals are not expected to:

1. Directly limit the number or range of suppliers;
2. Indirectly limit the number or range of suppliers;
3. Limit the ability of suppliers to compete; or
4. Reduce suppliers' incentives to compete vigorously

No competition assessment required.

Small Firms Impact Test

We do not expect any significant impacts on small firms.

Carbon Assessment

We do not expect any significant impact on carbon emissions.

Other Environment

We do not expect any significant impact on wider environmental issues.

Health Impact Assessment

We do not expect the proposals to have a significant impact on the following wider determinants of health:

- Income
- Environment;
- Transport;
- Housing;
- Education
- Employment;
- Agriculture;
- Social Cohesion

There may be a small impact on crime, which is considered a wider determinant of health. If the proposals make the criminal justice system more efficient, it could possibly contribute to either: a fall in crime rates; or mitigating the negative health impacts of crime.

We do not expect any significant impact on health issues.

Rural Proofing

We do not expect any significant impacts on rural areas.

Human Rights

The policy proposals are compliant with the Human Rights Act.

Justice Impact Test

Covered in Impact Assessment

Sustainable Development

We do not expect the proposals to have any negative effect on the following principles of sustainable development:

1. Living within environmental limits;
2. Ensuring a strong, healthy and just society;
3. Achieving a sustainable economy;
4. Promoting good governance;
5. Using sound science responsibly.

The proposals may have a small positive effect on the principle of 'ensuring a strong, healthy and just society' by improving the efficiency of the criminal justice system and working towards the more equitable distribution of resources for victims.

Privacy Impact Test (an MoJ Specific Impact Test)

Not required.

Annex 1: Post Implementation Review (PIR) Plan

<p>Basis of the review:</p> <p>It is intended to review any change in the victims' code two years after implementation.</p>
<p>Review objective:</p> <p>To assess whether changes in the victims' code have successfully achieved the stated policy aims, and whether the changes have had the expected impacts on identified groups.</p>
<p>Review approach and rationale:</p> <p>To assess impacts on identified groups and to assess achievements against stated policy aims. This is likely to be in the form of an implementation review, and could form part of a longer piece of work collating and publicising best practice in victim and witness services in the CJS. We will seek feedback from stakeholders, including victims and witnesses, as well as CJS practitioners and victims' organisations.</p>
<p>Baseline:</p> <p>Baseline data includes qualitative victims' experience data contained in reports like the <i>Joint Thematic Review</i>, published in 2009, and the reports of the Victims' Commissioner, and the Victims' Champion.</p> <p>Quantitative data from the Ministry of Justice's Witness and Victim Experience Survey, which ran until 2010, could also be used.</p>
<p>Success criteria:</p> <p>Improvements in the experiences of victims and witnesses, and reductions in bureaucracy allowing local criminal justice areas to improve efficiency.</p>
<p>Monitoring information arrangements:</p> <p>We hope that some of the work of the joint inspectorates (of constabulary and CPS) will provide useful data to evaluate progress, especially when set against the benchmark of the 2008 <i>Joint Thematic Review of Victim and Witness Experiences in the Criminal Justice System</i>.</p>
<p>Reasons for not planning a PIR:</p> <p>N/A</p>

Title: A Framework for Quality and Outcomes in Support Services for Victims of Crime IA No: MoJ130 Lead department or agency: Ministry of Justice Other departments or agencies: -	Impact Assessment (IA)		
	Date: 30/01/2012		
	Stage: Consultation		
	Source of intervention: Domestic		
	Type of measure: Primary Legislation		
Contact for enquiries: victimsconsultation@justice.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?
N/Q	N/Q	N/Q	No
			NA

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

Support services for victims of crime provided by the voluntary, community and social enterprise (VCSE) sector are in part funded through numerous central and local government grants. The funding streams are often tied to the delivery of services to specific types of victims along with specific success criteria. There is a lack of consistent guidance for central government, commissioners and providers on successful delivery criteria based upon outcomes and how this could be measured. Government intervention in a co-ordinating capacity is required to develop a common Commissioning Framework and guidance to deliver efficient, accountable and transparent services to victims.

What are the policy objectives and the intended effects?

- ensure support services for victims meet their individual needs and have a real positive impact on their well-being
- enable providers of support services, and those who distribute public money to these providers, to be held to account
- develop a means of measuring the effectiveness of support services for victims that is proportionate to the scale and type of organisation concerned

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: Develop a Commissioning Framework for support services for victims of crime in most need by (i) defining a set of categories that describe needs that may inhibit a victim's ability to cope and recover and that government funding should be used to meet, and (ii) developing a means of measuring the impact of a service (either on the victim's overall level of well-being, or, more specifically, on the victim's progress toward no longer having the particular need that service targets)

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 04/2017

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/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: N/Q	Non-traded: N/Q	

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:

Summary: Analysis & Evidence

Policy Option 1

Description: Develop a Commissioning Framework for support services for victims of crime in most need.

FULL ECONOMIC ASSESSMENT

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

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Not Quantified (N/Q)		N/Q	N/Q
High	N/Q		N/Q	N/Q
Best Estimate				

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

-

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

Ministry of Justice: cost of researching the categories of needs victims have; cost of researching methods of measuring outcomes

Service providers: transitional costs of moving to bidding for funding on the basis of meeting defined needs and setting up systems to measure outcomes; on-going costs of measuring outcomes; loss of funding for organisations whose services do not meet needs specified, or who subsequently prove to be less effective at achieving outcomes

Victims: where funding is redistributed in light of new information about need and/or measurement of effectiveness, victims who used services that are no longer funded may get less support.

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

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

-

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

Ministry of Justice/Commissioners: limited resources better focused on more effective victim services

Service providers: clearer criteria for bidding for funding; possibly fewer different types of information required for different funding bodies; increased funding for service providers assessed as meeting specified needs, and who prove to be effective at achieving outcomes

Victims: more effective services better targeted at their needs

Key assumptions/sensitivities/risks

Discount rate (%) N/A

The impacts of the proposal are sensitive to a number of factors:

-the realisation of most of the costs and benefits depend on whether it proves possible to develop a suitable set of categories of need and a practical means of measuring outcomes for victims

-the benefits to victims (and the extent of reallocation of funding) are sensitive to how well services currently match victims' needs and achieve outcomes. They also depend on how accurately the measurement tool captures impacts, and whether it proves possible to measure impacts on the overarching outcomes or only specific categories of need.

-the impact on victims is also sensitive to how closely the categories of need that are chosen correspond to the obstacles to their coping and recovering

-the costs to service providers are sensitive to the complexity of the measurement tools developed, and the benefits to service providers are sensitive to whether other funding bodies adopt the same tools

BUSINESS ASSESSMENT (Option 1)

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

Evidence Base (for summary sheets)

Introduction

9. This impact assessment is one of a group of impact assessments to accompany the consultation on the strategy for victims and witnesses. Other impact assessments in the consultation will focus on:
 - i) An overarching impact assessment on the overall impact of all of the reforms
 - ii) Changes to the victim and witness experience of the Criminal Justice System
 - iii) Commissioning locally led victim services
 - iv) Increasing and extending the Victim Surcharge, and increasing the value of Penalty Notices for Disorder to fund victims' services
 - v) Using money raised from increasing Fixed Penalty Notices to fund victims' services
 - vi) Reforms to the Criminal Injuries Compensation Scheme
 - vii) Compensation for victims of overseas terrorism

Problem

1. According to the British Crime Survey, 40% of those victims that reported the crime wanted some kind of support to help them overcome the harms of crime.¹ More work is required to understand the needs of victims, particularly the most vulnerable, and the level of support they require. At present the funding that is available for providers of support services (from central and local government) is not allocated according to a clear understanding of the impact services have on individuals and their lives. It is important that the limited funds available are spent in a way which best achieves the purposes for which government allocates these funds – to support the most vulnerable victims of crime to cope with and recover from the impact of crime upon them.
2. There is not a common method to assess the effectiveness of interventions for all victims in use within the Ministry of Justice (MoJ). The way in which the effectiveness of victim support services is assessed varies widely. Some funding streams use satisfaction as a measure. Others count the number of victims supported or the amount of activity undertaken. More sophisticated approaches involve assessing the 'distance travelled' by the victim as they are supported or the value added by the service.
3. An effective framework will need to set clear expectations against which both commissioners and providers will be held accountable. Ultimately, both should be assessed in terms of their ability to achieve the desired outcomes – enabling victims to cope and recover – rather than the number of victims supported, or other transactional measures.

Rationale for Intervention

4. The conventional economic approach to government intervention to resolve a problem is based on efficiency or equity arguments. The Government may consider intervening if there are strong enough failures in the way markets operate (e.g. monopolies overcharging consumers) or if there are strong enough failures in existing government interventions (e.g. waste generated by misdirected rules). In both cases the proposed new intervention itself should avoid creating a further set of disproportionate costs and distortions. The Government may also intervene for equity (fairness) and redistributive reasons (e.g. to reallocate goods and services to the more needy groups in society).
5. We are currently undertaking research to help develop guidance for practitioners working in victim support organisations and to support commissioners of such services. This research is looking at victims' support needs; the effectiveness of support interventions for victims with regard to the impact on victim outcomes and CJS outcomes; and approaches to measuring service quality and victim outcomes. The research will be completed in 2012.

¹ This figure is combined data from the 2007/08 and 2008/09 British Crime Survey (report forthcoming). The BCS is a face-to-face victimisation survey in which people resident in households in England and Wales are asked about their experiences of a range of household and personal crimes. It excludes a number of types of crime, such as fraud, crimes against commercial premises, and homicide. The data presented here excludes children under the age of 16; in addition this estimate excludes victims of sexual violence.

6. To date there has not been a consistent strategic approach to commissioning victims' services across the Government departments and local funders that have responsibility for supporting victims of crime. Each funder has produced separate strategies and guidance which have generally focused on particular groups of victims and on outputs rather than outcomes. In an environment characterised by comprehensive information and little uncertainty or opportunity for learning about effective interventions, this can be as good as basing funding on outcomes. However, where conditions change and/or there is the potential to learn about the best way of achieving an outcome, an outcomes based commissioning framework should reduce inefficiency by no longer tying organisations to particular outputs.
7. At the same time, if those who commission services (on behalf of the MoJ and others) have an explicit and publicly available set of criteria for assessing organisations' performance, it will be easier for members of the public and other interested parties to assess whether good funding decisions are being made, and hold commissioners to account if not.
8. A commissioning framework might also have an additional efficiency benefit. Ideally, we would like to develop a framework that can be used across providers of different services to victims and witnesses to produce comparable measurements of the extent to which they are achieving the outcomes that funders (and in particular the MoJ) want. Over time, this would enable resources to be (re)directed to providers whose services can be shown to achieve these objectives the best. This might mean different providers are funded, or might mean that providers reshape their activities to be more closely aligned to the objectives. However, until the research proposed is undertaken we cannot know whether this level of comparability is achievable – especially given the apparent diversity in victims' needs and in the scale and complexity of service provision across providers.

Main Affected Groups

9. The main affected groups are:
 - Victims and witnesses;
 - Voluntary, Community and Social Enterprise (VCSE) sector organisations who provide services to victims and witnesses;
 - Ministry of Justice (MoJ) (and potentially other funding organisations); and
 - Department for Communities and Local Government, Department for Work and Pensions (DWP), NHS, local authorities (LAs).

Note on territorial application

The proposals in this Impact Assessment apply to England and Wales.

Cost and Benefits

Base Case / Option 0

10. This is the “do-nothing” option, under which monitoring and evaluation requirements for providers who receive funding would continue to be set up on an ad hoc basis. At the moment, funding is allocated directly by the Ministry of Justice. Proposals elsewhere in this consultation would transfer responsibility for allocating most of this money to local commissioners, though with a limited group of services still being organised at national level. Because the do-nothing option is compared against itself its costs and benefits and necessarily zero, as is its Net Present Value (NPV)².

² The Net Present Value (NPV) shows the total net value of a project over a specific time period. The value of the costs and benefits in an NPV are adjusted to account for inflation and the fact that we generally value benefits that are provided now more than we value the same benefits provided in the future.

Option 1

11. We propose to develop a Commissioning Framework for support services for victims of crime in most need. This will involve two things.
12. Firstly, we will define a set of categories that describe the needs that might have to be met for a victim to cope with and recover from crime and that we think government funding should be used to meet. Commissioners could decide whether or not to provide initial funding for a service partly on the basis of whether it is likely to meet at least one of these categories of need – and service providers bidding for funding will have clearer information on the criteria in use. Spelling out the types of needs victims may have may also help guide commissioners in researching local needs and the extent to which these are met by local provision, and then allocating their resources across different types of services.
13. Alongside this, we propose to develop a means of measuring the impact of a particular service – either the impact on the victim's overall level of well-being, or, more specifically, the victim's progress toward no longer having the particular need the service targets. The level of precision and detail with which outcomes are measured may vary between organisations so as not to be overly burdensome on smaller organisations. These measurements could be used by commissioners to set objectives when contracting with providers, and possibly also to help to decide whether to reallocate money between providers in subsequent funding rounds.
14. We are currently undertaking research to help develop guidance for practitioners working in victim support organisations and to support commissioners of such services. This research is looking at victims' support needs; the effectiveness of support interventions for victims with regard to the impact on victim outcomes and CJS outcomes; and approaches to measuring service quality and victim outcomes. The research will be completed in 2012.

Transitional costs of Option 1

Costs to the MoJ

15. The MoJ will need to devote resources to researching both methods of measuring outcomes for victims of crime and the factors that influence these outcomes, including engagement with service providers

Costs to the VCSE sector:

16. Service providers that do not currently collect outcome-type information, or who collect less than will be required once the MoJ moves to commissioning services on the basis of measured outcomes, will incur costs from introducing new measurement processes

Ongoing Costs of Option 1

Costs to the VCSE sector:

17. VCSE organisations that do not currently collect outcome-type information, or who collect less than will be required once the MoJ moves to commissioning services on the basis of measured outcomes, will incur staff and other administrative costs associated with collecting data
 - a. These costs will depend on the number of organisations that currently collect outcomes-type information;
 - b. These costs will also depend on the complexity of the data requirements.
18. Organisations who cannot show that their service meets any of the specified needs or whose service does not meet the needs prioritised by the relevant commissioner, may lose funding
19. Organisations that cannot show their services have a measurable impact on outcomes for victims are likely to lose funding.

20. To the extent that it is possible to develop outcome measurements that can be compared across providers, organisations that prove to be less cost-effective than other providers at meeting victims' needs may lose funding.

Costs to Victims

21. Victims with needs that are not prioritised by the relevant commissioner may have reduced access to services as a result of government funding being reallocated
22. To the extent that a common set of defined needs will be a compromise between those that are optimal for a diverse group of victims, changes in government funded services to meet the agreed needs may impose costs on victims. The size of these costs will depend on how heterogeneous the optimal outcomes are, and the extent to which current activities achieve these outcomes.

Costs to MoJ/organisations that commission services on the MoJ's behalf

23. MoJ (and possibly other funders) may incur administrative costs from setting and monitoring outcomes for organisations they fund. These costs will depend on the complexity of the data requirements in the agreed Commissioning Framework.

Benefits of Option 1

Benefits to the VCSE sector:

24. Providers who can show that their service meets the specified needs especially if these are also needs prioritised by the relevant commissioner, may receive more funding.
25. Moving away from measuring outputs to outcomes will mean organisations can reallocate resources to different activities during a funding cycle, if these will better achieve the desired outcomes.
26. More generally, the ability to assess the effectiveness of their services and the impact of any service innovations on victim welfare is likely to be valued by VCSE sector organisations as they are motivated primarily by the desire to help victims of crime
27. Organisations that can show their services have a measurable impact on outcomes for victims are likely to receive more funding.
28. To the extent that it is possible to develop outcome measurements that can be compared across providers, organisations that prove to be more cost-effective than other providers at meeting victims' needs may receive more funding.
29. If the agreed framework is adopted by other bodies that fund services for victims (as well as the MoJ), providers who currently collect different data for different funding bodies (for applications or monitoring) may save administration costs.

Benefits to Victims:

30. Victims with needs prioritised by the relevant commissioner will benefit from more resources being put into services that meet their needs.
31. Services for victims are likely to become more effective because providers will be able to measure the outcomes of their interventions, and will be incentivised to improve outcomes for victims. In addition, resources may be redirected to more cost-effective services, again resulting in better outcomes for victims.

Benefits to the MoJ (and other funding bodies):

32. There will be a reduction in time spent designing monitoring criteria for individual funding streams

33. Depending on both the outcomes and the needs chosen, funding may be redirected toward services that better promote victims' physical and mental health and their ability to return to work. This would benefit other public sector providers of health care and financial support, as well as employers.

Net Impact of Option 1, key assumptions, risks and sensitivities

34. The net impact on victims of the development of a Commissioning Framework along the lines set out above should be positive. The identification of needs that may inhibit a victim's ability to cope and recover should help ensure government funding goes to services that are likely to have a positive impact on victims. The effectiveness of services for victims, whose needs and recovery may be markedly different, will be captured with a suitable means of measurement within the framework. There are likely to be costs for some victims, as resources are transferred across services to target them on needs identified as priorities. However, the assumption is that the benefit to the victims with priority needs will outweigh these costs. The framework will set out guidance to ensure that victims will maintain access to services in their local area as they require. In addition, over time the move to measuring the outcomes of services for victims should help to make the services more cost-effective – producing more benefits for the available resources.
35. The Ministry of Justice (and potentially other commissioners in future) will incur transitional costs from researching victims' needs and ways of measuring outcomes. There may also be some ongoing costs from contracting on outcomes and monitoring outcome information. These will be offset by the savings from no longer having to allocate grants and collect monitoring and evaluation information (as they would under option 0). They will derive ongoing benefits from being able to target resources better at services that provide the outcomes they want.
36. The net impact on the VCSE sector is more ambiguous. A focus on specified victim needs and measurement of outcomes is likely to result in a reallocation of funding amongst providers. The net effect of this will probably be zero, with the losses of those whose funding is reduced being offset by the gains to others.³ It may also impose additional administrative burdens, at least in the short term. On the other hand, providers may value having better information about the effectiveness of their services.
37. These benefits are sensitive to a number of factors:
- the extent to which the needs prioritised by the government/commissioners impact on victims' overall well-being;
 - the extent to which the measurement tool accurately captures the impacts of services on victims. If, for example, some types of impact proved harder to measure than others, funding might be redistributed inefficiently, or providers might stop providing services that are actually valuable;
 - the extent to which the Commissioning Framework would need to compromise between the needs of different types of victims to reach a meaningful single set of outcomes and categories of need for the whole victim services sector. The benefits may also depend on the breadth of victims' groups involved in the development of the definitions of need and/or measurement tool;
 - the extent to which providers currently undertake activities that best promote the desired outcomes. This will affect how much potential there is to improve outcomes by setting them as explicit objectives;
 - the feasibility of developing meaningful numerical (or at least straightforwardly-comparable) measurements of the impact of services on outcomes for victims. This will affect how much opportunity there will be to identify, and reallocate resources to, more cost-effective providers;
 - the size of the administrative burdens (both transitional and on-going) of measuring outcomes, and the extent to which any framework selected will be adopted by funding bodies other than the MoJ (or those it might appoint as commissioners in future);

³ We cannot be certain of this, however. There is evidence to suggest that voluntary organisations' income from government may influence their income from other sources – and that this effect may be positive or negative (see, e.g., Andreoni and Payne (WP, 2010) and Andreoni and Payne (AER, 2003) for empirical evidence, discussion and further references)

- the way in which MoJ funding for victims' services is allocated. Proposals to move to a locally-led commissioning model are included in this consultation. This is relevant for two main reasons;
 - Firstly, if this change occurs, there will be more reliance on local democratic accountability for ensuring good funding decisions, so the value of a clear, public set of criteria for allocating funding and assessing performance is likely to be higher;
 - Secondly, local commissioners may make different decisions in different areas. It is possible that not all commissioners will decide to base funding decisions on the Commissioning Framework. Even if they do, there is the potential for differences not only with respect to which needs to prioritise, but also, for example, how the measurement and achievement of outcomes are incorporated into funding agreements with providers. The impact of the proposals in this Impact Assessment may therefore differ between areas;

Summary of Options

38. Under the “do nothing” option – option 0 - providers would continue to deliver services with government funding without requirements to demonstrate their impact on victims and without a consistent set of criteria to determine whether services met relevant and legitimate needs. In light of the net impacts set out above, we think that option 1:

- a) introducing a set of categories that describe needs that may inhibit a victim's coping, and
 - b) developing a means of measuring the impact of support services on victims
- is preferable.

Specific Impact Tests

Statutory equality duty

A separate Equality Impact Assessment has been published.

Competition Assessment

Does the proposal:

Directly limit the number or range of suppliers (or providers)? No

Indirectly limits the number or range of suppliers (e.g. by altering demand)? Possibly.

We propose to implement the Commissioning Framework along with locally-led commissioning of services which will target support services at those victims of crime most in need. We propose to do this to increase competition in the delivery of victim and witness services. The proposals should give a diverse range of providers, from all sectors and of all sizes, the chance to compete for services. However, some providers might not be able to show that they are effective at helping victims cope and recover from the effects of crime and so may no longer get funding and may no longer be able to continue. This might reduce the number of providers. However, it is also possible that new providers might be encouraged to enter the sector if the criteria for accessing funding are clearer. Also it might reduce the range of providers in that if the provider focuses on a group of victims that do not have the greatest need, they will not get funding and may not be able to continue provision. Again, though, we cannot be sure whether this will happen.

Limit the ability of suppliers to compete? Possibly

Providers currently have to meet different criteria for different grant schemes. We propose that the Commissioning Framework will be used by locally-led commissioners and so it will be clear to providers of services for victims what standards they need to achieve to obtain funding. This should help some providers enter the competition, but others may not be able to compete if they cannot afford to change their systems to monitor outcomes. We do not expect this to affect many, if any, providers. A key objective of the development process is to produce a monitoring system that keeps bureaucracy to a minimum and is proportionate to the scale and type of organisations in the sector. We would welcome consultees views on how best to achieve this.

Limit suppliers' incentives to compete vigorously? No.

Small Firms Impact Test

Some providers of services for victims are businesses so the Commissioning Framework will apply to businesses, including small businesses, who wish to provide support services to victims of crime. However, we do not have evidence on the number of providers of services to victims of crime that are businesses or whether they are micro, small, medium or large businesses. We therefore can not be sure whether the impact is likely to fall on a disproportionate number of small businesses compared to their representation in the private sector as a whole.

It would not be appropriate to exempt small businesses from the Commissioning Framework as the Framework will be used to satisfy commissioners, providers, victims and tax payers that limited resources are being spent on those services which do the most to help the vulnerable cope with, and recover from, the effects of crime. However, we will include providers who are small businesses in the discussions to develop the Framework and we will ensure that the Framework is not too prescriptive, bureaucratic or disproportionate to the scale and type of organisations which are likely to provide the majority of support services for victims.

Greenhouse gas assessment

Not applicable as the proposals has no impact upon the emission of Greenhouse Gases.

Wider Environmental issues

Not applicable as the proposals have no impact upon the environment.

Health and Well-being Impact Assessment

Not applicable as the proposals have no negative impact upon lifestyle, health or social care services.

The provision of effective support to victims of crime, at the point of need should have a positive impact upon the health and lifestyle of victims and reduce the need for social care.

Human Rights

The proposals are compliant with the Human Rights Act (1998).

Justice Impact Test

The overall impact on the Justice System is outlined in the evidence base of this Impact Assessment.

Rural proofing

Not applicable as the proposals have no significant impact upon the rural environment.

Sustainable Development

Not applicable as the proposals have no significant impact upon sustainable development.

Privacy Impact Test (an MoJ Specific Impact Test)

Not applicable.

Annex 1: Post Implementation Review (PIR) Plan

<p>Basis of the review:</p> <p>There will be an initial period of support for users of the framework both prior to and in the first 6 months following full implementation on 1 April 2014. It is then intended to begin a review against the policy objectives a year prior to the end of that spending review period to ensure that they are being met. Any necessary amendments can then be made in readiness for the next commissioning round.</p>
<p>Review objective:</p> <p>The objective of the review is to ascertain whether the policy has had the expected positive impacts on the affected groups outlined in the Impact Assessment.</p>
<p>Review approach and rationale:</p> <p>The intention is to review the impact of the proposal on all affected groups outlined in the Impact Assessment. This is likely to take the form of an Impact Evaluation. This will include reviewing the actual impact of the proposals on VCSE providers of victims' services and commissioners of services and victims as a scan of stakeholder views.</p>
<p>Baseline:</p> <p>The baseline position is the funding and delivery arrangements set for the current spending review period.</p>
<p>Success criteria:</p> <p>An evidence base of effective support for victims of crime. Positive local response from victims and the wider public.</p>
<p>Monitoring information arrangements:</p> <p>These will be developed as part of the overarching local commissioning model. Local commissioners will have responsibility for ensuring funded service providers are following and recording achievement against the framework.</p>
<p>Reasons for not planning a PIR:</p> <p>N/A</p>

Title: Commissioning Victim Services IA No: MoJ131 Lead department or agency: Ministry of Justice Other departments or agencies: Police and Crime Commissioners	Impact Assessment (IA)		
	Date: 30/01/2012		
	Stage: Consultation		
	Source of intervention: Domestic		
	Type of measure: Other		
Contact for enquiries: victimsconsultation@justice.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?
N/Q	N/Q	N/Q	No NA

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

Currently the majority of central government funding for services to victims is distributed as grants in a piecemeal way and to a small number of organisations. This does not allow for sufficient measurement and quality assurance of services and providers. Also we do not know whether the current funding allocations target those victims (geographically, demographically, by crime type) who are most in need of support. The government has been criticised by victims' groups and the Commissioner for Victims and Witnesses for trying to provide universal services to victims who may not want or need them instead of targeting services to those who really need them. Only the government can change the way it allocates the money it provides for victim services.

What are the policy objectives and the intended effects?

The objectives are to:

1. Ensure services are targeted towards those most in need of support and meet their individual needs
2. Ensure services meet the different needs of communities across England & Wales
3. Ensure specialist services for victims of particular types of crime and low-volume crime are available when and where required
4. Make it easier for victims and the public to hold funders and providers to account for delivering effective support
5. Enable victims and victims' interest groups to have a say in what services should be provided locally
6. Encourage partnership working so the funding of victim services from various sources is joined up/avoids duplication

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: Appoint prime contractors to commission services for victims on behalf of the Ministry of Justice (MoJ).

Option 2: Have services for victims commissioned regionally by a partnership of local bodies (e.g. the local authorities for the region) on behalf of the MoJ.

Option 3: Have services for victims commissioned locally by: (i) Local Authorities, (ii) the voluntary sector, (iii) criminal justice agencies, (iv) Community Safety Partnerships OR (v) Police and Crime Commissioners.

Option 4: Locally led commissioning: combine the national and local approaches to commissioning, with specialist, low-volume services commissioned nationally and other services commissioned locally by: (i) Local Authorities, (ii) the voluntary sector, (iii) criminal justice agencies, (iv) Community Safety Partnerships OR (v) Police and Crime Commissioners.

Option 4 (v) is the **preferred option** as it best meets the policy objectives outlined above including ensuring that specialist services for low volume crime are still available and commissioned in a cost-effective way.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 06/2017					
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 No	< 20 No	Small No	Medium No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded: N/Q	Non-traded: N/Q

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:

Summary: Analysis & Evidence

Policy Option 1

Description: Prime contractor commissioning of support services for victims of crime

FULL ECONOMIC ASSESSMENT

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

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Not Quantified (N/Q)	N/Q	N/Q
High	N/Q	N/Q	N/Q
Best Estimate			

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

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

Prime contractors: costs of research into victims' needs, contracting with and monitoring service providers
Ministry of Justice: cost of selecting, contracting with and monitoring prime contractors; any costs associated with developing a formula to allocate funding between (geographical or other) areas covered by different contracts
Providers of support services to victims of crime: cost of providing application and monitoring information to Prime Contractors; reduced total amount spent on services; reduction in funding to providers the Prime Contractor assesses as not providing good services to victims most in need
Victims: reduction in total amount spent on services; reduction in amount spent on services for victims considered low need; (optional) costs of engaging with the Prime Contractor

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

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

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

Prime contractors: opportunity to shape the design of services; funding for the costs of commissioning (possibly capped at a proportion of the overall budget).
Providers of support services to victims of crime: possible reduction in number of different funding streams to apply to; increase in funding to providers assessed as providing good services to victims most in need.
Victims: Increase in the amount spent on services for victims considered high need; improvement in service design and quality due to better research, contracting and monitoring

Key assumptions/sensitivities/risks

Discount rate (%) N/A

The key assumptions and sensitivities are that:

- the contract between the MoJ and Prime Contractors will provide the right incentives for the Prime Contractor
- Prime Contractors will be able to gather good information on the needs of victims and the quality of services at a reasonable cost.
- services that meet the needs of victims identified by the Prime Contractors as priorities for funding either already exist, or will be expanded/set up
- more research into victim needs and a move to contracting on outcomes rather than giving grants will result in a change in the distribution of funding and the activities of service providers
- there are no additional costs for the Prime Contractors arising from monitoring or public transparency requirements

BUSINESS ASSESSMENT (Option 1)

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

Summary: Analysis & Evidence

Policy Option 2

Description: Regional commissioning of support services for victims of crime

FULL ECONOMIC ASSESSMENT

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

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Not Quantified (N/Q)	N/Q	N/Q
High	N/Q	N/Q	N/Q
Best Estimate			

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

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

Regional Commissioners: costs of research into victims' needs, contracting with and monitoring service providers
Ministry of Justice: any costs associated with developing a formula for allocating funding between regions and monitoring/accountability of commissioners

Providers of support services to victims of crime: cost of providing application and monitoring information to the relevant regional commissioner(s); reduced total amount spent on services; reduction in funding to providers the commissioner assesses as not providing good services to victims most in need

Victims: reduction in total amount spent on services; reduction in amount spent on services for victims considered low need; (optional) costs of engaging with their regional commissioner

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

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

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

Regional Commissioners: opportunity to shape the design of services; funding for the costs of commissioning (possibly capped at a proportion of the overall budget).

Providers of support services to victims of crime: possible reduction in number of different funding streams to apply to; increase in funding to those assessed as providing good services to victims most in need.

Victims: Increase in the amount spent on services for victims considered high need; improvement in service design and quality due to better research, engagement contracting and monitoring

Key assumptions/sensitivities/risks

Discount rate (%) N/A

The key assumptions and associated sensitivities/risks are that:

- the funding formula used to allocate funding between regions reflects variation in need
- the commissioner will be able to gather good information on the needs of victims and the quality of services in their region at a reasonable cost.
- services that meet the needs of victims identified by the commissioner as priorities for funding either already exist, or will be expanded/set up
- more research into victim needs and a move to contracting on outcomes rather than giving grants will result in a change in the distribution of funding and the activities of service providers
- individual regions might be unwilling to fund online/telephone services and low volume services with economies of scale. If they don't cooperate, these services might not be funded
- there are no additional costs for the commissioners arising from monitoring or transparency processes

BUSINESS ASSESSMENT (Option 2)

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

Summary: Analysis & Evidence

Policy Option 3

Description: Local commissioning of support services for victims of crime by: (i) Local Authorities, (ii) the voluntary sector, (iii) criminal justice agencies, (iv) Community Safety Partnerships OR (v) Police and Crime Commissioners

FULL ECONOMIC ASSESSMENT

Price Base Year -	PV Base Year -	Time Period Years -	Net Benefit (Present Value (PV)) (£m)		
			Low: -	High: -	Best Estimate: -
COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)	
Low	Not Quantified (N/Q)		N/Q	N/Q	
High	N/Q		N/Q	N/Q	
Best Estimate					
Description and scale of key monetised costs by 'main affected groups'					
Other key non-monetised costs by 'main affected groups'					
<p><i>Local Commissioners:</i> costs of research into victims' needs, contracting with and monitoring service providers</p> <p><i>Ministry of Justice:</i> any costs associated with developing a formula for allocating funding between local areas and monitoring/accountability of commissioners</p> <p><i>Providers of support services to victims of crime:</i> cost of providing application and monitoring information to relevant local commissioner(s); reduced total amount spent on services; reduction in funding to providers the commissioners assess as not providing good services to victims most in need</p> <p><i>Victims:</i> reduction in total amount spent on services; reduction in amount spent on services for victims considered low need; (optional) costs of engaging with their local commissioner</p>					
BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)	
Low	N/Q		N/Q	N/Q	
High	N/Q		N/Q	N/Q	
Best Estimate					
Description and scale of key monetised benefits by 'main affected groups'					
Other key non-monetised benefits by 'main affected groups'					
<p><i>Local Commissioners:</i> opportunity to shape the design of support services for victims, including joining up with other local services; funding for the costs of commissioning (possibly capped at a proportion of the overall budget).</p> <p><i>Providers of support services to victims of crime:</i> possible reduction in number of different funding streams to apply to; increase in funding to providers assessed as providing good services to the victims most in need.</p> <p><i>Victims:</i> Increase in the amount spent on services for victims considered high need; improvement in service design and quality due to better research, engagement, contracting and monitoring; opportunity to shape the design of services and hold commissioners and service providers to account.</p>					
Key assumptions/sensitivities/risks				Discount rate (%)	N/A
<p>The key assumptions and associated sensitivities/risks are that:</p> <ul style="list-style-type: none"> o the funding formula used to allocate funding between local areas reflects variation in need o the commissioner will be able to gather good information on the needs of victims and the quality of services in their area at a reasonable cost. The more expensive information gathering proves to be, either the larger the reduction in front line funding or the lower the quality of decisions. The costs may vary between sub-options, as some of the proposed commissioners may find it easier than others to gather information via (formal or informal) engagement with victims and providers, and some may have more experience of commissioning. o services that meet the needs of victims identified by the commissioner as priorities for funding either already exist, or will be expanded/set up o more research into victim needs and a move to contracting on outcomes rather than giving grants will result in a change in the distribution of funding and the activities of service providers o individual areas might be unwilling to fund online/telephone services and low volume services with economies of scale. If they don't cooperate, these services might not be funded o there are no additional costs for the commissioners arising from monitoring or transparency processes. This may vary between options; some of the proposed commissioners will have more developed existing arrangements o commissioners will devote all the funding allocated to victims' services, in line with the MoJ's objectives. 					

BUSINESS ASSESSMENT (Option 3)

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

Summary: Analysis & Evidence

Policy Option 4

Description: Locally led commissioning: combine the national and local approaches to commissioning, with specialist, low-volume services commissioned nationally and other services commissioned locally by: (i) Local Authorities, (ii) the voluntary sector, (iii) criminal justice agencies, (iv) Community Safety Partnerships OR (v) Police and Crime Commissioners.

FULL ECONOMIC ASSESSMENT

Price Base Year -	PV Base Year -	Time Period Years -	Net Benefit (Present Value (PV)) (£m)		
			Low: -	High: -	Best Estimate: -
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)	
Low	Not Quantified (N/Q)		N/Q	N/Q	
High	N/Q		N/Q	N/Q	
Best Estimate					
Description and scale of key monetised costs by 'main affected groups'					
Other key non-monetised costs by 'main affected groups'					
<p><i>Commissioners (Local and National):</i> costs of research into victims' needs, contracting with and monitoring service providers</p> <p><i>Ministry of Justice:</i> any costs associated with developing a formula for allocating funding between local areas and monitoring/accountability of commissioners</p> <p><i>Providers of support services to victims of crime:</i> cost of providing application and monitoring information to relevant national or local commissioner(s); reduced total amount spent on services; reduction in funding to those providers the commissioners assess as not providing good services to the victims most in need</p> <p><i>Victims:</i> reduction in total amount spent on services; reduction in amount spent on services for victims considered low need; (optional) costs of engaging with commissioners</p>					
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)	
Low	N/Q		N/Q	N/Q	
High	N/Q		N/Q	N/Q	
Best Estimate					
Description and scale of key monetised benefits by 'main affected groups'					
Other key non-monetised benefits by 'main affected groups'					
<p><i>Commissioners (Local and National):</i> opportunity to shape the design of services; funding for the costs of commissioning (possibly capped at a proportion of the overall budget); reduction in duplication of commissioned services.</p> <p><i>Providers of support services to victims of crime:</i> possible reduction in number of different funding streams to apply to; increase in funding to providers assessed as providing good services to the victims most in need.</p> <p><i>Victims:</i> Increase in the amount spent on services for victims considered high need; improvement in service design and quality due to better research, engagement, contracting and monitoring; opportunity to shape the design of services and hold commissioners and providers to account.</p>					
Key assumptions/sensitivities/risks				Discount rate (%)	N/A
<p>The key assumptions and associated sensitivities/risks are that:</p> <ul style="list-style-type: none"> the split in funding between national and local commissioners, and the funding formula used to allocate funding between local areas reflects variation in need the commissioner will be able to gather good information on the needs of victims and the quality of services in their area at a reasonable cost. The more expensive information gathering proves to be, either the larger the reduction in front line funding or the lower the quality of decisions services that meet the needs of victims identified by the commissioner as priorities for funding either already exist, or will be expanded/set up more research into victim needs and a move to contracting on outcomes rather than giving grants will result in a change in the distribution of funding and the activities of service providers there are no additional costs for the commissioners arising from monitoring or transparency processes local commissioners will devote all the funding allocated to victims' services, in line with the MoJ's objectives. 					

BUSINESS ASSESSMENT (Option 4)

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

Evidence Base (for Summary Sheets)

Introduction

1. This impact assessment is one of a group of impact assessments to accompany the consultation on the strategy for victims and witnesses. Other impact assessments in the consultation will focus on:
 - a) An overarching impact assessment on the overall impact of all of the reforms
 - b) Changes to the victim and witness experience of the Criminal Justice System
 - c) Quality and Outcomes in Support Services
 - d) Increasing and extending the Victim Surcharge, and increasing the value of Penalty Notices for Disorder to fund victims' services
 - e) Using money raised from increasing Fixed Penalty Notices to fund victims' services
 - f) Reforms to the Criminal Injuries Compensation Scheme
 - g) Compensation for victims of overseas terrorism
2. This impact assessment focuses on the likely effects of a range of proposals for commissioning services for victims.
3. Central government spends money on a range of services for victims and witnesses of crime. In the recent tendering exercise for the General Fund an offer of an award has been made to 110 organisations for three years, covering a range of crime types and services. This should assist organisations in planning their activities to meet future demand. Funding has also recently been allocated specifically for rape support centres, support for families bereaved by homicide and victims of human trafficking.
4. The bulk of Ministry of Justice funding for victim services provided by the voluntary, community and social enterprise sector goes to Victim Support who receive core grant funding. Victim Support has, in the past, striven to offer support to all those referred by the police rather than specialising in support for those in greatest need. This means that support has been directed at those who potentially have less need for it, which is arguably inefficient and unsustainable. The British Crime Survey found that around 80% of those victims surveyed said they do not want any information, advice or support from the state, other sources such as Victim Support or from their family and friends. But of those victims who reported crimes to the police, 40% said they wanted some sort of support.¹ Currently the police are expected to refer victims to Victim Support, who then carry out a needs assessment. Victim Support received 250,000 referrals between October and December 2010 and only contacted and assessed the needs of 60% of them. Only 33% of those victims required support. Information is not known about the needs of the 40% of victims Victim Support were not able to assess.²
5. Under the present approach, the majority of central government funding for services to victims is provided in a piecemeal way and to a small number of organisations. The government has been criticised by victims' groups and the Commissioner for Victims and Witnesses for trying to provide universal services to victims who may not want or need them instead of targeting services to those who really need them. Only the government can change the way it allocates the money it provides for victim services.

Problem

6. We believe there are two main problems with the current system, under which funding decisions are often taken in isolation and funding is provided in the form of grants rather than tied to outcomes:
 - a) The current funding allocation process doesn't allow for sufficient measurement and quality assurance of services that receive government funding; and

¹ British Crime Survey, 2007/8 & 2008/9 combined data; Ministry of Justice, report forthcoming

² Victim Support Scorecard 2010/11

- b) Despite ongoing work by MoJ (at the national level) to better understand and quantify the needs of victims, we cannot be sure whether the current funding allocations target those victims (geographically, demographically, or by crime type) who are most in need of support.

Rationale for intervention

- 7. The conventional economic approach to government intervention to resolve a problem is based on efficiency or equity arguments. The Government may consider intervening if there are strong enough failures in the way markets operate (e.g. monopolies overcharging consumers) or if there are strong enough failures in existing government interventions (e.g. waste generated by misdirected rules). In both cases the proposed new intervention itself should avoid creating a further set of disproportionate costs and distortions. The Government may also intervene for equity (fairness) and redistributive reasons (e.g. to reallocate goods and services to the more needy groups in society).
- 8. Government spends money on services for victims primarily for equity/fairness reasons, though there may also be efficiency benefits. In equity terms, society provides support in recognition of the fact that victims of crime can experience considerable suffering. In efficiency terms, supporting victims of crime to cope and recover is thought to reduce demand on other areas of the public sector, in particular healthcare and benefits.
- 9. Only government can change the allocation of the money it provides to victims. The rationale for the proposed changes is that the equity, and probably also the efficiency, benefits of funding for services for victims of crime will be enhanced if the funding is allocated in pursuit of more clearly specified criteria by an organisation, or organisations, with more expertise, resources and incentives to target funding at services that provide good quality support to the victims in greatest need.

Policy objectives

- 10. The policy objectives are to:
 - a) Ensure services are targeted towards those most in need of support and meet their individual needs;
 - b) Ensure services meet the different needs of communities across England and Wales;
 - c) Ensure specialist services for victims of particular types of crime and low-volume crime are available when and where required;
 - d) Make it easier for victims and the public to hold funders and providers to account for delivering effective support;
 - e) Enable victims and victims' interest groups to have a say in what services should be provided locally; and
 - f) Encourage partnership working so the funding of victim services from various sources is joined up, avoiding duplication.

Main groups affected

- 11. The following key groups are likely to be affected by the proposals:
 - a) Victims and witnesses of crime
 - b) The organisation(s) that become commissioners of support services for victims and witnesses
 - c) Voluntary, Community and Social Enterprise (VCSE) sector (a small number of which are also businesses)
 - d) Other funders of VCSE providers of services to victims
 - e) The Ministry of Justice (MoJ)

Note on territorial application

The proposals in this Impact Assessment apply to England and Wales.

Cost and Benefits

Description of policy options considered

12. Based on an initial broad review of research undertaken into various commissioning models, from within and outside government, we have identified a number of options for commissioning victims' services. At this stage, Option 4(v) has been identified as the preferred commissioning model.

Option 0 - Do nothing

Description

13. Under this option, the MoJ would continue to issue grants to services from the centre, including a Grant-in-Aid arrangement with Victim Support each year and smaller grants to a number of voluntary sector providers.
14. Because the do-nothing option is compared against itself its costs and benefits are necessarily zero, as is its Net Present Value (NPV)³.

Option 1 - Prime Contractor

Description

15. This would consist of establishing a number of contracts across England and Wales through a competitive tendering process (either by specialism or geographical area). The number would depend on which particular model is implemented. It would be open to any organisation to bid to be a Prime Contractor (PC) – though they would need to have experience and knowledge of commissioning.
16. The PCs would sub-contract to local providers and would be accountable to MoJ (and monitored through gathering information and holding regular contract reviews) for delivering services and ensuring the quality of provision and effective use of resources. They would also be responsible for managing the supply chain and supporting providers to build capacity to meet future demand for services. Every PC would be assessed regularly to ensure they are meeting the terms of their contracts.
17. One of the requirements on PCs would be to carry out research and engage with victims and victims' groups to understand the needs of victims across the area of coverage and design services to meet those needs. PCs would also be expected to show that they are prioritising services to ensure that the victims who most need support can access it quickly.

Costs

Costs to the Prime contractor

18. The prime contractor will incur staff and overhead costs associated with the commissioning process. Research costs per contractor are likely to depend on the size of the area (geographic or crime type) and the amount of research undertaken. The overall costs will depend on the number of PCs. There may be economies of scale in terms of hiring research expertise and developing methodologies, and in monitoring systems. On the other hand, it may be easier for more localised or specialised PCs to gather information through informal contacts and experience.

Costs to the MoJ

19. There will be costs of allocating and administering contracts, including monitoring performance. These will depend on the number and size of PCs.

³ The Net Present Value (NPV) shows the total net value of a project over a specific time period. The value of the costs and benefits in an NPV are adjusted to account for inflation and the fact that we generally value benefits that are provided now more than we value the same benefits provided in the future.

Costs to Providers

20. Providers who support victims across areas covered by a number of different PCs and currently only bid to a single funding stream are likely to incur additional time and resource costs because they will have to apply to several PCs, rather than submitting one application for a central funding stream. In addition, the information requested by the PC may be different to that currently collected for funding bodies.
21. As some of the overall budget will be spent by the PC on research and engagement, the total budget available for providers will be lower.
22. Some organisations will receive less funding as resources are reallocated to those assessed as providing a good service to those victims most in need of support.

Costs to Victims

23. Victims who choose to engage with PCs to support the commissioning process would incur time and travel costs, which PCs may not be able to reimburse.
24. As the PC is likely to reallocate resources to services for victims assessed as the most in need of support, other groups of victims will not receive the same level of support they would receive under option 0.
25. As some of the overall budget will be spent by the PC on research and engagement, the total amount of government money providers receive from government to spend on services for victims will be lower.

Benefits

Benefits to the Prime contractor

26. The Prime Contractors will have the opportunity to shape the design of services (this may be of particular value to existing victims groups who might become PCs).
27. The Prime Contractor will be able to spend some of the money it receives from central government on the costs of commissioning identified above (possibly capped at a proportion of the overall budget).

Benefits to Providers

28. If a provider has to bid for funding from only one PC, there is potential for savings in time and resources spent bidding to a number of different funding bodies.
29. Some organisations – those that Prime Contractors assess as providing good services to those victims most in need of support – will receive a larger share of government funding

Benefits to Victims

30. Victims most in need of support are likely to benefit as the Prime Contractors will reallocate resources to services for them.
31. The design and quality of available services may improve as a result of the Prime Contractors' research, engagement and monitoring functions (either due to reallocation of funding across organisations, or organisations reshaping their services in light of the Prime Contractors' requirements).

Assumptions, risks and sensitivities

32. There is an assumption that the contract between the MoJ and the Prime Contractors will be well-designed, so the Prime Contractors will have incentives to target resources at the victims and services the MoJ values.
33. Improvements in service quality and the targeting of resources rely on the Prime Contractors gathering good information on the needs of victims and the quality of services. There is a risk that this will turn out to be difficult and/or expensive. In this case, the quality of decisions will be lower and/or the reduction in front line funding will be larger.

34. The cost of research is likely to be sensitive to the number of Prime Contractors (as discussed above).
35. Improvements in the targeting of resources also rely on services that meet the needs of victims identified by the Prime Contractors as priorities for funding either already existing, or being expanded/set up.
36. There is an assumption that the current allocation of resources across groups of victims and provider activities could be improved upon – and therefore that more research into victim needs and a move to contracting on outcomes rather than giving grants will actually alter the distribution of funding and the activities of service providers.
37. There could be additional costs if the Prime Contractors have to produce information or analysis specifically for MoJ monitoring or any public transparency requirements.
38. There is a risk that providers only publish data that reflects positively on their performance or provide insufficient information for victims to effectively challenge them. Prime Contractors would be able to withdraw funding to organisations that did not meet monitoring requirements. This would mitigate risks only if alternative organisations existed who could receive the funding and provide services.
39. There is an assumption that victims and victims groups will be willing to engage in consultation exercises.

Option 2 - Regional Commissioning

40. As there are currently no existing regional structures which the commissioning of victims services could be incorporated into, a regional commissioning model would involve local bodies (e.g. Probation Trusts, Local Authorities, Community Safety Partnerships) coming together to commission services across regional areas. Under this option there could be up to 10 different commissioning teams (based on the number of regions) covering England and Wales. It would be up to regional commissioners to decide how they structure the process. The regional commissioners would publish data on performance of services in their areas and would be accountable to victims and the public who could use this information to challenge the performance of providers and commissioners.

Costs

Costs to the MoJ

41. The MoJ would need to devote resources to developing (and if appropriate updating) a formula to allocate funding to commissioners. There may also be costs associated with procedures for holding commissioners accountable to central government.

Costs to Regional commissioners

42. There will be staff and overhead costs associated with the commissioning process, including research into the needs of victims. Compared to national commissioning, regional commissioning may be more expensive due to a loss of economies of scale. On the other hand, depending on the organisations that form the commissioning bodies, they may be able to exploit existing knowledge of the needs of victims in their areas.

Costs to Providers.

43. Providers may need to provide more and/or different information to the regional commissioners than to current funding bodies.
44. As some of the overall budget will be spent by the regional commissioners on research and engagement, the total budget available for providers will be lower.
45. Some organisations will receive less funding as resources are reallocated to those assessed as providing a good service to victims most in need of support.

46. Providers of services for low-volume crime such as murder and manslaughter would have increased costs as would need to apply for contracts across each region.

Costs to Victims

47. Engaging with regional commissioners might mean that victims incur costs relating to time and travel, which may not be reimbursed. These costs are likely to be lower for regional than for national commissioning.
48. As the regional commissioners are likely to reallocate resources to services for victims assessed as most in need of support, other groups of victims will not receive the same level of support they would receive under option 0.
49. As some of the overall budget will be spent by the regional commissioners on research and engagement, the total amount of government money providers receive from government to spend on services for victims will be lower.
50. Victims of low-volume crime such as murder and manslaughter may or may not have services provided in their region, depending on the commissioning bodies and so they may have increased travel costs to access services.

Benefits

Benefits to Providers

51. To the extent that the commissioners make the allocation of funding less fragmentary, providers who only operate within a single region, but currently submit multiple applications for different funding streams will benefit.
52. Some organisations – those that commissioners assess as providing good services to those victims most in need of support – will receive a larger share of government funding.
53. There could be more opportunities for smaller, area-specific providers to obtain funding if it is easier to demonstrate to regional commissioners, than to national funders, that they provide services tailored to the specific needs of a region.
54. There may be some opportunities for service providers to be involved in and shape the commissioning process.

Benefits to Victims

55. Victims most in need of support are likely to benefit as the regional commissioner will reallocate resources for services to them.
56. Service design and quality may improve as a result of regional commissioners putting more resources into research, engagement and monitoring (either due to reallocation of funding across organisations, or organisations reshaping their services in light of the commissioner's requirements).

Benefits to other public services

57. Regional commissioners may be able to work with partners based at a more localised level (e.g. local authorities) to ensure that services are joined up across the region and also carry out joint commissioning where appropriate to achieve efficiencies and economies of scale.

Risks and assumptions

58. There is a risk that, due to a lack of evidence, the formula used for the initial allocation of funding between areas would not accurately reflect variation in need across areas.
59. There is an assumption that the regional commissioners will want to target resources at good services for victims most in need. Whether this is accurate is likely to depend on the choice of organisations to be the commissioners and the design of monitoring and accountability procedures

(including accountability to the public as well as to government). Unlike under a prime contractor or national commissioning model, there is little opportunity to replace the commissioner under this option. There is therefore quite heavy reliance on public accountability mechanisms proving effective. At least part of the public accountability mechanism may be via links to (sub-regional) local bodies and therefore outside the MoJ's control.

60. Improvements in service quality and the targeting of resources rely on the regional commissioners gathering good information on the needs of victims and the quality of services. There is a risk that this will turn out to be difficult and/or expensive. In this case, the quality of decisions will be lower and/or the reduction in front line funding will be larger. The cost of research may be different for regional than for national commissioning. There may be losses due to reduced economies of scale. On the other hand, regional commissioners may have more frontline experience and access to informal networks.
61. Improvements in the targeting of resources also rely on services that meet the needs of victims identified by the commissioners as priorities for funding either already existing, or being expanded or set up.
62. There is an assumption that the current allocation of resources across groups of victims and provider activities could be improved upon – and therefore that more research into victim needs (and a move to contracting on outcomes rather than giving grants) will actually alter the distribution of funding and the activities of service providers.
63. There could be additional costs if the commissioners have to produce information or analysis specifically for central government monitoring or public transparency requirements.
64. There is a risk that providers only publish data that reflects positively on their performance or provide insufficient information for victims to effectively challenge them. The regional commissioners would be able to withdraw funding to organisations that did not meet monitoring requirements. This would mitigate risks only if alternative organisations existed who could receive the funding and provide services.
65. There is a risk that the performance of regional commissioners will vary between regions, resulting in variation in the level and quality of support for victims across regions.
66. There is an assumption that victims and victims groups will be willing to engage in consultation exercises. It may be easier for some groups and individuals to engage at a regional than at a national level.

Option 3 – Local Commissioning by: (i) Local Authorities, (ii) the voluntary sector, (iii) criminal justice agencies, (iv) Community Safety Partnerships OR (v) Police and Crime Commissioners

67. One of the listed bodies would act as local commissioner and would work with other stakeholders to commission appropriate services for victims. Commissioning decisions would be based on these organisations' understanding of the local needs and demand for services. The number of local commissioners would vary significantly depending on which local body is given the role and what we define as 'local'. For example, there are 174 top-tier Local Authorities and 43 police force areas (including the City of London) across England & Wales. We propose to implement the new commissioning framework in full by 2014. But to manage the transition to the new model and ensure minimal disruption to service provision, we propose to transfer responsibility to local commissioners by 2013.
68. We propose that police and crime commissioners should be responsible for the commissioning process at a local level. Police and crime commissioners will be elected in November 2012 and will replace police authorities in each police force area in England and Wales. In London, the role will be performed by the elected Mayor with the establishment of the Mayor's Office for Policing and Crime. Different arrangements will apply in the City of London.
69. Most of the costs and benefits of this option are similar across the five options for the commissioners. Therefore, rather than considering each sub-option in turn, where the impacts may differ significantly between them this is noted as part of the overall analysis.

Costs

Costs to MoJ

70. The MoJ would need to devote resources to developing (and if appropriate updating) a formula to allocate funding to commissioners. There may also be costs associated with procedures for holding commissioners accountable to central government.

Costs to Local commissioners

71. Local commissioners would need to research the needs of victims and monitor and measure the performance of providers. Costs (as a proportion of the total budget available) would likely vary depending on the sub-option chosen.
- a) Commissioners covering a larger area ((iii) criminal justice agencies and (v) Police and Crime Commissioners) might have economies of scale compared to those covering smaller areas
 - b) Smaller commissioners ((i) Local Authorities, (iii) Community Safety Partnerships, and possibly (ii) voluntary sector) might have more access to information through informal contacts (either existing contacts or those developed during the commissioning process)
 - c) the different proposed commissioners might have access to different types of information and experience:
 - a) Local Authorities commission a wide range of other services already, which may reduce their costs, or improve the quality, of commissioning victims' services. They might be able to make use of existing channels of democratic engagement to gather new information. In addition, they are already responsible for supporting vulnerable people more generally
 - b) the voluntary sector may benefit from extensive first hand experience of supporting victims of crime in the local area, the services available and the practical obstacles faced by providers
 - c) criminal justice agencies have good knowledge of the profile of crime in the local area and of the criminal justice system – as well as experience of dealing with victims in the context of the justice system
 - d) community safety partnerships commission some services already. Their members (which can include representatives of the voluntary sector as well as the Local Authority, NHS, and local criminal justice agencies) also have experience of supporting victims from a variety of perspectives.
 - e) Police and Crime Commissioners may be able to use their channels of democratic engagement to gather information. It is expected that they will also have strong links with community safety partners and local government.

Costs to Providers

72. Providers may need to provide more and/or different information to the local commissioners than to current funding bodies.
73. Providers who cover more than one local area will need to submit multiple applications. National providers could need to submit a very large number of applications.
74. As some of the overall budget will be spent by the local commissioners on research and engagement, the total budget available for providers will be lower.
75. Some organisations will receive less funding as resources are reallocated to those assessed as providing a good service to those victims most in need of support.

Costs to Victims

76. Engaging with the local commissioners might mean that victims incur costs relating to time and travel, which may not be reimbursed. These costs are likely to be quite low for local commissioning.
77. As the local commissioners are likely to reallocate resources to services for victims assessed as the most in need of support, other groups of victims will not receive the same level of support they would receive under option 0.
78. As some of the overall budget will be spent by the local commissioners on research and engagement, the total amount of government money providers receive from government to spend on services for victims will be lower.

Benefits

Benefits to Providers

79. There are likely to be opportunities for service providers to be involved in and shape the commissioning process.
80. Providers of good services to victims assessed as most in need of support, including small local providers who might have difficulty applying successfully for national grants, should receive more funding.
81. Access to, and monitoring of, funding could be less bureaucratic as local commissioners would be closer to service providers and therefore need to rely less on formal processes.
82. Providers who work in one area (or in only a few areas) but currently apply to multiple funding bodies may have to submit fewer applications. The extent to which this holds may vary between the different proposed commissioners. In particular Local Authorities (option (i)) already fund some victims' services, so these funding streams could be combined with central government funding.

Benefits to Commissioners (Local and National):

83. Opportunity to shape the design of services; funding for the costs of commissioning (possibly capped at a proportion of the overall budget).

Benefits to Victims

84. Victims most in need of support are likely to benefit as the local commissioner will reallocate resources for services to them.
85. Service design and quality may improve as local commissioners will put resources into research, engagement and monitoring (either due to reallocation of funding across organisations, or organisations reshaping their services in light of the commissioner's requirements. The work of police and crime commissioners will be informed by advice from victims' advocates. These have been funded by the Home Office to examine the needs of local victims and the services currently available to them, and then to advise police and crime commissioners of what they have discovered.

86. Local commissioners would have an understanding of local issues and the services provided locally, and be in a position to work collaboratively with other statutory service providers. This could improve the responsiveness and effectiveness of support for victims. The extent to which this occurs may vary between the different proposed commissioners.
87. Police and crime commissioners are required under the Police Reform and Social Responsibility Act 2011 to obtain the views of victims of crime on their plans. Our proposals would further strengthen this link between police and crime commissioners and the victims in the force area. As is the case with local authorities, police and crime commissioners will be directly accountable to the people in their area, ensuring that they respond to local priorities.
88. The local allocation of funding could make it more likely that needs specific to a particular area are recognised and services are funded.

Benefits to other public services

89. Local commissioners will be able to work with local partners to ensure that local services are joined up and also carry out joint commissioning where appropriate.
90. We will carry out an analysis of the costs incurred by statutory services such as the NHS, social services and housing services in supporting victims and responding to their needs. We will assess the extent to which early identification of needs, with immediate referral to support, saves money downstream. Using this analysis, we will make the case for funding to be pooled into the commissioning model from a number of sources.
91. Different proposed commissioners have different strengths in terms of the ability to join up different sources of local provision to deliver efficient, effective services for victims.
92. Local Authorities commission a wide range of services that victims might need already such as social housing, social care, children's services. They are represented on a number of bodies that commission services locally such as Local Safeguarding Children Boards and Community Safety Partnerships. They therefore already have relationships with some of the organisations that they will need to work closely with to ensure that local services are joined up and also carry out joint commissioning where appropriate.
93. Some voluntary sector organisations, such as Victim Support, already have built up relationships with the criminal justice agencies, Local Authorities and CSPs. Some have also attracted funding for services from the Department of Health. The VCSE will need to build upon these relationships and forge closer links with other local partners that currently commission services that victims might need, such as health services, if they are to ensure that local services are joined up and carry out joint commissioning where appropriate.
94. Criminal justice agencies, particularly the police, are represented on a number of bodies that commission services locally that victims might need. They would need to further build on these relationships and establish relationships with other local commissioners of services that victims might need such as health services to ensure that local services are joined up and to carry out joint commissioning where appropriate.
95. Community safety partnerships commission some local services already. Their members (which can include representatives of the voluntary sector as well as the Local Authority, NHS, and local criminal justice agencies) also have experience of supporting victims from a variety of perspectives. However, the focus has been on services that reduce crime rather than services specifically for victims of crime.
96. There is a reciprocal duty in the Police Reform and Social Responsibility Act 2011 for the police and crime commissioner and the responsible authorities comprising community safety partnerships to act in co-operation with each other. There is also a duty for police and crime commissioners to cooperate with criminal justice partners. These requirements for strong collaborative work would allow police and crime commissioners to draw on the expertise of criminal justice agencies, local

authorities, and NHS primary care trusts or local health boards when commissioning support services for victims.

Risks and assumptions

97. There is a risk that the formula used for the initial allocation of funding between areas would not accurately reflect variation in need across areas.
98. There is an assumption that the local commissioners will want to target resources at good services for victims most in need. Whether this is accurate is likely to depend on the choice of organisations to be the commissioners and the design of monitoring and accountability procedures (including accountability to the public as well as to government). Unlike under a prime contractor model, there is little opportunity to replace the commissioner under options (i) Local Authority, (iii) criminal justice agencies, (iv) Community Safety Partnerships OR (v) Police and Crime Commissioners. There is therefore quite heavy reliance on public accountability mechanisms proving effective, including voters and other stakeholders being concerned about the support provided for victims, and any engagement not being dominated by the interests of one group of victims over another. (i) Local Authorities and (v) Police and Crime Commissioners have direct lines of democratic accountability. Accountability of criminal justice agencies and Community Safety Partnerships is less straightforward. An effective accountability mechanism is an essential requirement of the move to a local commissioning model.
99. Improvements in service quality and the targeting of resources rely on the local commissioners gathering good information on the needs of victims and the quality of services as well as making good commissioning decisions. There is a risk that this will turn out to be difficult and/or expensive. In this case, the quality of decisions will be lower and/or the reduction in front line funding will be larger. The cost of research may be different for local than for regional commissioning, and different under the different sub-options for local commissioning (see above).
100. Improvements in the targeting of resources also rely on services that meet the needs of victims identified by the commissioners as priorities for funding either already existing, or being expanded/set up.
101. There is an assumption that the current allocation of resources across groups of victims and provider activities could be improved upon – and therefore that more research into victim needs (and a move to contracting on outcomes rather than giving grants) will actually alter the distribution of funding and the activities of service providers.
102. There could be additional costs if the commissioners have to produce information or analysis specifically for central government monitoring or public transparency requirements.
103. Except for under option 3(ii) (local commissioning by the voluntary sector) there is a risk that funding will not be ring-fenced for victims' services and that commissioners will choose to spend some of the money they are allocated on other priorities, rather than victims' services. We will explore options for protecting spend on victims services and propose to identify and agree a limited, minimum set of entitlements for the most vulnerable victims which Government would expect local commissioners to fund as a priority.
104. There is a risk that providers only publish data that reflects positively on their performance or provide insufficient information for victims to effectively challenge them. The local commissioners would be able to withdraw funding to organisations that did not meet monitoring requirements. This would mitigate risks only if alternative organisations existed who could receive the funding and provide services.
105. There is a risk that the performance of local commissioners will vary between different areas, resulting in varying levels/quality of support for victims in different areas. However, it should be noted that though funding is currently allocated at national level, the system does not provide any guarantee of consistent provision across areas.

106. There is a risk that existing national services that support victims of low volume crimes (e.g. homicide) receive less funding under this model as local commissioners may not prioritise services that would be relevant to only a small number of victims in their area.
107. There is an assumption that some victims and victims' groups would wish to be consulted about decisions on future support services. It may be easier for some groups and individuals to engage at a local than at a regional or national level. The extent of victim engagement may also vary between the different proposed commissioners.

Option 4 - Locally led commissioning: combine the national and local approaches to commissioning, with specialist, low-volume services commissioned nationally. and other services commissioned locally by: (i) Local Authorities, (ii) the voluntary sector, (iii) criminal justice agencies, (iv) Community Safety Partnerships OR (v) Police and Crime Commissioners

108. This combines much of the local commissioning model set out as option 3, but specialist, low-volume services (e.g. some homicide services and national helplines) would be commissioned at national level.
109. As for option 3, most of the costs and benefits of this option are similar across the five options for the local commissioners. Therefore, rather than considering each sub-option in turn, where the impacts may differ significantly between them this is noted as part of the overall analysis.

Costs

110. The costs of this option would be qualitatively similar to those of option 3. The main difference is that the MoJ would need to make decisions as to which services to commission nationally, then the national commissioner (which might be the MoJ or might be another body) would need to research the needs of victims who might use the services that are to be commissioned nationally, contract with providers and monitor and measure their performance. This should be kept to the minimum as we propose that services will be commissioned at national level on exceptional grounds, where there is clear evidence to show that this is necessary to secure effective provision: to support the complex needs of the relatively small number of people bereaved because of murder, for example.

Benefits

111. The benefits of this option would be qualitatively similar to those of option 3.

Risks and assumptions

112. The risks and sensitivities of this option will, for the most part, be similar to those of option 3. There are two, related differences.
113. Firstly, the risk that national services that support victims of low volume crimes receive less funding because they are only relevant to a small number of victims in their area is reduced.
114. However, this is sensitive to the initial decision on which services to commission nationally and the amount of funding to retain centrally for these services. There is a risk that, due to a lack of information about victim needs, the allocation between national and local, as well as between different local areas, will not reflect victim needs.

Assessment of Net Impacts and Summary of Options

115. We do not have evidence available to allow us to quantify the impacts of the proposals. We would welcome views from consultees on ways to maximise the benefits and minimise the risks associated with the proposals.
116. Net impact on victims: overall, victims should benefit from improvements in the suitability and quality of services resulting from additional research into their needs and a more rigorous commissioning process. Offsetting this, costs of research and commissioning will reduce the amount spent on frontline services.
117. The commissioning process is also expected to shift resources toward victims most in need. This will benefit these victims, at the expense of those assessed as having less need of support. Some victims who have the greatest level of need do not get the support they require under the current system of funding services. This is due to a number of issues: the need has not been identified; the

need has been identified but waiting lists for services such as counselling mean it cannot be met when it is needed; the need has been identified but the victim is not as high a priority as some others who have the same need; the need has been identified but services are not available or do not exist to meet that need. Targeting resources at services for those in greatest need would help commissioners make best use of available resources. But for it to be a benefit for victims the assessment processes will need to be able to identify those most in need and move resources towards them. We propose to identify a limited, minimum set of entitlements for the most vulnerable victims which Government would expect local commissioners to fund as a priority.

118. Net impact on VCSE sector providers of support services: providers may benefit if a move to commissioning reduces the number of different funding streams they need to apply to. However, they will incur costs to the extent that commissioners require more or different information for applications and monitoring than current funding bodies. In addition, the commissioning process is expected to direct resources to services that are assessed as providing good quality services to victims most in need. This may result in some organisations losing government funding and others gaining, or in organisations changing their activities.
119. Net impact on the Prime Contractor/Commissioner: there will be costs associated with researching the needs of victims, contracting with service providers and then monitoring performance. These costs will be paid for out of the overall budget available for services so the net impact on the Prime Contractor or Commissioner should be zero. The Prime Contractor/commissioner may value the opportunity to shape the provision of support services, either as an end in itself. In addition, there may be potential benefits if local commissioners can make service provision more joined up and reduce duplication of commissioning services.
120. Net impact on the Ministry of Justice: the Ministry of Justice may incur costs from developing formulae to allocate money between regions/local areas or between crime types. There may also be costs associated with contracting with and subsequently monitoring Prime Contractors or holding commissioners to account. However, the Ministry of Justice currently incurs costs from allocating grant funding, so expenditure on administering funding won't necessarily be much higher than the baseline.
121. Whether commissioning is undertaken by a Prime Contractor or at regional or local level – and if at local level, who the commissioner is - may affect these costs and benefits. In particular:
 - a) There may be economies of scale associated with formal research and contracting. However, more local commissioners may have informational advantages due to better informal networks and other experience, and victims may be more likely to engage with more local commissioners.
 - b) low volume, specialist services (e.g. helplines) may be less likely to be funded by local commissioners. On the other hand, smaller organisations that deal with locally specific problems may be more likely to be funded. Option 4 (locally-led commissioning) limits this trade-off by having some services commissioned nationally and some locally.
 - c) The costs and effectiveness of monitoring commissioners (or Prime Contractors) and holding them to account are likely to vary between proposals. Options 3 and 4 (local and locally-led commissioning) are more likely to facilitate accountability to local people for local services. We think this is likely to be particularly true for options 3(i), 3(v), 4(i) and 4(v), as Local Authorities and Police and Crime Commissioners have clear lines of democratic accountability. Under the regional and Prime Contractor models, where commissioners (or other fund holders) are responsible for a larger area, there may be less incentive to engage. On the other hand, accountability to central government will be more straightforward if services are commissioned by Prime Contractors.
 - d) If commissioning occurs at a more local level, it may be easier both to join up funding from different sources and to link up support specifically for victims to other local services. We think this is likely to be particularly true if Local Authorities or police and crime commissioners are closely involved in commissioning (options 3(i), 3(v) and 4(i), and 4(v)).
122. Overall, our preferred option is option 4 (v) – most services commissioned by police and crime commissioners, and low volume, specialist services commissioned nationally. The larger area covered by police and crime commissioners means that they might be able to realise greater economies of scale than could be realised by smaller commissioners, such as local authorities. The requirement to act in co-operation with community safety partnerships and criminal justice agencies might provide police and crime commissioners with many of the advantages of covering a

smaller area, such as access to more detailed information about the local area. Finally, the public would be able to directly vote for a single person to represent the needs of victims in their area. This would not be possible with the other options for commissioner.

3. Enforcement and Implementation

We propose that the changes to commissioning of services for victims will be fully implemented on 1 April 2014. MOJ will monitor nationally whether services meet the needs of victims and provide additional support and guidance to local commissioners during the bedding in period. We propose to implement the new commissioning framework in full by 2014. But to manage the transition to the new model and ensure minimal disruption to service provision, we propose to transfer responsibility to local commissioners by 2013. They will manage the final year of payments to service providers under the current funding model in 2013. This will give commissioners the opportunity to establish relationships with service providers in their local areas at an early stage and begin the process of assessing the needs of local victims, mapping services and planning how to fill gaps.

4. Specific Impact Tests

Statutory equality duties

An Equality Impact Assessment is included as a separate document in this consultation.

Competition Assessment

Does the policy:

1. Directly limit the number or range of suppliers? No
2. Indirectly limit the number or range of suppliers? No.
(A locally-led commissioning model will introduce competition into the delivery of victim and witness services. We therefore expect the number and/or range of suppliers to increase.)
3. Limit the ability of suppliers to compete? No.
(By encouraging and supporting capacity and capability building within the sector we hope a more diverse range of providers, from all sectors and of all sizes, will have the opportunity to compete to run and deliver services.)
4. Reduce suppliers' incentives to compete vigorously? No

No competition assessment required.

Small Firms Impact Test

Some providers of services for victims are businesses so locally-led commissioning will apply to businesses, including small businesses, who wish to provide support services to victims of crime. However, we do not have evidence on the number of providers of services to victims of crime that are businesses or whether they are micro, small, medium or large businesses. We therefore can not be sure whether the impact is likely to fall on a disproportionate number of small businesses compared to their representation in the private sector as a whole.

It would not be appropriate to exempt small businesses from locally-led commissioning as this will be the means of them seeking and obtaining government funding. Along with the outcomes-based commissioning framework it will be the means by which commissioners, providers, victims and tax payers can be satisfied that limited resources are being spent on those services which do the most to help the vulnerable cope with, and recover from, the effects of crime. However, we will include providers who are small businesses in the discussions to develop the outcomes-based commissioning framework and we will ensure that it is not too prescriptive, bureaucratic or disproportionate to the scale and type of organisations which are likely to provide the majority of support services for victims.

Greenhouse Gas Assessment

Not applicable as the proposals have no impact upon the emission of Greenhouse Gases.

Wider Environmental Issues

Not applicable as the proposals have no impact upon the environment.

Health and Well-being Impact Assessment

- Will your policy have a significant impact on human health by virtue of its effects on the wider determinants of health? : Income; crime; environment; transport; housing; education; employment; agriculture; social cohesion. No.
- Will there be a significant impact on any of the following lifestyle related variables: Physical activity; diet; smoking; drugs or alcohol use; sexual behaviour; accidents and stress at home or work? No
- Is there likely to be a significant demand on any of the following health and social care services?: Primary care; community services; hospital care; need for medicines; accident or emergency attendances; social services; health protection and preparedness response. No

No health impact assessment required. The provision of effective practical and emotional support to those who suffer the impact of serious crime, the most vulnerable and those who suffer the serious cumulative impact of persistently targeted low-level crime, at the time when most needed can be expected to have a positive effect on health and the wider determinants.

Human Rights

The proposals are compliant with the Human Rights Act (1998).

Justice System Assessment

Justice Impact Test completed. No expected impact on justice system.

Rural proofing

The preferred option of a combination of national and local commissioning of services for victims should help improve the availability of services in rural areas. The proposal that services for victims of homicide and other low volume crimes to be commissioned nationally should enable rural areas to still have access to these services. If the commissioning of these services was devolved to the local level there may be little need for the services locally and so they would not be seen as a priority and not provided. The proposal to devolve the commissioning of services to local areas for other victims of crime should enable services to be designed to reflect and meet local needs. This should benefit victims in rural areas who may have very different needs to those in inner city areas. Local commissioners will need to seek the views of victims locally but may decide to use different means to do so in rural areas to reduce the costs to victims of travel. The overall strategy for victims and witnesses involves directing funding to those victims who have suffered the greatest impact from crime, the most vulnerable, and those who are persistently targeted. These groups may not be concentrated in rural areas and so within a local area resources may be focused on inner city areas where these groups may be more concentrated. But it will be for local commissioners to ensure that those victims who have suffered the greatest impact from crime, the most vulnerable, and those who are persistently targeted in rural areas have access to the services that they need.

Sustainable Development

The proposed preferred option in this Impact Assessment is consistent with the principles of sustainable development. In particular, the proposal should lead to a sustainable economy and a healthy and just society.

Privacy Impact Test

Not applicable as no impact expected on privacy.

Annexes

Annex 1: Post Implementation Review (PIR) Plan

<p>Basis of the review:</p> <p>There will be an initial period of training and support for the new commissioners from the point at which they are appointed. It is then intended to begin a review against the policy objectives a year prior to the end of that spending review period to ensure that they are being met. Any necessary amendments can then be made in readiness for the next commissioning round.</p>
<p>Review objective:</p> <p>The objective of the review is to ascertain whether the policy objectives have been met, that the expected positive impacts on the affected groups outlined in the Impact Assessment have been realised, and identified/unintended negative impacts have been mitigated/limited.</p>
<p>Review approach and rationale:</p> <p>The intention is to review the impact of the proposal on all affected groups outlined in the Impact Assessment. This is likely to take the form of an Impact Evaluation. This will include reviewing the actual impact of the proposals on VCSE providers of victims' services and commissioners of services and victims as a scan of stakeholder views.</p>
<p>Baseline:</p> <p>The baseline position is the funding and delivery arrangements set for the current spending review period.</p>
<p>Success criteria: Services provided to victims by the VCSE sector will be more effective and efficient and:</p> <ul style="list-style-type: none">• they are targeted towards those most in need of support and meet their individual needs;• providers are more accountable to victims and the public for delivering effective support;• victims and victims interest groups have a say in what services should be provided;• there are more providers of good quality services;• other funding for services for victims is focused on local needs.
<p>Monitoring information arrangements:</p> <p>These will be developed as part of the overarching local commissioning model. We anticipate that local commissioners will provide MOJ with annual data on the effectiveness of support provision based on achievement against outcomes (see Quality and Outcomes IA) and feedback sought from victims, victims groups, providers and the wider public.</p>
<p>Reasons for not planning a PIR: N/A</p>

Title: Proposals to increase and extend the Victim Surcharge IA No: MoJ132 Lead department or agency: Ministry of Justice Other departments or agencies: HM Courts and Tribunals Service	Impact Assessment (IA)		
	Date: 30/01/2012		
	Stage: Consultation		
	Source of intervention: Domestic		
	Type of measure: Secondary Legislation		
Contact for enquiries: victimsconsultation@justice.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?
£70m - £130m	-	-	No
			NA

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

Despite an original intention to apply the Victim Surcharge to other court disposals and fixed penalty notices, since its introduction in 2007 the Surcharge has only been ordered on fines. It is ordered at a flat rate on all fines, and this rate has not been changed since 2007 despite inflation. It is both right and important that offenders contribute more to the cost of supporting victims.

What are the policy objectives and the intended effects?

It is a priority of the Government that offenders bear a greater proportion of the costs incurred by the state in supporting victims of crime. The proposed increase and extension of the Victim Surcharge will ensure a greater percentage of offenders contribute to the cost of support services. Extending to disposals other than fines will make the application of the Victim Surcharge more equitable across offenders.

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:** Extend the Surcharge to conditional discharges at a flat rate of £15.
- Option 2:** Increase the value of the Surcharge on fines to £20 or 10% of the value of the fine, whichever is larger, with a £120 maximum Surcharge level that can be ordered.
- Option 3:** Extend the Surcharge to adult community sentences at a flat rate of £60.
- Option 4:** Increase the value of Penalty Notices for Disorder (PNDs) by £10 and use the revenue from the increase for the same purpose as the Surcharge.
- Option 5:** Extend the Surcharge to custodial sentences, including suspended sentences, at £80 for sentences of 6 months and below; at £100 for sentences of over 6 months and up to an including 2 years; at £120 for sentences over 2 years.
- Option 6:** Extend the Victim Surcharge to juvenile offenders, for conditional discharges at £10, for fines and community sentences (including youth rehabilitation orders and referral orders) at £15 and for custodial sentences (including suspended sentences) of any length at £20.
- Option 7:** Implement all of options 1 – 6.

Option 7 is the preferred option.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 10/2015

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

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: _____

Summary: Analysis & Evidence

Policy Option 1

Description: Extend the Surcharge to conditional discharges at a flat rate of £15

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
2011/12	2011/12	10	Low: 4	High: 6	Best Estimate: -

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Not Quantified	N/Q	N/Q
High	N/Q	N/Q	N/Q
Best Estimate			

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

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

CPS (and other prosecutors): Possible reduction in revenue from costs ordered against defendants.
MoJ (HMCTS): Increase in administrative costs and possible increase in enforcement workload/costs.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (Afterexcl. Transition) (Constant)	Total Benefit (Present Value)
Low	0	0.5	4
High	1	1	6
Best Estimate	-	-	-

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

Victims: increase in revenue for victims' services estimated at £0.5m - £1m per year.

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

Victims: victims may also value offenders taking greater responsibility for their crimes and doing more to repair the damage caused.
Providers (and potential providers) of support services for victims and witnesses: providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.
Wider society: benefit of offenders making greater recompense to victims and a fairer application of the Surcharge across a range of disposals.

Key assumptions/sensitivities/risks	Discount rate (%)
<p>The additional revenue for victims' services comes from offenders. The welfare of offenders is assumed to have a weight of zero so costs to them of higher impositions are not recorded as impacts.</p> <p>The impact on victims is sensitive to the payment rate and the number of offenders given conditional discharges. We assume a payment rate of 65%. This is highly uncertain. We also assume the number of offenders given conditional discharges remains at the level recorded in 2010. This could vary, including if the Surcharge has a deterrent effect. Our lower estimate is based on optimism bias of 20%. We assume the proposal takes 6 – 18 months to have its full impact.</p> <p>The cost to the CPS and other prosecutors is sensitive to the impact of the Surcharge on the amount of costs ordered by sentencers and on the proportion of offenders who comply with their cost orders. It is also sensitive to the response of HMCTS to any increase in non-compliance.</p> <p>The impact on MoJ (HMCTS) depends on the proportion of offenders who comply with their Surcharge, and the impact of the Surcharge on the proportion of offenders who comply with their cost order. It also depends on resourcing decisions. There will only be a direct cost if additional resources are put into enforcement as a result.</p> <p>The impacts of the proposal are sensitive to any independent changes in enforcement practices by HMCTS. The impacts of the proposals are also sensitive to independent changes in the use of compensation orders by sentencers.</p>	3.5

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: -	No	NA
Benefits: -		
Net: -		

Summary: Analysis & Evidence

Policy Option 2

Description: Set the Victim Surcharge on fines at £20 or 10% of the value of the fine, whichever is larger, with a £120 maximum Surcharge level

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m) (to nrst £5m)		
2011/12	2011/12	10	Low: 0	High: 35	Best Estimate:

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value) (to nrst £5m)
Low	0	2	0	0
High	6		5	40
Best Estimate				

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

MoJ/HM Treasury/CPS (and other prosecutors): Reduction in combined revenue from fines and costs ordered against defendants of up to £5m per year

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

MoJ (HMCTS): Increase in enforcement workload

MoJ (NOMS): Possible increase in number of fine and Surcharge defaulters sent to prison

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (After Transition) (Constant Price)	Total Benefit (Present Value) (to nrst £5m)
Low	1	2	4	30
High	6		5	40
Best Estimate				

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

Victims: increase in revenue for victims' services estimated at £4m - £5m per year

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

Victims: victims may also value offenders taking greater responsibility for their crimes and doing more to repair the damage caused

Providers (and potential providers) of support services for victims and witnesses: providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.

Wider society: benefit of offenders making greater recompense to victims

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

The additional revenue for victims' services comes from offenders. The welfare of offenders is assumed to have a weight of zero so costs to them of higher impositions are not recorded as impacts.

The impact on victim is sensitive to the payment rate and the number of offenders given fines. We assume **the payment rate for the increased Surcharge is 65%**. This is uncertain. We also assume the number of people given fines and the distribution of fine values remain at 2010 levels. This could vary, including if the Surcharge has a deterrent effect. Our lower estimate is based on optimism bias of 20%. We assume the proposal takes 6 – 18 months to have its full impact.

The cost to the CPS and other prosecutors is sensitive to the impact of the Surcharge on the amount of costs ordered by sentencers and on the proportion of offenders who comply with their cost orders. It is also sensitive to the response of HMCTS to any increase in non-compliance.

The impact on fine revenue to the MoJ and HM Treasury is sensitive to the impact of the Surcharge on the amount of fines ordered by sentencers and on the proportion of offenders who comply with their fines. It is also sensitive to the response of HMCTS to any increase in non-compliance.

The impact on MoJ (HMCTS) depends on the proportion of offenders who comply with their Surcharge, and the impact of the Surcharge on the proportion of offenders who comply with their cost order. It also depends on resourcing decisions. There will only be a direct cost if additional resources are put into enforcement.

The impacts of the proposal sensitive to any independent changes in enforcement practices by HMCTS.

The impacts of the proposals are also sensitive to independent changes in the use of compensation orders.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: -	Benefits: -	Net: -	No	NA

Summary: Analysis & Evidence

Policy Option 3

Description: Extend the Victim Surcharge to adult Community Sentences at a fixed rate of £60

FULL ECONOMIC ASSESSMENT

Price Base Year 2011/12	PV Base Year 2011/12	Time Period Years 10	Net Benefit (Present Value (PV)) (£m) (to nrst £5m)		
			Low: 30	High: 40	Best Estimate:

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Not Quantified		N/Q	N/Q
High	N/Q		N/Q	N/Q
Best Estimate				

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

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

MoJ/HM Treasury/CPS (and other prosecutors): Possible reduction in fine and court cost revenue
 MoJ (HMCTS): Increase in administrative costs and in enforcement workload
 MoJ (NOMS): Possible increase in the number of individuals given a Community Sentence who are then sent to prison for defaulting on financial and Surcharge elements of the sentence

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (After Transition) (Constant Price)	Total Benefit (Present Value) (to nrst £5m)
Low	1	2	4	30
High	6		5	40
Best Estimate	-		-	-

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

Victims: increase in revenue for victims' services estimated at £4m - £5m per year

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

Victims: victims may also value offenders taking greater responsibility for their crimes and doing more to repair the damage caused
 Providers (and potential providers) of support services for victims and witnesses: providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.
 Wider society: benefit of offenders making greater recompense to victims and a fairer application of the Surcharge across a range of disposals

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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The additional revenue for victims' services comes from offenders. The welfare of offenders is assumed to have a weight of zero so costs to them of higher impositions are not recorded as impacts.
 The impact on victims is sensitive to the payment rate and the number of offenders given adult community sentences. **We assume the payment rate for the Surcharge is 60%.** This is highly uncertain. We also assume the number of people given adult community sentences remains at 2010 levels. This could vary, including if the Surcharge has a deterrent effect. Our lower estimate is based on optimism bias of 20%. We assume the proposal takes 6 – 18 months to have its full impact.
 The cost to the CPS and other prosecutors is sensitive to the impact of the Surcharge on the amount of costs ordered by sentencers and on the proportion of offenders who comply with their cost orders. It is also sensitive to the response of HMCTS to any increase in non-compliance.
 There may be an impact on fine revenue to the MoJ and HM Treasury as a small number of offenders receive a fine and a community order. The larger of the two possible Surcharges would be applied, and would take priority for payment over the fine. This impact is sensitive to the effect of a larger Surcharge on compliance with fines. It is also sensitive to the response of HMCTS to any increase in non-compliance.
 The impact on MoJ (HMCTS) depends on the proportion of offenders who comply with their Surcharge, and the impact of the Surcharge on the proportion of offenders who comply with their cost order. It also depends on resourcing decisions. There will only be a direct cost if additional resources are put into enforcement.
 The impacts of the proposal sensitive to any independent changes in enforcement practices by HMCTS.
 The impacts of the proposals are also sensitive to independent changes in the use of compensation orders.

BUSINESS ASSESSMENT (Option 3)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: -	Benefits: -	Net: -	No	NA

Summary: Analysis & Evidence

Policy Option 4

Description: Increase the value of Penalty Notices for Disorder by £10

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period	Net Benefit (Present Value (PV)) (£m)		
2011/12	2011/12	Years 10	Low: 5	High: 6	Best Estimate: -

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Not Quantified (N/Q)		N/Q	N/Q
High	N/Q		N/Q	N/Q
Best Estimate				

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

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

HM Treasury: if the PND payment rate falls, there will be a reduction in revenue to HM Treasury.
 MoJ (HMCTS): Possible increase in enforcement workload where PND not paid and is registered as a fine.
 Possible increase in the number of court hearings from people opting for trial rather than paying the PND.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (After Transition) (Constant Price)	Total Benefit (Present Value)
Low	-		0.5	5
High	-		0.5	6
Best Estimate	-		-	-

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

Victims: increase in revenue for victims' services estimated at £0.5m per year

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

Victims: victims may also value offenders taking greater responsibility for their crimes and doing more to repair the damage caused
 Providers (and potential providers) of support services for victims and witnesses: providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.
 Wider society: benefit of offenders making greater recompense to victims and a fairer application of the Surcharge across a range of disposals

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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The additional revenue for victims' services comes from offenders. The welfare of offenders is assumed to have a weight of zero so costs to them of higher impositions are not recorded as impacts.
 The impact on victims is sensitive to the payment rate and the number of offenders given PNDs. We **assume the payment rate for the Surcharge is 55%**. This is uncertain. Increasing PNDs may reduce the payment rate. On the other hand, we do not know how many of the PNDs that are registered as fines are, or would be, collected by HMCTS. We also assume the number of people PNDs remains at 2010 levels. This could vary, including if the increase has a deterrent effect. Our lower estimate is based on optimism bias of 20%.
 The cost to HM Treasury is sensitive to the impact of the increase in PNDs on the payment rate and to the response of HMCTS to any increase in PNDs registered as fines and not complied with.
 The impact on MoJ (HMCTS) depends on the proportion of offenders who comply with their Surcharge, and the impact of the Surcharge on the proportion of offenders who comply with their cost order. It also depends on resourcing decisions. There will only be a direct cost if additional resources are put into enforcement as a result.
 The impacts of the proposal sensitive to any independent changes in enforcement practices by HMCTS.

BUSINESS ASSESSMENT (Option 4)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: -	No	NA
Benefits: -		
Net: -		

Summary: Analysis & Evidence

Policy Option 5

Description: Extend the Surcharge to custodial sentences, including suspended sentences, at £80 for sentences of 6 months and below; at £100 for sentences of over 6 months and up to an including 2 years; at £120 for sentences over 2 year

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m) (to nrst £5m)		
2011/12	2011/12	10	Low: 30	High: 35	Best Estimate: -

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Not Quantified		N/Q	N/Q
High	N/Q		N/Q	N/Q
Best Estimate				

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

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

MoJ/HM Treasury/CPS (and other prosecutors): Possible reduction in fine and court cost revenue
 MoJ (HMCTS, NOMS): Increase in administrative costs and in enforcement workload

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (After. Transition) (Constant Price)	Total Benefit (Present Value) (to nrst £5m)
Low	1	3	5	30
High	2		6	35
Best Estimate			-	-

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

Victims: increase in revenue for victims' services estimated at £5m - £6m per year

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

Victims: victims may also value offenders taking greater responsibility for their crimes and doing more to repair the damage caused
 Providers (and potential providers) of support services for victims and witnesses: providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.
 Wider society: benefit of offenders making greater recompense to victims and a fairer application of the Surcharge across a range of disposals

Key assumptions/sensitivities/risks	Discount rate (%)
<p>The additional revenue for victims' services comes from offenders. The welfare of offenders is assumed to have a weight of zero so costs to them of higher impositions are not recorded as impacts.</p> <p>The timing of the impacts of this proposal are highly uncertain. It is not clear how long it would take for the proposals to take their full effect.</p> <p>The impact on victims is sensitive to the payment rate and the number of offenders given custodial sentences. We assume the payment rate for the Surcharge is 40% for those sentenced to immediate custody and 60% for those given suspended sentences. This is highly uncertain. Focus on collection of the Surcharge will be initially at the point of sentencing and upon release, whilst exploring options for offenders to pay while serving their sentence. We also assume the number of people given immediate custodial sentences and suspended sentences of various lengths remains at 2010 levels. This could vary, including if the Surcharge has a deterrent effect. Our lower estimate is based on optimism bias of 20%. We assume the proposal takes 30 months to have its full impact.</p> <p>The cost to the CPS and other prosecutors is sensitive to the impact of the Surcharge on the amount of costs ordered by sentencers and on the proportion of offenders who comply with their cost orders. It is also sensitive to the response of HMCTS to any increase in non-compliance.</p> <p>There may be an impact on fine revenue to the MoJ and HM Treasury as small number of offenders receive a fine and a custodial sentence. The larger of the two possible Surcharges would be applied, and would take priority for payment over the fine. This impact is sensitive to the effect of a larger Surcharge on compliance with fines. It is also sensitive to the response of HMCTS to any increase in non-compliance.</p> <p>The impact on MoJ (HMCTS) depends on the proportion of offenders who comply with their Surcharge, and the impact of the Surcharge on the proportion of offenders who comply with their cost order. It also depends on resourcing decisions. There will only be a direct cost if additional resources are put into enforcement.</p> <p>The impact of the proposal is also sensitive to the implementation of the Prisoners' Earning Act 1996 (PEA) and the measures (contained in the Legal Aid, Sentencing and Punishment of Offenders Bill currently before Parliament) to deduct earnings from a wider group of prisoners than those that could be covered by the PEA These may leave offenders less able to pay any Surcharge.</p> <p>The impacts of the proposal sensitive to any independent changes in enforcement practices by HMCTS.</p> <p>The impacts of the proposals are also sensitive to independent changes in the use of compensation orders by sentencers.</p>	3.5

BUSINESS ASSESSMENT (Option 5)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: -	Benefits: -	Net: -	No	NA

Summary: Analysis & Evidence

Policy Option 6

Description: Extend the Victim Surcharge to juvenile offenders, for conditional discharges at £10, for fines and community sentences (including youth rehabilitation orders and referral orders), at £15 and for custodial sentences (including suspended sentences) of any length at £20.

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
2011/12	2011/12	10	Low: 3	High: 4	Best Estimate: -

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Not Quantified	2	N/Q	N/Q
High	N/Q		N/Q	N/Q
Best Estimate				

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

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

MoJ/HM Treasury/CPS (and other prosecutors): Reduction in fine and/ court cost revenue
 MoJ (HMCTS): Increase in administrative costs and in enforcement workload
 Local Authorities: Will often be responsible for paying the Surcharge for juvenile offenders in their care
 Parents of juvenile offenders under 16: Will generally be responsible for paying the Surcharge imposed on their child

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (After Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	2	0.5	3
High	0.5		0.5	4
Best Estimate				

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

Victims: increase in revenue for victims' services estimated at £0.5m per year.

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

Victims: victims may also value offenders taking greater responsibility for their crimes and doing more to repair the damage caused
 Providers (and potential providers) of support services for victims and witnesses: providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.
 Wider society: benefit of offenders making greater recompense to victims and a fairer application of the Surcharge across a range of disposals

Key assumptions/sensitivities/risks	Discount rate (%)
<p>The additional revenue for victims' services comes from offenders. The welfare of offenders is assumed to have a weight of zero so costs to them of higher impositions are not recorded as impacts.</p> <p>The timing of the impacts of this proposal are highly uncertain. It is not clear how long it would take for the proposals to take their full effect.</p> <p>The impact on victims is sensitive to the payment rate and the number of offenders given custodial sentences. We assume the payment rate for the Surcharge 65% for those given conditional discharges, 60% for those given community sentences and 40% for those sentenced to immediate custody. These are highly uncertain. The rate for immediate custody depends in part on the extent to which money can be collected from offenders. Focus on collection of the Surcharge will be initially at the point of sentencing and upon release, whilst exploring options for offenders to pay while serving their sentence. We also assume the number of juveniles given the relevant disposals remains at 2010 levels. This could vary, including if the Surcharge has a deterrent effect.</p> <p>The cost to the CPS and other prosecutors is sensitive to the impact of the Surcharge on the amount of costs ordered by sentencers and on the proportion of offenders who comply with their cost orders. It is also sensitive to the response of HMCTS to any increase in non-compliance. The lower estimate is based on optimism bias of 20%. We assume the proposal takes 6 – 18 months to have its full impact.</p> <p>There may be an impact on fine revenue to the MoJ and HM Treasury as a small number of offenders receive a fine and a custodial or community sentence. The larger of the two possible Surcharges would be applied, and would take priority for payment over the fine. This impact is sensitive to the effect of a larger Surcharge on compliance with fines. It is also sensitive to the response of HMCTS to any increase in non-compliance.</p> <p>The impact on MoJ (HMCTS) depends on the proportion of offenders who comply with their Surcharge, and the impact of the Surcharge on the proportion of offenders who comply with a fine or cost order. It also depends on resourcing decisions. There will only be a direct cost if additional resources are put into enforcement as a result.</p> <p>The impact of the proposal is also sensitive to the implementation of the measures (contained in the Legal Aid, Sentencing and Punishment of Offenders Bill currently before Parliament) to deduct earnings from a wider group of prisoners than those that could be covered by the PEA. These may leave offenders less able to pay any Surcharge..</p> <p>The impacts of the proposal sensitive to any independent changes in enforcement practices by HMCTS.</p> <p>The impacts of the proposals are also sensitive to independent changes in the use of compensation orders by sentencers.</p>	3.5

BUSINESS ASSESSMENT (Option 6)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: -	Benefits: -	Net: -	No	NA

Summary: Analysis & Evidence

Policy Option 7

Description: Description: implement all of options 1 - 6, i.e:

- (i) Extend the Victim Surcharge to conditional discharges at a flat rate of £15
- (ii) Set the Victim Surcharge on fines at £20 or 10% of the value of the fine, whichever is larger, with a £120 maximum Surcharge level
- (iii) Extend the Victim Surcharge to adult Community Sentences at a flat rate of £60
- (iv) Increase the value of Penalty Notices for Disorder by £10
- (v) Extend the Surcharge to custodial sentences including suspended sentences, at £80 for sentences of 6 months and below; at £100 for sentences of over 6 months and up to and including 2 years; at £120 for sentences over 2 years
- (vi) Extend the Victim Surcharge to juvenile offenders, for conditional discharges at £10, for fines and community sentences (including youth rehabilitation orders and referral orders), at £15 and for custodial sentences of any length at £20.

FULL ECONOMIC ASSESSMENT

Price Base Year 2014/15	PV Base Year 2014/15	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 70	High: 130	Best Estimate:
COSTS (£m)					
	Total Transition (Constant Price)	Years	Average Annual (After Transition) (Constant Price)	Total Cost (Present Value)	
Low	0	3	0	0	
High	10		5	40	
Best Estimate					
Description and scale of key monetised costs by 'main affected groups'					
MoJ/HM Treasury/CPS (and other prosecutors): Reduction in combined fine and court cost revenue					
Other key non-monetised costs by 'main affected groups'					
MoJ: further possible reductions in fine revenue					
MoJ (HMCTS): Increase in administrative costs and in enforcement workload. Possible increase in court hearings					
MoJ (NOMS): Possible increase in number of Surcharge and financial imposition defaulters sent to prison					
HM Treasury: reduction in PND revenue, possible additional reductions in fine revenue					
CPS (and other prosecutors): Possible further reduction in court cost revenue					
BENEFITS (£m)					
	Total Transition (Constant Price)	Years	Average Annual (After. Transition) (Constant Price) (to nrst £5m)	Total Benefit (Present Value)	
Low	15	3	15	95	
High	30		20	130	
Best Estimate	-		-	-	
Description and scale of key monetised benefits by 'main affected groups'					
Victims: increase in revenue for victims' services estimated at £15m - £20m per year					
Other key non-monetised benefits by 'main affected groups'					
Victims: victims may also value offenders taking greater responsibility for their crimes and doing more to repair the damage caused					
Providers (and potential providers) of support services for victims and witnesses: providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.					
Wider society: benefit of offenders making greater recompense to victims and a fairer application of the Surcharge across a range of disposals					

Key assumptions/sensitivities/risks	Discount rate (%)
<p>The additional revenue for victims' services comes from offenders. The welfare of offenders is assumed to have a weight of zero so costs to them of higher impositions are not recorded as impacts.</p> <p>The timing of the impacts of the proposals, particularly those relating to custody, are uncertain.</p> <p>The impact on victims is sensitive to the payment rate and the number of offenders given community sentences. We assume the payment rate for the Surcharge 65% for those given conditional discharges and fines, 60% for those given community sentences and suspended sentences, 55% for those given PNDs and 40% for those sentenced to immediate custody. These are all highly uncertain. The rate for immediate custody depends in part on the extent to which money can be collected from offenders in prison. We also assume the number of offenders given the relevant disposals remains at 2010 levels. They could vary, including if the Surcharge has a deterrent effect. The lower estimate is based on 20% optimism bias. We assume the proposal relating to PNDs has an impact as soon as it is implemented, that proposals relating to conditional discharges, fines, adult community sentences and juveniles take 6 – 18 months to have their full impact, and the proposal relating to custodial sentences takes 30 months.</p> <p>The cost to the CPS and other prosecutors is sensitive to the impact of the Surcharge on the amount of costs ordered by sentencers and on the proportion of offenders who comply with their cost orders. It is also sensitive to the response of HMCTS to any increase in non-compliance.</p> <p>The impact on fine revenue to the MoJ and HM Treasury is sensitive to the effect of a larger Surcharge on compliance with fines. It is also sensitive to the response of HMCTS to any increase in non-compliance.</p> <p>The impact on PND revenue to HM Treasury is sensitive to the impact of an increase in PNDs on the payment rate.</p> <p>The impact on MoJ (HMCTS) depends on the proportion of offenders who comply with their Surcharge, and the impact of the Surcharge on the proportion of offenders who comply with a fine or cost order. It also depends on resourcing decisions. There will only be a direct cost if additional resources are put into enforcement as a result.</p> <p>The impact of the proposals relating to custody are also sensitive to the implementation of the Prisoners' Earning Act 1996 (PEA) and the measures (contained in the Legal Aid, Sentencing and Punishment of Offenders Bill currently before Parliament) to deduct earnings from a wider group of prisoners than those that could be covered by the PEA. These may leave offenders less able to pay any Surcharge.</p> <p>The impacts of all the proposals are sensitive to any independent changes in enforcement practices by HMCTS.</p> <p>The impacts of all the proposals except the increase in PNDs are sensitive to independent changes in the use of compensation orders by sentencers.</p>	3.5

BUSINESS ASSESSMENT (Option 7)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: -	Benefits: -	Net: -	No	NA

Evidence Base (for summary sheets)

Introduction

10. This impact assessment is one of a group of impact assessments to accompany the consultation on the strategy for victims and witnesses. Other impact assessments in the consultation will focus on:
 - i) An overarching impact assessment on the overall impact of all of the reforms
 - ii) Changes to the victim and witness experience of the Criminal Justice System
 - iii) Quality and Outcomes in Support Services
 - iv) Commissioning locally led victim services
 - v) Using money raised from increasing Fixed Penalty Notices to fund victims' services
 - vi) Reforms to the Criminal Injuries Compensation Scheme
 - vii) Compensation for victims of overseas terrorism
1. This Impact Assessment considers proposals to extend the Surcharge to conditional discharges; to increase the value of the Surcharge ordered on fines; to extend the Surcharge to adult community sentences; to extend the Surcharge to custodial sentences, including suspended sentences and to use additional revenue from increased PNDs for the same purposes as the Surcharge. It also considers the proposal to extend the Surcharge to all juvenile offenders.
2. Following a public consultation, a duty for the courts to order a Surcharge payable on criminal sentences was created in the Domestic Violence, Crime and Victims Act 2004. It was implemented in April 2007 at a flat rate of £15 payable on all fines, including fines imposed on juvenile offenders. The intention had always been to extend the Surcharge to other disposals including custodial sentences and community sentences, and to increase the value of penalty notices for disorder and fixed penalty notices, the additional revenue to be used to fund victims' services. Proceeds from the Surcharge are ring-fenced to fund non-financial support services for victims and families.
3. The current £15 Surcharge on fines has raised a total of £31.5million since it was introduced in 2007 and has funded Independent Domestic Violence Adviser Services, Witness Care Units, Victim Support Plus and the Victims' Fund – which covers homicide, hate crime and sexual violence services. The Surcharge raised just over £3.8million in 2007/08, £8.1million in 2008/09, £9.2million in 2009/10 and £10.5m in 2010/11.

Rationale for intervention

4. The conventional economic approach to government intervention to resolve a problem is based on efficiency or equity arguments. The Government may consider intervening if there are strong enough failures in the way markets operate (e.g. monopolies overcharging consumers) or if there are strong enough failures in existing government interventions (e.g. waste generated by misdirected rules). In both cases the proposed new intervention itself should avoid creating a further set of disproportionate costs and distortions. The Government may also intervene for equity (fairness) and redistributive reasons (e.g. to reallocate goods and services to the more needy groups in society).
5. The aim of the proposed intervention is to improve fairness in two ways. The first is to distribute the considerable financial expense of providing support to victims of crime by increasing the contribution of offenders to the costs incurred by the state in supporting victims to cope and recover. Approximately £66m is spent by central government each year on victim and witness support services. Offenders contribute only around £10m towards this total spend.
6. The second way of improving fairness is by ensuring more offenders pay a contribution towards the costs of supporting victims, with the level of contribution through the Surcharge being more proportionate to the seriousness of the sentence. Currently only offenders ordered by a court to pay a fine are ordered to pay the Victim Surcharge. Extending the range of disposals on which the Surcharge would be payable, through which offenders contribute to victims' services, at a value which is more proportionate to the sentence, will make for a fairer system. Under our

proposals offenders given PNDs (an out of court disposal) would contribute less than offenders given a conditional discharge, who in turn would contribute less than offenders fined in court, the majority of whom would contribute less than offenders given adult community sentences. Offenders subject to custodial sentences would contribute in proportion to the length of sentence handed down.

7. This is not a straightforward equity argument, since typically we do not place value on offender welfare when assessing impacts. Rather, it is based on the idea that members of society value having a justice system that delivers appropriate and proportionate penalties. At present conditional discharges, which are a less serious sentence than a fine, are not subject to the Surcharge. Fines are generally given for less serious offences than community sentences (which can only be imposed for offences for which a custodial sentence is available in statute) and smaller fines imposed for less serious offences than larger ones. Custodial sentences are imposed for the most serious offences. The current arrangements, under which the Surcharge is ordered at a flat rate on fines and is not applied at all to community sentences, custodial sentences may therefore be seen as “unjust”.

Main affected groups

8. These proposals will impact on:
 - I. Victims of crime
 - II. The Ministry of Justice (MoJ), including HM Courts and Tribunal Service (HMCTS), which is an agency of the MoJ
 - III. HM Treasury/government revenue that is not ring-fenced for victims’ services
 - IV. Providers (and potential providers) of support services for victims of crime
9. There may also be impacts on:
 - I. The Crown Prosecution Service (CPS) and potentially also on other prosecutors
 - II. The National Offender Management Service (NOMS), which is an agency of the MoJ
 - III. Wider society
10. Note that there will also be impacts on offenders (including individuals, businesses and public bodies) sentenced in court to conditional discharges, fines, community sentences and custodial sentences and given PNDs. However, impacts on offenders are not counted for the purposes of assessing the net impact of proposals. The impact on businesses is considered as part of the mandatory Competition and Small Firms specific impact tests at the end of this document. The possible effects on offenders in terms of the protected characteristics specified in the Equality Act 2010 are considered in the Equality Analysis that accompanies the consultation.

Note on territorial application

The proposals in this Impact Assessment apply to England and Wales.

Cost and Benefits

11. This Impact Assessment identifies both monetised and non-monetised impacts on individuals, groups and businesses in the UK, with the aim of understanding what the overall impact to society might be from implementing these options. The costs and benefits of each option are compared to the do nothing option. Impact Assessments place a strong emphasis on valuing the costs and benefits in monetary terms (including estimating the value of goods and services that are not traded). However there are important aspects that cannot sensibly be monetised. These might include how the proposal impacts differently on particular groups of society or changes in equity and fairness, either positive or negative.

Base Case / Option 0

12. This is the “do-nothing” scenario which involves leaving the Surcharge applied to fines at £15. Because the do-nothing option is compared against itself its costs and benefits are necessarily zero, as is its Net Present Value (NPV)¹.
13. £10.5million was raised from the £15 Surcharge on fines in 2010/11. In the same financial year, about £210million was imposed in fines, and about £160million was collected (though not all fines collected in the year will have been imposed in the same year).
14. The most recent published statistics relate to 2010, when 893,931 offenders were given a fine as their primary disposal. The average number of fines given per year over the period 2005 – 2009 was 952,785. The median fine given in 2010 was £175 and the mean fine was £223.²
15. Offenders are categorised as “individuals” and “other” offenders. This latter category covers companies and other businesses, local authorities, public bodies, etc. In 2010, 7,610 offenders in this category received fines – accounting for slightly less than 1% of all fines imposed. The average proportion of fines imposed on offenders in this category over the period 2005 – 2009 was also slightly less than 1%.

Option 1

16. To extend the Surcharge to conditional discharges (for over 18s) at a flat rate of £15. A total of 82,757 conditional discharges were given to offenders over 18 in 2010. This will allow the Surcharge on conditional discharges to remain below that proposed on fines which reflects the seriousness of the sentence compared to other disposals.

Costs of Option 1

Costs to MoJ (HMCTS)

17. We anticipate that there will be an increase in HMCTS’s administrative and enforcement workload. It is likely that a percentage of those given a conditional discharge will not comply with the order to pay a Surcharge and enforcement activity will be required. This percentage may be greater where individuals are also ordered to pay compensation and costs. We are not able to predict the exact nature or scale of this impact (see discussion below in section on net impact of option 1, sensitivities and risks).

Costs to the CPS (and other prosecutors)

18. There may be a cost to the CPS (and other prosecutors). The Surcharge takes priority over costs both at the point of sentence and in the application of payments received from the offender. The Surcharge may inhibit courts from ordering costs against the offender at all, and when they do, these might be at a lower level. The extension of the Surcharge may therefore reduce the amount of costs imposed and due to the Surcharge taking priority over discharging cost orders when received in the court there may also be reduced costs paid to the CPS and other prosecutors. Information on the value of cost orders imposed and discharged on those sentenced to conditional discharges is not available, so we are not able to estimate the likely scale of this impact.

Benefits of Option 1

Benefits to victims

19. The proposal will result in an increase in spending on services for victims. As no similar financial impositions are made on all those sentenced to conditional discharges we do not have direct information to help us to predict the likely payment rate of the Surcharge. We therefore assume as a central case that the payment rate will be similar to that for fines, which we assume to be 65%.³

¹ The Net Present Value (NPV) shows the total net value of a project over a specific time period. The value of the costs and benefits in an NPV are adjusted to account for inflation and the fact that we generally value benefits that are provided now more than we value the same benefits provided in the future.

² Criminal Justice Statistics – Quarterly Update to December 2010, MoJ

³ See discussion in the section on **Costs of Option 2** below

20. In 2010, 82,757 conditional discharges were given to offenders over 18. On this basis, our central estimate of additional revenue for victims' services from this proposal is £1m (to the nearest £0.5m). As there is considerable general uncertainty around the impact of these proposals, we also calculate a lower estimate based on applying 20% optimism bias. To the nearest £0.5m, therefore, we estimate a range of £0.5m - £1m.
21. We assume it will take 6 – 18 months for the proposal to have its full impact. The average time from offence to sentencing is around 6 months.⁴ In at least some cases there will then be a further delay before the Surcharge is collected.
22. In addition, victims may value offenders given a conditional discharge taking greater responsibility for their crimes and doing more to repair the damage caused.

Benefits to providers and potential providers of support services

23. Providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.

Benefits to wider society

24. If the extension is perceived by the public as bringing the system closer to one in which all offenders pay for their actions, there may be benefits in terms of fairness/public confidence in the justice system

Net Impact of Option 1, sensitivities and risks

25. We expect this proposal to increase the amount of revenue collected for victims' services by around £0.8m. We also expect it to decrease the amount of costs collected by the CPS and other prosecutors. We would expect the overall impact on revenue to be positive, though in principle it could be neutral. We also expect it to increase HMCTS's enforcement workload.
26. The impacts of the proposals on victims and on the CPS (and other prosecutors) are highly sensitive to the responses of sentencers, of offenders to paying the Surcharge and of HMCTS enforcement.
27. The impact on victims is sensitive to whether the Surcharge is imposed on all offenders dealt with by means of a conditional discharge (we assume it is, though in instances where compensation is ordered and the offender is unable to pay both, the court may reduce the amount of the Surcharge if necessary to zero), the compliance rate for the Surcharge (the proportion of offenders who pay without any enforcement being undertaken) and the response of HMCTS enforcement to an increase in its workload due to non-compliance with the new impositions. The compliance rate and the response of HMCTS will determine the overall payment rate – which is a key determinant of revenue.
28. We have assumed a payment rate of 65%, but this is highly uncertain.
29. The value of the benefit to victims and witnesses, and to wider society is also sensitive to the value of the services the funding is spent on. We assume that £1 of spending is worth £1. However, the true social value could be higher or lower than this.
30. The impact on the CPS (and other prosecutors) is sensitive to whether the Surcharge is imposed on all offenders dealt with by means of a conditional discharge (we assume it is, though in instances where compensation is ordered and the offender is unable to pay both, the court may reduce the amount of the Surcharge if necessary to zero), whether sentencers reduce the amount of costs they impose as a result, whether the compliance rate (the proportion of offenders who pay without any enforcement being undertaken) with costs orders falls as a result, and the response of HMCTS enforcement to an increase in its workload due to non-compliance with the new impositions (see below). The compliance rate and the response of HMCTS will determine the overall payment rate – which is a key determinant of revenue.

⁴ Court Statistics Quarterly, April – June 2011 (Ministry of Justice)

31. The impact on HMCTS depends on the scale of any increase in non-compliance, and its response.
32. The impact of an increase in HMCTS's workload depends on resourcing decisions. There are four broad possible responses by HMCTS enforcement (which are not mutually exclusive):
 - I. no response – HMCTS could simply not enforce any Surcharges that were not complied with, or any cost orders that were no longer complied with as a result of the introduction of the Surcharge. There would be no additional costs to HMCTS under this scenario and no impacts on the collection of other financial impositions. However, the payment rate for the Surcharge and costs would be lower than it might otherwise be
 - II. increase overall resources spent on enforcement – this would have a direct impact on MoJ (HMCTS) costs. However, it would mean there would be no impacts on the collection of other financial impositions, and the payment rate for the Surcharge and costs would be higher than if there was no response
 - III. no increase in overall resources spent on enforcement, but a transfer of resources from other areas of work to enforce the Surcharge on conditional discharges. – there would be no additional direct costs to HMCTS under this scenario. However, the amount collected from other financial impositions would fall, with possible impacts for a range of groups. The payment rate for the Surcharge and costs would be higher than if there was no response
 - IV. use existing resources more efficiently – there would be no additional costs to HMCTS under this scenario. There would also not necessarily be any impact on the collection of other financial impositions and the payment rate for the Surcharge and costs would be higher than if there was no response. It is not clear how much scope there is for increased efficiency, or how likely it is that the introduction of this Surcharge would prompt increased efficiency.
33. The impacts of the proposal are sensitive to changes in crime rates and sentencing policies and patterns. We have assumed that the number of conditional discharges handed down remains at its 2010 level. However, changes to sentencing patterns may affect the number of conditional discharges. It is also possible that the Surcharge might have a deterrent effect. In addition, the demographic profile of those given Surcharges may change, which could affect the compliance and payment rates. Moreover, if the use of compensation orders for those given a conditional discharge increases, less revenue may be collected from the Surcharge (as compensation takes priority and the Surcharge may be reduced to zero if the Court considers the offender can't afford both).
34. The impacts of the proposal are also sensitive to any independent changes in HMCTS enforcement practices.
35. The impacts of the proposal are also sensitive to any changes in the use of compensation orders by sentencers, as compensation take priority for payment over other impositions.

Option 2

36. To increase the value of the Surcharge on fines (for over 18s) to £20 or 10% of the value of the fine, whichever is larger, with a £120 maximum Surcharge level that can be ordered.

Costs of Option 2

Costs to MoJ (including HMCTS and NOMS):

37. There are a number of possible costs to the MoJ:
 - I. To the extent that an increased Surcharge increases overall impositions on offenders, we would expect there to be a fall in compliance rates and therefore an increase in the financial penalty enforcement workload.
 - II. Depending on the response of sentencers, any fall in compliance could also result in an increase in the number of people committed to prison for fine default. This would increase NOMS's workload. The proportion of offenders currently committed to prison for fine default is

very small,⁵ and a term in default of payment tends only to be used for persistent, wilful defaulters. If the increase in impositions were relatively small, we would expect any impact to be small.

- III. Data on the payment rate for fines at present is limited - and the evidence we have indicates that it fluctuates. The ratio of the value of fines collected to the value of fines imposed was around 65% in 2009/10 and around 75% in 2010/11. These can only be treated as approximate payment rates as not all the fines collected in a year will have been imposed in that year. Given this, and that the increase in the Surcharge may have a deterrent effect, in order to estimate impacts we assume a payment rate of 65%. This may be conservative. The Surcharge takes priority over fines for collection. In addition, if they do not think the offender has the means to pay the full imposition, sentencers are required to reduce fines before reducing the Surcharge (however the Surcharge can only be reduced when compensation is ordered). The MoJ retains a proportion of fine revenue collected by HMCTS over a certain collection rate. Therefore to the extent that an increased Surcharge reduces the value of fines imposed and/or collected, the MoJ's income will fall. We have no evidence to help us to predict the scale of these effects.

Costs to HM Treasury

38. Any fall in the amount of fines imposed and/or collected will reduce the amount of revenue available for other government spending.

Costs to the CPS (and other prosecutors)

39. There may be a cost to the CPS (and other prosecutors). The Surcharge takes priority over costs both at the point of sentence and in the application of payments received from the offender. The Surcharge may inhibit courts from ordering costs against the offender at all, and that when they do, these might be at a lower level. An increase in the Surcharge amount may therefore reduce the amount of costs imposed and due to the Surcharge taking priority over discharging costs ordered by the court there may also be reduced costs paid to the CPS (and other prosecutors). We do not have sufficient information on the value of cost orders imposed and discharged available to estimate the likely scale of this impact.
40. This maximum impact would occur if no offenders paid any more in financial penalties in total – either because their fines/costs were reduced or because they didn't pay any increase. If we assume:
 - I. the number of fines is the same as in 2010 (887,428 fines were handed down to offenders over 18) and the distribution of fine values also stays the same
 - II. the payment rate is around 65% (see above)
 - III. the payment rate is consistent across fines of different values

then we would expect total Surcharge revenue from fines to be around £15m per year. The current £15 Surcharge raises around £10m per year. Therefore we would expect an increase in Surcharge revenue of £5m from this proposal. It follows that the maximum impact on combined fine and cost revenue of this proposal would be **£5m**.

41. There could be no impact on fine/cost revenue. This would occur if sentencers didn't adjust fines/costs down for the new Surcharge and HMCTS were able to increase collection enough to keep the payment rate constant.

Other costs to MoJ (HMCTS and NOMS)

42. To the extent that an increased Surcharge increases overall impositions on offenders, we would expect there to be a fall in compliance rates. This could
 - I. increase the financial penalty enforcement workload and;
 - II. (depending on the response of sentencers, result in an increase in the number of people committed to prison for fine default. The proportion of offenders currently committed to prison for defaulting on financial impositions is very small,⁶ and the committal to prison in default tends only to be used for persistent, wilful defaulters. We think any impact is likely to be small.

⁵ In 2010/11, 1,216 people in total were sentenced to prison for fine default and, on average, at any one time there were about 130 people in prison for fine default.

⁶ In 2010/11, 1,216 people in total were sentenced to prison for fine default and, on average, at any one time there were about 130 people in prison for fine default.

43. There might be an additional administrative cost due to the additional complexity of imposing a variable Surcharge rather than a single flat rate. However, no additional IT investment would be required so we expect any impact to be small.

Benefits of Option 2

Benefits to Victims

44. The proposal will result in an increase in spending on services for victims. Based on the calculations above, our central estimate is that the proposal will increase revenue for victims' services by £5m (to the nearest £1m). As there is considerable general uncertainty around the impact of these proposals, we also calculate a lower estimate based on applying 20% optimism bias. Therefore, to the nearest £1m we estimate a range for the annual benefit to victims of £4m - £5m
45. We assume that it will take 6 - 18 months from implementation for the proposal to have its full impact. The average time from offence to sentencing is around 6 months. In at least some cases there will then be a further delay before the Surcharge is collected.

Benefits to providers and potential providers of support services

Providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.

Benefits to Wider society

46. If the increase is perceived by the public as bringing the system closer to one in which offenders pay for their actions, there may be benefits in terms of fairness/public confidence in the justice system. Setting the Surcharge as a percentage of a fine aims to ensure that the level of contribution offenders make to the cost of supporting victims of crime is proportionate to the sentence. Proposing that the Surcharge ordered on fines is subject to a £20 minimum and £120 maximum seeks to ensure fairness, by providing that the lowest available Surcharge on fines would be greater than a nominal contribution, but still keeping the maximum within the bounds of what is reasonable.

Net Impact of Option 2, sensitivities and risks

47. We expect this proposal to increase the amount of revenue collected for victims' services. We also expect it to decrease the amount of fine and court ordered costs revenue collected. We estimate that the net impact could lie anywhere between £0m - £5m per annum. We also expect the proposal to increase HMCTS' enforcement workload.
48. The impacts of this proposal are sensitive to the payment rate, including to any variations in the payment rate across fine values. The estimates assume a payment rate of 65% across all fine values. However, it is possible that there could be variation. Under this option those who get larger fines will also receive larger Surcharges, if the payment rate is different for high value than for low value fines, revenue will be different.
49. The impacts are also highly sensitive to the responses of sentencers and offenders to an increase in the Surcharge, and to the response of HMCTS enforcement.
50. No extra revenue would be collected if sentencers reduced fines and/or costs ordered against defendants to fully absorb the increase in the Surcharge. More generally, the net increase in revenue will be lower the more sentencers reduce fines and costs in response to the increased Surcharge.
51. Similarly, no additional revenue would be collected if, despite an increase in overall impositions, it proved impossible to collect any more revenue from offenders. More generally, the net increase in revenue will be lower the less additional revenue it proves possible to collect from offenders.
52. The value of the benefit to victims and witnesses, and to wider society is also sensitive to the value of the services the funding is spent on. We assume that £1 of spending is worth £1. However, the true social value could be higher or lower than this.

53. If overall impositions increase, we expect at least some decrease in the compliance rate for financial penalties. This will increase the enforcement workload. The overall impact of the proposals on victims, the MoJ, HM Treasury and the CPS depend on resourcing decisions made in response. The main possibilities (which are not mutually exclusive) are:
- I. no response – HMCTS could simply not enforce any Surcharges that were not complied with, or any cost orders that were no longer complied with as a result of the introduction of the Surcharge. There would be no additional costs to HMCTS under this scenario and no impacts on the collection of other financial impositions. However, the payment rate for the Surcharge and costs would be lower than it might otherwise be
 - II. an increase overall on resources spent on enforcement – this would have a direct impact on MoJ (HMCTS) costs. However, it would mean there would be no impacts on the collection of other financial impositions, and the payment rate for the Surcharge and court ordered costs would be higher than if there was no response
 - III. no increase in overall resources spent on enforcement, but a transfer of resources from other areas of work to enforce the Surcharge on fines – there would be no additional direct costs to HMCTS under this scenario. However, the amount collected from other financial impositions would fall, with possible impacts for a range of groups. The payment rate for the Surcharge and costs would be higher than if there was no response
 - IV. more efficient use of existing resources – there would be no additional costs to HMCTS under this scenario. There would also not necessarily be any impact on the collection of other financial impositions and the payment rate for the Surcharge and costs would be higher than if there was no response. It is not clear how much scope there is for increased efficiency, or how likely it is that the introduction of this Surcharge would prompt increased efficiency.
54. The impact of the proposal is also sensitive to changes in crime rates and sentencing policies and patterns. Changes to sentencing patterns may affect the number of fines handed down. The increase in the Surcharge may itself have a deterrent effect. In addition, the demographic profile of those given fines may change, which could affect the compliance and payment rates. Moreover, if the use of compensation orders for those given fines increases, less revenue may be collected from the Surcharge (as compensation takes priority).
55. The impacts of the proposal are also sensitive to any independent changes in HMCTS enforcement practices.

Option 3

56. To extend the Surcharge to all adult community sentences (for over 18s) at a flat rate of £60. In 2010, 141,575 community sentences were handed down to offenders over 18.

Costs of Option 3

Costs to MoJ (including HMCTS)

57. There will be an increase in HMCTS' enforcement workload for two reasons. It is likely that some of those who currently get a costs or compensation order with their community sentence and comply with it will not comply with their new, higher imposition which would include the Surcharge. In addition not all of those who get adult community sentences currently get any kind of financial imposition. It is likely that some of these will not comply with their Surcharge. We are not able to predict the scale of this impact as we do not know how these offenders will respond to a new imposition.
58. There may also be an impact on fine revenue to the MoJ. In some cases an offender is given a fine as a secondary disposal alongside their community sentence. In this case, only one Surcharge would be imposed – whichever is larger out of the Surcharge that would be attached to the fine and the Surcharge that would be attached to the community order. This proposal, therefore, could increase the Surcharge paid by those sentenced to fines. This could reduce the amount of fine revenue collected (either because sentencers imposed lower fines to (partially or

fully) absorb the additional Surcharge, or because fewer of the fines imposed were collected by HMCTS.

Costs to HM Treasury

59. Any impact on fine revenue would also impact on HM Treasury.

Costs to the CPS (and other prosecutors)

60. There may be a cost to the CPS and other prosecutors. The Surcharge takes priority over costs both at the point of sentence and in the application of payments received from the offender. The Surcharge may inhibit courts from ordering costs against the offender at all, and that when they do, these might be at a lower level. The extension of the Surcharge may therefore reduce the amount of costs imposed and due to the Surcharge taking priority over discharging cost orders once the offender's payments are received in the court there may also be reduced costs paid to the CPS (and other prosecutors). Information on the value of cost orders imposed and discharged is not collected, so we are not able to predict the likely scale of this impact.

Benefits of Option 3

Benefits to victims

61. The proposal will result in an increase in spending on services for victims. We do not have direct information on the likely payment rate of a Surcharge on adult community sentences. However, HMCTS expect that a Surcharge on community sentences would be easier to collect than one on fines as all offenders sentenced to community sentences have to attend court, and so are easier to trace. In light of these considerations, we assume a payment rate for a Surcharge on community sentences lower, but not much lower, than that assumed for the Surcharge on fines: 60%.
62. In 2010, 141,575 community sentences were handed down to offenders over 18. At a payment rate of 60%, we would expect this proposal to increase revenue for victims' services by about £5m (to the nearest £1m). As there is considerable general uncertainty around the impact of these proposals, we also calculate a lower estimate based on applying 20% optimism bias. To the nearest £1m, therefore, we estimate an annual benefit to victims of £4m - £5m.
63. We assume that it will take 6 - 18 months from implementation the proposal to have its full impact. The average time from offence to sentencing is around 6 months. In at least some cases there will then be a further delay before the Surcharge is collected.
64. Victims may value offenders taking greater responsibility for their crimes and doing more to repair the damage caused.

Benefits to providers and potential providers of support services

65. Providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.

Benefits to wider society

66. If the extension is perceived by the public as bringing the system closer to one in which offenders pay for their actions, there may be benefits in terms of fairness/public confidence in the justice system – especially as community sentences tend to be given for more serious offences than fines.

Net Impact of Option 3, sensitivities and risks

67. As for option 3, this option will increase revenue for victims' services – in this case by around £5m. It may have a negative impact on court ordered costs revenue and on fine revenue to the MoJ and HM Treasury., though as not all those who will be ordered to pay the Surcharge are currently ordered to pay costs or fines, the impact on cost and fine revenue is unlikely to be large enough fully to offset the increase in Surcharge revenue. It will also have an impact on HMCTS' enforcement workload.
68. The impacts of the proposals on victims and on the CPS (and other prosecutors) are highly sensitive to the responses of sentencers, of offenders to paying the Surcharge and of HMCTS enforcement.

69. The impact on victims is sensitive to whether the Surcharge is imposed on all offenders dealt with by means of an adult community sentence (we assume it is, though in instances where compensation is ordered and the offender is unable to pay both, the court may reduce the amount of the Surcharge if necessary to zero), the compliance rate for the Surcharge (the proportion of offenders who pay without any enforcement being undertaken) and the response of HMCTS enforcement to an increase in its workload due to non-compliance with the new impositions. The compliance rate and the response of HMCTS will determine the overall payment rate – which is a key determinant of revenue.
70. We have assumed a payment rate of 60%, but this is highly uncertain.
71. The value of the benefit to victims and witnesses, and to wider society is also sensitive to the value of the services the funding is spent on. We assume that £1 of spending is worth £1. However, the true social value could be higher or lower than this.
72. The impact on the CPS and other prosecutors is sensitive to whether the Surcharge is imposed on all offenders dealt with by means of a community sentence (we assume it is), whether sentencers reduce the amount of costs they impose as a result, whether the compliance rate (the proportion of offenders who pay without any enforcement being undertaken) with costs orders falls as a result, and the response of HMCTS enforcement to an increase in its workload due to non-compliance with the new impositions (see below). The compliance rate and the response of HMCTS will determine the overall payment rate – which is a key determinant of revenue.
73. The impact on HMCTS depends on the scale of any increase in non-compliance, and its response.
74. If overall impositions increase, we expect at least some decrease in the compliance rate for financial penalties. This will increase the enforcement workload. The overall impact of the proposals on victims, the MoJ, HM Treasury and the CPS depend on resourcing decisions made in response. The main possibilities (which are not mutually exclusive) are:
- I. no response – HMCTS could simply not enforce any Surcharges that were not complied with, or any cost orders that were no longer complied with as a result of the introduction of the Surcharge. There would be no additional costs to HMCTS under this scenario and no impacts on the collection of other financial impositions. However, the payment rate for the Surcharge and costs would be lower than it might otherwise be
 - II. an increase overall in resources spent on enforcement – this would have a direct impact on MoJ (HMCTS) costs. However, it would mean there would be no impacts on the collection of other financial impositions, and the payment rate for the Surcharge and costs would be higher than if there was no response
 - III. no increase in overall resources spent on enforcement, but a transfer of resources from other areas of work to enforce the Surcharge on adult community sentences – there would be no additional direct costs to HMCTS under this scenario. However, the amount collected from other financial impositions would fall, with possible impacts for a range of groups. The payment rate for the Surcharge and costs would be higher than if there was no response
 - IV. more efficient use of existing resources – there would be no additional costs to HMCTS under this scenario. There would also not necessarily be any impact on the collection of other financial impositions and the payment rate for the Surcharge and costs would be higher than if there was no response. It is not clear how much scope there is for increased efficiency, or how likely it is that the introduction of this Surcharge would prompt increased efficiency.
75. The impact of the proposal is also sensitive to changes in crime rates and sentencing policies and patterns. Changes to sentencing patterns may affect the number of adult community sentences handed down. The Surcharge may have a deterrent effect.
76. In addition, the demographic profile of those given adult community sentences may change, which could affect the compliance and payment rates. Moreover, if the use of compensation orders for those given community sentences increases, less revenue may be collected from the Surcharge (as compensation takes priority).

77. The impacts of the proposal are also sensitive to any independent changes in HMCTS enforcement practices.

Option 4

78. To increase the value of Penalty Notices for Disorder (PNDs) by £10. In 2010 132,577 PNDs were issued to over 18s. 97% of these were higher tier notices which are currently set at £80. The remaining 3% are lower tier, which are set at £50. Since their introduction in 2005, on average about 160,000 notices have been issued per year.⁷

79. £10 is half of the minimum Victim Surcharge applicable should the offence have been dealt with by the court by way of a fine (£20) under option 2.

80.

Costs of option 4

Costs to MoJ (HMCTS)

81. There are two possible costs to MoJ (HMCTS)

- I. There may be an increase in the enforcement workload if the increase reduces the payment rate, so that more PNDs are registered as fines. Typically just over 40 per cent of PNDs issued are registered as fines each year.⁸
- II. There may also be an increase in the court workload if the increase means more individuals opt to be tried in court. However, in 2010 only 1% of PND recipients requested a court hearing. In light of this, we expect any impact to be small in absolute terms.

Costs to HM Treasury

82. Currently PND revenue is paid into the Consolidated Fund; therefore there may be a cost from reduced payment of PNDs if the increase reduces the payment rate. It is important to note that (unlike for court-ordered financial impositions) part payment of PNDs is not possible. Therefore, unlike fines, rather than losing up to the value of the Surcharge in other revenue, a shift from payment to non-payment would result in upfront revenue being reduced by the full £80 (or £50) value of the PND. Some PNDs that are no longer paid upfront may nevertheless be collected once they are registered as fines. This will depend on the enforcement response to any increase in PNDs being registered as fines.

83. We do not have evidence to predict the possible impact of a £10 increase on the payment rate, so do not quantify the likely impact here.

Benefits of option 4

Benefits to victims

84. The proposal will result in an increase in spending on services for victims. In 2010 132,577 PNDs were issued to over 18s and 55% of PNDs issued were paid in full. The average payment rate since 2005 has been 52%. At a payment rate of 55%, the proposal would raise (to the nearest £0.5m) £0.5m for victims' services.⁹ If the payment rate fell as a result of the increase, revenue would be lower. As there is considerable general uncertainty around the impact of these proposals, we also calculate a lower estimate based on applying 20% optimism bias. To the nearest £0.5m, this has no effect on the annual estimated benefit, but it does affect the estimated 10 year present value of the benefits.

85. Victims may also value offenders taking greater responsibility for their crimes and doing more to repair the damage caused.

⁷The trend may now be downwards, though. As noted in Criminal Statistics: England and Wales 2009 (MoJ) "PNDs rose steadily from 2005 (the first full year of the PND scheme) to a peak in 2007. Since then they have gradually decreased. The decrease coincides with criminal justice agencies being asked to focus on improving performance in bringing to justice crimes involving serious violent, sexual and acquisitive offences"

⁸ Criminal Statistics: England and Wales 2009, Ministry of Justice

⁹ A 52% payment rate gives the same rounded estimate.

Benefits to providers and potential providers of support services

86. Providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.

Benefits to Wider society

87. There may be a societal benefit from a wider range of offenders contributing to the costs of victims' services.

Net impact of option 4, key assumptions, sensitivities and risks

88. The proposal will increase revenue for victims' services, by an estimated £0.7m, but may also reduce revenue to the consolidated fund.

89. In principle the net revenue impact could be negative, since where the increase results in an individual who would otherwise have paid their PND upfront not paying it, the loss of upfront revenue is £80 (or £50 for a lower tier notice). Whether this is subsequently recouped depends on the availability and deployment of enforcement resources.

90. The estimated revenue is based on an assumption that the payment rate is 55%. This was the upfront payment rate for PNDs in 2010. The impacts are sensitive to a number of key variables

- I. the upfront PND payment rate and the impact of the increase on this payment rate
- II. the proportion of PNDs registered as fines that are enforced currently, and the proportion that would be enforced following any increase
- III. the number of PNDs issued

91. The value of the benefit to victims and witnesses, and to wider society is also sensitive to the value of the services the funding is spent on. We assume that £1 of spending is worth £1. However, the true social value could be higher or lower than this.

92. The impacts of the proposal are also sensitive to any independent changes in HMCTS enforcement practices.

Option 5

93. To extend the Surcharge to custodial sentences (for over 18s), including suspended sentences, at £80 for sentences of 6 months and below; at £100 for sentences of over 6 months and up to and including 2 years; at £120 for sentences over 2 years. A total of 97,294¹⁰ custodial sentences were handed down to offenders over 18 in 2010. 56,349 of these were prison sentences of 6 months and below; 23,827 over 6 months and up to and including 2 years; 17,118 were sentences of over 2 years. In addition, 48,118 suspended sentences were handed down. Statistics show that around 60% of them (28,871) were for 6 months or less and the remainder for over 6 months.

Costs of Option 5

Costs to MoJ (including HMCTS and NOMS)

94. There will be three sources of costs to MoJ

- I. an increase in HMCTS' enforcement workload. Financial penalties are seldom ordered to those offenders given immediate custodial sentences. The proposal assumes that the Surcharge could not be discharged as additional time in prison. Focus on collection of the Surcharge will be initially at the point of sentencing and upon release, whilst exploring options for offenders to pay while serving their sentence. We are not able to predict how offenders will respond to the new imposition – and therefore the scale of this impact.
- II. in the small number of cases where fines are ordered to those sentenced to immediate custody or a suspended sentence, there could be an impact on fine revenue. At present, the flat rate £15 Surcharge on fines would apply to those sentenced to custody and a fine.

¹⁰ Criminal Statistics: England and Wales 2010, Ministry of Justice

However, under this proposal the Surcharge that would apply to the custodial sentence may be larger than that that would apply to the fine. In this case, the Surcharge imposed would be the one that applies to the custodial sentence – so the Surcharge would be higher. Sentencers may reduce the amount of fine imposed to (fully or partially) absorb any increase in the Surcharge, or there may be a reduction in the payment rate for fines (as the Surcharge takes priority). Again, we are not able to estimate the scale of this impact. As the number of offenders likely to be affected is small, it is likely to be small.

- III. there may be costs associated with the collection of Surcharge payments from offenders sentenced to immediate custody.

Costs to HM Treasury

95. Where fines are ordered to those sentenced to immediate custody or a suspended sentence, there could be an impact on fine revenue. Sentencers may reduce the amount of fine imposed to (fully or partially) absorb the Surcharge, or there may be a reduction in the payment rate for fines (as the Surcharge takes priority). This is more likely to apply to suspended sentences than immediate custody. The proportion of fines not retained by MoJ goes to HM Treasury.

Costs to the CPS (and other prosecutors)

96. The Surcharge takes priority over costs both at the point of sentence and in the application of payments received from the offender. Offenders given custodial sentences may be ordered to pay costs, although this is more likely with a suspended sentence. The Surcharge may inhibit courts from ordering costs against the offender at all, and that when they do, these might be at a lower level. The extension of the Surcharge may therefore reduce the amount of costs imposed and due to the Surcharge taking priority over discharging cost orders when received in the court there may also be reduced costs paid to the CPS and other prosecutors. Information on the value of cost orders imposed and discharged is not available, so we are not able to estimate the likely scale of this impact. These costs are also likely to be higher the higher the value of the Surcharge.

Benefits of Option 5

Benefits to victims

97. This proposal will increase revenue for victims' services.
98. We do have direct information on the likely payment rate for a Surcharge on offenders sentenced to immediate custody or suspended sentences. We assume that offenders sentenced to immediate custody have a payment rate of 40% (compared to an assumption of 65% for fines). We assume that offenders sentenced to suspended sentences have a similar profile to those sentenced to community orders, and assume the same payment rate as was assumed for this group – 60% (see discussion under option 3 above).
99. On this basis, we estimate that this option could raise additional revenue of up to £6m, once fully operational. On this basis, and assuming similar numbers of offenders are sentenced to immediate custodial sentences and suspended sentences of various lengths, we estimate that this option could raise additional revenue of up to £6m, once fully operational. As there is considerable general uncertainty around the impact of these proposals, we also calculate a lower estimate based on applying 20% optimism bias. To the nearest £1m, therefore, we estimate an annual benefit to victims of £5m - £6m.
100. We assume that it will take 30 months from implementation for the proposal to have its full impact. This is longer than is assumed for other proposals as some offenders may pay at the point of sentence. Collection from other offenders may occur whilst serving their sentence or upon release.
101. Victims may also value the most serious offenders taking greater responsibility for their crimes and doing more to repair the damage caused.

Benefits to providers and potential providers of support services

102. Providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.

Benefits to wider society

103. If the extension is perceived by the public as bringing the system closer to one in which offenders pay for their actions, there may be benefits in terms of fairness/public confidence in the justice system – especially as custodial sentences tend to be given for the most serious offences

Net Impact of Option 5, sensitivities and risks

104. This option will increase revenue for victims' services. Our indicative estimate of this increase is £6m. It may have a negative impact on the CPS (and other prosecutors) and on MoJ and HM Treasury revenue from fines. However, as not all those who will be ordered to pay the Surcharge are currently given fines as well as their custodial sentence or ordered to pay costs, the impact on combined costs and fine revenue is unlikely to be large enough fully to offset the increase in Surcharge revenue. We also expect an increase in HMCTS' enforcement workload.
105. The impacts of the proposals on victims, MoJ and HM Treasury fine revenues and the CPS (and other prosecutors) are highly sensitive to the responses of sentencers, of offenders to paying the Surcharge and of HMCTS enforcement.
106. The impact on victims is sensitive to whether the Surcharge is imposed on all offenders dealt with by means of a custodial sentence (we assume it is, though in instances where compensation is ordered and the offender is unable to pay both, the court may reduce the amount of the Surcharge if necessary to zero), the compliance rate for the Surcharge (the proportion of offenders who pay without any enforcement being undertaken) and the response of HMCTS enforcement to an increase in its workload due to non-compliance with the new impositions. The compliance rate and the response of HMCTS will determine the overall payment rate – which is a key determinant of revenue.
107. We have assumed that 60% of those given suspended sentences will pay, and 40% of those sentenced to immediate custody. However, there is significant uncertainty around these assumptions.
108. The value of the benefit to victims and witnesses, and to wider society is also sensitive to the value of the services the funding is spent on. We assume that £1 of spending is worth £1. However, the true social value could be higher or lower than this.
109. The impact on the CPS and other prosecutors is sensitive to whether the Surcharge is imposed on all offenders dealt with by means of a custodial sentence (we assume it is, though in instances where compensation is ordered and the offender is unable to pay both, the court may reduce the amount of the Surcharge if necessary to zero), whether sentencers reduce the amount of costs they impose as a result, whether the compliance rate (the proportion of offenders who pay without any enforcement being undertaken) with costs orders falls as a result, and the response of HMCTS enforcement to an increase in its workload due to non-compliance with the new impositions (see below). The compliance rate and the response of HMCTS will determine the overall payment rate – which is a key determinant of revenue.
110. The impact on HMCTS depends on the scale of any increase in non-compliance, and its response.
111. If overall impositions increase, we expect at least some decrease in the compliance rate for financial penalties. This will increase the enforcement workload. The overall impact of the proposals on victims, the MoJ, HM Treasury and the CPS depend on resourcing decisions made in response. The main possibilities (which are not mutually exclusive) are:
 - I. no response – HMCTS could simply not enforce any Surcharges that were not complied with, or any fines or cost orders that were no longer complied with as a result of the introduction of the Surcharge. There would be no additional costs to HMCTS under this scenario and no impacts on the collection of other financial impositions. However, the payment rate for the Surcharge and costs would be lower than it might otherwise be
 - II. an increase overall resources spent on enforcement – this would have a direct impact on MoJ (HMCTS) costs. However, it would mean there would be no impacts on the collection

of other financial impositions, and the payment rate for the Surcharge and fines and costs imposed alongside custodial sentences would be higher than if there was no response

- III. no increase in overall resources spent on enforcement, but a transfer of resources from other areas of work to enforce the Surcharge on custodial sentences – there would be no additional direct costs to HMCTS under this scenario. However, the amount collected from other financial impositions would fall, with possible impacts for a range of groups. The payment rate for the Surcharge and court ordered costs would be higher than if there was no response
 - IV. more efficient use of existing resources – there would be no additional costs to HMCTS under this scenario. There would also not necessarily be any impact on the collection of other financial impositions and the payment rate for the Surcharge and costs would be higher than if there was no response. It is not clear how much scope there is for increased efficiency, or how likely it is that the introduction of this Surcharge would prompt increased efficiency.
112. The impact of the proposal is also sensitive to changes in crime rates and sentencing policies and patterns. Changes to sentencing patterns may affect the number of suspended sentences and immediate custodial sentences handed down. In addition, the demographic profile of those given suspended sentences and immediate custodial sentences may change, which could affect the compliance and payment rates. Moreover, if the use of compensation orders for those given suspended sentences and immediate custodial sentences increases, less revenue may be collected from the Surcharge (as compensation takes priority).
113. The impact of this policy will also be dependant on the impact in the implementation of the Prisoners' Earning Act 1996 and the measures to deduct earnings from a wider group of prisoners contained in the Legal Aid, Sentencing and Punishment of Offenders Bill currently before Parliament. These may leave offenders less able to pay any Surcharge.
114. The impacts of the proposal are also sensitive to any independent changes in HMCTS enforcement practices.

Option 6

115. This option is to extend the Victim Surcharge to juvenile offenders (under 18s), at a graduated rate, reflecting the severity of the disposal.
- I. For conditional discharges, an order of £10 Surcharge would be made
 - II. For community sentences (including youth rehabilitation orders and referral orders), the Surcharge would be set at £15
 - III. For custodial sentences (including suspended sentences) of any length, the Surcharge would be set at £20.
116. The current Victim Surcharge is applicable to all fines, but not to any other disposals. This position is the same for offenders under the age of 18 (juveniles) and for adults.
117. The option is to extend the Victim Surcharge to juvenile offenders at a fixed rate of £15 for conditional discharges, community sentences and immediate custodial sentences.
118. In 2010, 7,753 conditional discharges, 47,746 community sentences and 4,219 immediate custodial sentences were handed down to juveniles.

Costs of Option 6

Costs to MoJ (including HMCTS)

119. For the majority of disposals for juvenile offenders there is no financial imposition; the Surcharge would be a new (and often, the only) imposition. We are not able to predict the scale of this impact as these offenders do not currently receive financial impositions. The

uncertainties around the response to an increase in HMCTS' enforcement workload set out under option 1 above apply here too.

120. This proposal applies a flat rate Surcharge across custodial sentences (including suspended sentences), community sentences (including youth rehabilitation orders and referral orders), fines and conditional discharges. HMCTS will have to administer the Surcharge on juvenile offenders separately from that on adult offenders, as it will be a different amount. HMCTS may therefore incur additional administrative costs.

Costs to the CPS (and other prosecutors)

121. The Surcharge will take priority over costs both at the point of sentence and for payment. There may therefore be a reduction in costs ordered against and paid by juvenile offenders as a result of introducing the Surcharge.

Costs to Local authorities

122. Where the juvenile offender is looked-after and is under the age of 16, the local authority will generally become responsible for paying the Surcharge. The court has a discretion to order the local authority to pay the Surcharge in respect of juvenile offenders aged 16 or over in its care. We do not have data on the offending rates of looked-after children, so we are unable to estimate the scale of this impact.

Costs to Parents of juvenile offenders

123. Where the juvenile offender is under the age of 16, the parents of the juvenile offender will generally become responsible for paying the Surcharge. As the court has discretion to order the parents to pay the Surcharge where the juvenile offender is aged 16 or over, we are not able to predict the likely size of this impact.

Benefits of Option 6

Benefits to victims

124. This proposal will increase revenue for victims' services. We do not have direct information on the likely payment rate for a Surcharge on juvenile offenders. We therefore assume the same payment rates as assumed above for adult offenders: 65% for conditional discharges; 60% for community orders; and 40% for immediate custodial sentences.
125. Assuming these payment rates, and that the numbers of the relevant disposals remains round the 2010 levels, we estimate that this proposal will increase revenue available for victims services by **£0.5m**. As there is considerable general uncertainty around the impact of these proposals, we also calculate a lower estimate based on applying 20% optimism bias. To the nearest £0.5m, this has no effect on the estimated annual benefit to victims, but it does affect the estimated 10 year present value of the benefits.
126. We assume that it will take 6 - 18 months from implementation for the proposal to have its full impact. The average time from offence to sentencing is around 6 months. In at least some cases there will then be a further delay before the Surcharge is collected.
127. Victims may also value offenders taking greater responsibility for their crimes and doing more to repair the damage caused.

Benefits to providers and potential providers of support services

128. Providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.

Benefits to wider society

129. There may be a societal benefit from a wider range of offenders contributing to the costs of victims' services.

Net Impact of Option 6, key assumptions, sensitivities and risks

130. This option will increase revenue for victims' services. We estimate this increase at £0.5m. It may have a negative impact on the CPS (and other prosecutors). However, as not all those who will be ordered to pay the Surcharge are currently ordered to pay costs, the impact on cost revenue is unlikely to be large enough fully to offset the increase in Surcharge revenue. We also expect an increase in HMCTS' enforcement workload.
131. The impacts of the proposals on victims, and the CPS (and other prosecutors) are highly sensitive to the responses of sentencers, of offenders to paying the Surcharge and of HMCTS enforcement.
132. The impact on victims is sensitive to whether the Surcharge is imposed on all juvenile offenders subject to the relevant disposals (we assume it is, though in instances where compensation is ordered and the offender is unable to pay both, the court may reduce the amount of the Surcharge if necessary to zero), the compliance rate for the Surcharge (the proportion of offenders who pay without any enforcement being undertaken) and the response of HMCTS enforcement to an increase in its workload due to non-compliance with the new impositions. The compliance rate and the response of HMCTS will determine the overall payment rate – which is a key determinant of revenue.
133. The value of the benefit to victims and witnesses, and to wider society is also sensitive to the value of the services the funding is spent on. We assume that £1 of spending is worth £1. However, the true social value could be higher or lower than this.
134. The impact on the CPS and other prosecutors is sensitive to whether the Surcharge is imposed on all offenders subject to the relevant disposals (we assume it is), whether sentencers reduce the amount of costs they impose as a result, whether the compliance rate (the proportion of offenders who pay without any enforcement being undertaken) with costs orders falls as a result, and the response of HMCTS enforcement to an increase in its workload due to non-compliance with the new impositions (see below). The compliance rate and the response of HMCTS will determine the overall payment rate – which is a key determinant of revenue.
135. We have assumed that 65% of those given conditional discharges will pay, 60% of those given community sentence and 40% of those sentenced to immediate custody. However, there is significant uncertainty around these assumptions. Some juveniles may not have means to pay, and parents may be unwilling to pay on their behalf.
136. The impact on HMCTS depends on the scale of any increase in non-compliance, and its response.
137. If overall impositions increase, we expect at least some decrease in the compliance rate for financial penalties. This will increase the enforcement workload. The overall impact of the proposals on victims, the MoJ, HM Treasury and the CPS depend on resourcing decisions made in response. The main possibilities (which are not mutually exclusive) are:
- I. no response – HMCTS could simply not enforce any Surcharges that were not complied with, or any cost orders that were no longer complied with as a result of the introduction of the Surcharge. There would be no additional costs to HMCTS under this scenario and no impacts on the collection of other financial impositions. However, the payment rate for the Surcharge and costs would be lower than it might otherwise be
 - II. an increase overall resources spent on enforcement – this would have a direct impact on MoJ (HMCTS) costs. However, it would mean there would be no impacts on the collection of other financial impositions, and the payment rate for the Surcharge (and any costs imposed) would be higher than if there was no response
 - III. no increase in overall resources spent on enforcement, but a transfer of resources from other areas of work to enforce the Surcharge on payable by juvenile offenders – there would be no additional direct costs to HMCTS under this scenario. However, the amount collected from other financial impositions would fall, with possible impacts for a range of groups. The payment rate for the Surcharge and costs would be higher than if there was no response

IV. more efficient use of existing resources – there would be no additional costs to HMCTS under this scenario. There would also not necessarily be any impact on the collection of other financial impositions and the payment rate for the Surcharge and costs would be higher than if there was no response. It is not clear how much scope there is for increased efficiency, or how likely it is that the introduction of this Surcharge would prompt increased efficiency.

138. The impact of the proposal is also sensitive to changes in crime rates and sentencing policies and patterns. Changes to sentencing patterns may affect the number and profile of sentences handed down to juveniles. In addition, the demographic profile of juvenile offenders given different sentences may change, which could affect the compliance and payment rates. Moreover, if the use of compensation orders for juveniles increases, less revenue may be collected from the Surcharge (as compensation takes priority).
139. The impact of this policy will also be dependant on the measures to deduct earnings from a wider group of prisoners contained in the Legal Aid, Sentencing and Punishment of Offenders Bill currently before Parliament. These may leave offenders less able to pay any Surcharge.
140. The impacts of the proposal are also sensitive to any independent changes in HMCTS enforcement practices.

Option 7: Implement a range of Victim Surcharge proposals

Description

141. The preferred Victim Surcharge options proposed in the Victim and Witness strategy consultation document will be to:
- I. Extend the Victim Surcharge to conditional discharge at a flat rate of £15 (option 1b)**
 - II. Set the Victim Surcharge on fines at £20 or 10% of the value of the fine, whichever is larger, with a £120 maximum Surcharge level that can be ordered (option 2b)**
 - III. Extend the Victim Surcharge to adult Community Sentences at a flat rate of £60 (option 3b)**
 - IV. Increase the value of Penalty Notices for Disorder by £10, with additional receipts being used for the same purposes as the Victim Surcharge (option 4a)**
 - V. Extend the Victim Surcharge to custodial sentences, including suspended sentences, at £80 for sentences of 6 months and below; at £100 for sentences of over 6 months and up to and including 2 years; at £120 for sentences over 2 years (option 5b)**
 - VI. Extend the Victim Surcharge to juvenile offenders, for conditional discharges at £10, for fines and community sentences (including youth rehabilitation orders and referral orders), at £15 and for custodial sentences (including suspended sentences) of any length at £20 (option 6b)**
142. The proposed values for the Surcharge on conditional discharges, fines, adult community sentences and custodial sentences, juvenile offenders and the proposed increase to PND values, have been chosen to ensure the level of contribution offenders make to the costs of supporting victims of crime are more proportionate to the sentence imposed by the court. Conditional discharges are handed down in cases where an offender has committed a less serious crime and, having regard to the circumstances including the nature of the offence and the character of the offender, the sentencer considers that it is not appropriate to impose a punishment. Community sentences are handed down in cases where a fine is considered to be insufficient to reflect the seriousness of the offending and/or the impact of the crime. Custodial sentences are handed down for the most serious offences. The Surcharge would be extended to all juvenile offenders in a banded scale which reflects Sentencing Council guidelines based upon their circumstances. Similarly PNDs are issued if the police officer assesses that the behaviour concerned does not warrant a court appearance.

Costs of Option 7

NB this section reflects the potential costs of the options identified earlier in this IA.

Costs to the MoJ (including HMCTS and NOMS)

143. There will be a number of potential costs to the MoJ (and its executive agencies):
- I. the increase in the Surcharge on fines may have a negative effect on the amount of fine revenue the MoJ receives (a monetised estimate is calculated below). This may be because sentencers reduce the fine imposed to (partially or fully) absorb the increased Surcharge, or because offenders are not able or willing to pay higher impositions.
 - II. the increase and extension of the Surcharge is likely to increase HMCTS's enforcement workload. We expect the proposed increase in the Surcharge on fines, extension of the Surcharge to conditional discharges, community sentences, and custodial sentences (for adults and juveniles) and increase in PNDs will increase total financial impositions imposed on offenders. It is very likely that not all of these increased impositions will be complied with, and therefore that the number of outstanding impositions will increase.
 - III. the increase and extension of the Surcharge is likely to increase the number of offenders who do not pay their financial imposition in full. In turn, this may increase the number of offenders committed to prison for default. This would impose costs on NOMS. However, the proportion of offenders currently committed to prison for fine default is very small,¹¹ and the term of imprisonment tends only to be used for persistent, wilful defaulters. Therefore we would not expect there to be a large impact.
 - IV. the proposal to increase PNDs (option 7(IV)) may increase the proportion of those given a PND who request a court hearing rather than pay the PND. However, in 2010 of around 130,000 PNDs issued only 1% of recipients requested a court hearing. In light of this, we expect any impact to be small in absolute terms.

Costs to HM Treasury

144. The increase in the Surcharge on fines may have a negative effect on the amount of fine revenue HM Treasury receives (a monetised estimate is calculated below). This may be because sentencers reduce the fine imposed to (partially or fully) absorb the increased Surcharge, or because offenders are not able or willing to pay higher impositions.
145. Currently PND revenue goes to HM Treasury. The proposed increase in PNDs may reduce the payment rate, reducing this revenue. It is important to note that (unlike for court-ordered financial impositions) part payment of PNDs is not possible. Therefore, unlike fines, rather than losing up to the value of the Surcharge in other revenue, a shift from payment to non-payment would result in upfront revenue being reduced by the full £80 (or £50) value of the PND. Some PNDs that are no longer paid upfront may nevertheless be collected once they are registered as fines. This will depend on the enforcement response to any increase in PNDs being registered as fines.
146. We do not have evidence to predict the possible impact of a £10 increase on the payment rate, so do not quantify the likely impact here.

Costs to the CPS (and other prosecutors)

147. The increase in the Surcharge and extension of the Surcharge to conditional discharges, community sentences and custodial sentences may reduce the amount of costs revenue received by the CPS and other prosecutors. This may be because sentencers reduce costs imposed to (partially or fully) absorb the increased Surcharge, or because offenders are not able or willing to pay higher impositions. (A monetised estimate of the potential impact of the increase in the Surcharge on fines is calculated below. We are not able to quantify the potential impact of the extension of the Surcharge to other sentences on cost revenue.)
148. *Monetised estimate of the costs of the increase of the Surcharge on fines:* as noted under option 2, we do not know how much more revenue overall it is possible to collect from offenders, and in principle as much combined fine and costs revenue (i.e. revenue to the MoJ, HM Treasury and the CPS and other prosecutors combined) could be lost as is gained in Surcharge revenue.

¹¹ In 2010/11, 1,216 people in total were sentenced to prison for fine default and, on average, at any one time there were about 130 people in prison for fine default.

149. This maximum impact would occur if no offenders paid any more in financial penalties in total – either because their fines/costs were reduced or because they didn't pay any increase. If we assume:
- I. the number fines handed down is the same as in 2010 (887,428 fines to offenders over 18) and the distribution of fine values also stays the same
 - II. the payment rate is around 65%
 - III. the payment rate is consistent across fines of different values
- then we would expect total Surcharge revenue from fines to be around £15m per year. The current £15 Surcharge raises around £10m per year. Therefore we would expect an increase in Surcharge revenue of £5m from this proposal. It follows that the maximum impact on combined fine and cost revenue of this proposal would be **£5m**.
150. The minimum impact on fine/cost revenue is £0. This would occur if sentencers didn't adjust fines/costs down for the new Surcharge and HMCTS were able to increase collection enough to keep the payment rate constant.

Costs to Local authorities

151. Option 7(VI) would extend the Surcharge to juvenile offenders sentenced to conditional discharges, community sentences and custodial sentences. Where the juvenile offender is looked-after and is under the age of 16, the local authority will generally become responsible for paying the Surcharge. The court has a discretion to order the local authority to pay the Surcharge in respect of juvenile offenders aged 16 or over in its care. We do not have data on the offending rates of looked-after children, so we are unable to estimate the scale of this impact.

Costs to Parents of juvenile offenders

152. Option 7(VI) would extend the Surcharge to juvenile offenders sentenced to conditional discharges, community sentences and custodial sentences. Where the juvenile offender is under the age of 16, the parents of the juvenile offender will become responsible for paying the Surcharge. The court has discretion to order the parents to pay the Surcharge where the juvenile offender is aged 16 or over.

Benefits of Option 7

Benefits to victims

153. These proposals will increase revenue available for victims' services. In total, we estimate that the proposals will raise up to £20m (to the nearest £5m). The key assumptions underlying this are set out below in the section on the *Net Impact of Option 7, sensitivities and risks*. As there is considerable general uncertainty around the impact of these proposals, we also calculate a lower estimate based on applying 20% optimism bias. To the nearest £5m, therefore, we estimate an annual benefit to victims of £15m - £20m.
154. We assume that it will take 18 months from implementation for the proposals relating to fines, community sentences and custodial sentences to have their full impact, due to the time that elapses between offence and sentencing, and subsequent collection of impositions.
155. Victims may also value offenders taking greater responsibility for their crimes and doing more to repair the damage caused.

Benefits to providers and potential providers of support services

156. Providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available.

Benefits to wider society

157. There may be a societal benefit from a wider range of offenders contributing to the costs of victims' services.

Net Impact of Option 7, sensitivities and risks

Summary of impacts

158. This option will increase revenue for victims' services. Our indicative estimate of this increase is £20m (to the nearest £5m).
159. We estimate that increasing the Surcharge on fines (option 7(II)) may reduce combined fine and cost revenue (which accrues to the MoJ, HM Treasury and the CPS) by £0m - £5m.
160. The extension of the Surcharge to conditional discharges, community sentences and custodial sentences for adults and juveniles (options 7(I), 7(III), 7(V) and 7(VI)) may have a further negative impact on cost revenue collected by the CPS (and other prosecutors). However, as not all those who will be ordered to pay the Surcharge are currently ordered to pay costs, the impact on combined costs and fine revenue is unlikely to be large enough fully to offset the increase in Surcharge revenue.
161. The increase in PNDs (option 7(IV)) may reduce revenue to HM Treasury as there may be a fall in the PND payment rate. Unlike financial penalties imposed by the courts, PNDs have to be paid in full. In principle, therefore, the net impact on revenue (to victims and HM Treasury combined) could be negative. Where the increase results in an individual who would otherwise have paid their PND upfront not paying it, the loss of upfront revenue is £80 (or £50 for a lower tier notice). Whether this is subsequently recouped depends on the availability and deployment of enforcement resources
162. We also expect an increase in HMCTS's enforcement workload.

Key Assumptions, sensitivities and risks

163. The impacts of the proposals on most of the affected groups (victims, the MoJ (including NOMS), HM Treasury, the CPS (and other prosecutors) and local authorities and the parents of juvenile offenders) are highly sensitive to the responses of sentencers to the increased and extended Surcharge, of offenders to paying the Surcharge and of HMCTS enforcement to any increase in non-compliance.
164. The impact on victims of all the proposals within option 7 is sensitive to whether the Surcharge is imposed on all offenders subject to the relevant disposals (we assume it is, though in instances where compensation is ordered and the offender is unable to pay both, the court may reduce the amount of the Surcharge if necessary to zero), the compliance rate for the various proposed Surcharges (the proportion of offenders who pay without any enforcement being undertaken) and the response of HMCTS enforcement to an increase in its workload due to non-compliance with the new impositions. The compliance rate and the response of HMCTS will determine the overall payment rates for Surcharges on different disposals – which are a key determinant of revenue.

Assumptions on payment rates

165. The available evidence suggests that the payment rate for fines is currently around 65%. We assume the Surcharge on fines (option 7(II)) is paid at 65% in future. However, the payment rate may change.
166. We do not have direct information to help us to predict the payment rate for a Surcharge on conditional discharges (option 7(I)). We assume the same payment rate as for fines – 65%. However, this is highly uncertain.
167. We do not have direct information on the likely payment rate of a Surcharge on adult community sentences (option 7(III)). However, HMCTS expect that a Surcharge on community sentences would be easier to collect than one on fines as all offenders sentenced to community sentences have to attend court, and so are easier to trace. In light of these considerations, we assume a payment rate for a Surcharge on community sentences lower, but not much lower, than that on fines: 60%.

168. The estimated revenue from increasing PNDs by £10 and using the money for the same purpose as the Surcharge (option 7(IV)) is based on an assumption that the payment rate is 55%. This was the upfront payment rate for PNDs in 2010. However, this is quite uncertain. The increase may result in the upfront payment rate declining. On the other hand, we do not know how many PNDs that are not paid and are converted to fines are subsequently paid – or would be paid at the proposed higher value.
169. We do not have direct information on the likely payment rate for a Surcharge on offenders sentenced to immediate custody or suspended sentences (option 7(V)). We assume that offenders sentenced to immediate custody have a payment rate of 40% (compared to 65% for fines). We assume that offenders sentenced to suspended sentences have a similar profile to those sentenced to community orders, and assume the same payment rate as was assumed for this – 60%.
170. We do not have direct information on the likely payment rate for a Surcharge on juvenile offenders (option 7(VI)). We therefore assume the same payment rates as assumed above for adult offenders: 65% for conditional discharges; 60% for community orders; and 40% for immediate custodial sentences.

Other key assumptions, risks and sensitivities

171. The value of the benefit to victims and witnesses, and to wider society is also sensitive to the value of the services the funding is spent on. We assume that £1 of spending is worth £1. However, the true social value could be higher or lower than this.
172. The impact on the CPS and other prosecutors of all the proposals within option 7 is sensitive to whether the Surcharge is imposed on all offenders subject to the relevant disposals (we assume it is, though in instances where compensation is ordered and the offender is unable to pay both, the court may reduce the amount of the Surcharge if necessary to zero), whether sentencers reduce the amount of costs they impose as a result, whether the compliance rate (the proportion of offenders who pay without any enforcement being undertaken) with costs orders falls as a result, and the response of HMCTS enforcement to an increase in its workload due to non-compliance with the new impositions (see below). The compliance rate and the response of HMCTS will determine the overall payment rate – which is a key determinant of revenue.
173. The impact on HMCTS of all the proposals within option 7 depends on the scale of any increase in non-compliance, and its response.
174. If overall impositions increase, we expect at least some decrease in the compliance rate for financial penalties. This will increase the enforcement workload. The overall impact of the proposals on victims, the MoJ, HM Treasury and the CPS depend on resourcing decisions made in response. The main possibilities (which are not mutually exclusive) are:
- I. no response – HMCTS could simply not enforce any Surcharges that were not complied with, or any fines or cost orders that were no longer complied with as a result of the increase and extension of the Surcharge. There would be no additional costs to HMCTS under this scenario and no impacts on the collection of other financial impositions. However, the payment rate for the Surcharge, fines and costs would be lower than it might otherwise be
 - II. an increase overall in resources spent on enforcement – this would have a direct impact on MoJ (HMCTS) costs. However, it would mean there would be no impacts on the collection of other financial impositions, and the payment rate for the Surcharge, and fines and costs imposed on offenders given the Surcharge, would be higher than if there was no response
 - III. no increase in overall resources spent on enforcement, but a transfer of resources from other areas of work to enforce the Surcharge – there would be no additional direct costs to HMCTS under this scenario. However, the amount collected from other financial impositions would fall, with possible impacts for a range of groups. The payment rate for the Surcharge and costs would be higher than if there was no response. Under this option, most offenders will be covered by the Surcharge. Therefore the scope to transfer resources is likely to be limited.

IV. more efficient use of existing resources – there would be no additional costs to HMCTS under this scenario. There would also not necessarily be any impact on the collection of other financial impositions and the payment rate for the Surcharge and costs would be higher than if there was no response. It is not clear how much scope there is for increased efficiency, or how likely it is that the introduction of this package of Surcharge options would prompt increased efficiency.

175. The impact of the proposal is also sensitive to changes in crime rates and sentencing policies and patterns. We assume that the numbers of the different disposals affected by the proposals in this option remain at 2010 levels. Changes to sentencing patterns may affect the numbers of different types of disposals.
176. In addition, the demographic profile of those given different disposals may change, which could affect the compliance and payment rates. Moreover, if the use of compensation orders for those given different disposals increases, less revenue may be collected from the Surcharge (as compensation takes priority both at the point of sentence and in enforcement). Note this would not affect estimated revenue from the increase to PNDs.
177. The impact of option 7(V) will also be dependant on the impact in the implementation of the Prisoners' Earning Act 1996 and the measures to deduct earnings from a wider group of prisoners contained in the Legal Aid, Sentencing and Punishment of Offenders Bill currently before Parliament. These may leave offenders less able to pay any Surcharge.
178. The impacts of the proposals are also sensitive to any independent changes in HMCTS enforcement practices.

Preferred Option

179. The do nothing option has been considered and rejected as it does nothing to meet government's objective to ensure offenders play a significantly greater role in making financial reparation and repairing the damage their criminal activity has caused.
180. To ensure that a wider range of offenders contribute to the costs of supporting victims of crime our preferred option is option 7:

I. Extend the Victim Surcharge to conditional discharges at a flat rate of £15.

181. This option will introduce a flat rate of £15 to all conditional discharges. The level has been chosen to reflect the severity of the sentence in comparison to fines or community sentences. Individuals subject to a conditional discharge will pay a lower Surcharge than individuals ordered to pay a fine.

II. Increase the value of the Victim Surcharge as currently applied to fines, to £20 or 10% of the fine value, whichever is higher, with a £120 maximum Surcharge level

182. This option has been chosen over simply increasing the flat rate as it provides a fairer application of the surcharge to offenders who are fined as the value of the surcharge will be more in proportion to the seriousness of the sentence. It also creates a link to the offender's means (and therefore ability to pay) as these would have been considered by the sentencer, (along with the seriousness of the offence) in setting the level of the fine.
183. The adjustment of the minimum Surcharge upwards from £15 to £20 is intended to reflect the effects of inflation. Setting the Surcharge at 10% of the fine for fines over £200 rate, provides a fairer application of the surcharge to offenders who are fined as the value of the surcharge will be more in proportion to the seriousness of the sentence. It also creates a link to the offender's means (and therefore ability to pay) as these would have been considered by the sentencer, (along with the seriousness of the offence) in setting the level of the fine. The £120 maximum Surcharge level have been set so that the Surcharge amount continues to be a more than nominal, but still reasonable, contribution from offenders towards the cost of supporting victims of crime. By setting a £120 maximum level on fines, a Surcharge on fines will not exceed our proposed Surcharge on a custodial sentence of over 2 years – the highest Surcharge that can be awarded under the preferred Surcharge proposals. (In 2010, less than 1% of fines were for more than £1200, therefore under this proposal less than 1% of fined offenders would have received a £120 Surcharge).

III. Extend the Victim Surcharge to adult community sentences at a flat rate of £60

184. As community sentences are handed down in cases where a fine is considered to be insufficient to reflect the seriousness of the offending, we propose that the level of Surcharge applied to community sentences should in most cases be greater than that applied to fines. We therefore propose a Surcharge of £60.

IV. Increase the value of Penalty Notices for Disorder by £10, and use increased receipts for the same purposes as the Victim Surcharge

185. We prefer an increase of £10 to an alternative level as it is equal to half of the minimum Surcharge applicable should the individual have been dealt with by the court by way of a fine.

V. Extend the Victim Surcharge to custodial sentences, including suspended sentences, at £80 for sentences of 6 months and below; at £100 for sentences of over 6 months and up to and including 2 years; at £120 for sentences over 2 years

186. As a matter of principle it is considered that offenders given custodial sentences should pay a greater amount towards funding victim support services than those individuals given community sentences and ordered to pay a fine. The proposed rate of £80 for sentences of 6 months and under is higher than the £60 Surcharge proposed for adult community sentences. The proposed rate for sentences of over 2 years (£120) is equal to the maximum Surcharge proposed for offenders ordered to pay the largest fines.

VI. Extend the Surcharge to offenders under the age of 18 at a rate of £10 for conditional discharges, £15 for community sentences and fines; and £20 for custodial sentences (including suspended sentences)

187. This option proposes an extension of the Surcharge (beyond fines, on which the Surcharge is already payable) to juvenile offenders. It follows the principle that all offenders should make a contribution to the care and support for victims of crime. It acknowledges the Sentencing Guideline Council's principles for sentencing youths that juvenile offenders should take part in repairing the damage they cause.

188. The proposed levels of Surcharge on juvenile offenders are set lower than the respective Surcharges on adults. First, the level of Surcharge in all the options reflects the severity of the disposal; in principle, sentences for juvenile offenders are less severe than those for adults, so the Surcharge is correspondingly lower.

Specific Impact Tests

Statutory equality duties

An Equality Impact Assessment is included as a separate document in this consultation.

Competition Assessment

Will the proposals:

1. **Directly limit the number or range of suppliers?** No.

(In principle higher financial impositions as a result of an increase in the Surcharge could cause a company that had committed an offence to go out of business, where it would not have under option 0.

However, the maximum Surcharge that could be imposed under the preferred option is £120. In addition, the sentencing guidelines state that "care should be taken to ensure that fines imposed on smaller companies are not beyond their capability to pay. The court might not wish the fine to result in the company not being able to pay for improved procedures or to cause the company to go out of business".¹²

Therefore we would expect sentencers to reduce other elements of the imposition rather than allow it to rise as a result of the Surcharge to a level that could result in a business closing.)

¹² Magistrates' Court Sentencing Guidelines, Sentencing Guidelines Council, 2008

2. **Indirectly limit the number or range of suppliers?** No
3. **Limit the ability of suppliers to compete?** No
4. **Reduce suppliers' incentives to compete vigorously?** No

Small Firms Impact Test

The proposals to increase the Surcharge applied to fines is likely to impact upon businesses found guilty of criminal offences. Only quite a small number of fines are given to businesses each year. 7,610 fines were given to “other” offenders in 2010 – whereas ONS data shows there were 2.1m business registered for VAT and/or PAYE in March 2010¹³. This category covers businesses but also public sector bodies.

The businesses affected will include small firms. However, we do not have any evidence on the size of businesses given fines and so can't be sure whether the impact is likely to fall on a disproportionate number of small businesses compared to their representation in the private sector as a whole.

We do not think it would be appropriate to exempt or adopt an alternative approach for small businesses. In order to be subject to the Surcharge a business needs to have committed an offence, and we do not think it appropriate to distinguish between offenders on grounds of whether they are a small business.

Option 1 (extend the Surcharge to conditional discharges) will not impact on business as they cannot be given conditional discharges.

Option 2 (set the Surcharge at 10% of the fine, with a minimum of £20 and a £120 maximum Surcharge level) is likely to have a larger impact on small businesses than large businesses depends on if small businesses tend to receive fines under or above £1200. If small businesses receive fines of under £1200, then they will not have their Surcharge capped. The proportionate increase in imposition could then be larger for small businesses. However, as mentioned above sentencers are expected to ensure the overall imposition is in line with the offender's ability to pay.

Options 3 (extend the Surcharge to adult community sentences at a flat rate of £60) will not impact on business as they cannot be given community sentences.

Options 4 (increase the value of PNDs by £10) will not impact on business as PNDs are given to individuals/staff members rather than the business itself.

Option 5 (extend the Surcharge to custodial sentences) will not impact on business as they cannot be given custodial sentences.

Option 6 (extend the Surcharge to juvenile offenders) will not impact on business as the proposals only affect individuals under 18

Option 7 Implement all the preferred options to increase and extend the Victim Surcharge

Overall, therefore, we do not think the proposals will unduly limit or damage opportunities for small businesses. However, we would welcome additional evidence and views on this issue from consultees including members of the small business community.

Carbon Assessment

We do not expect these proposals to have an impact on the emission of greenhouse gases.

Other Environment

We do not expect these proposals to have any other environmental impacts

Health Impact Assessment

¹³ www.statistics.gov.uk/cci/nugget.asp?id=1238

- Will your policy have a significant impact on human health by virtue of its effects on the following wider determinants of health? : Income; crime; environment; transport; housing; education; employment; agriculture; social cohesion.

There may be an impact on the income of offenders as a result of them receiving a larger Surcharge when fined in court, However we do not expect a significant impact as the offender's means are taken into account at the time of sentence. For conditional discharges, community sentences, suspended and immediate custodial sentences we do not believe the level of the proposed Surcharge and increase in the value of PNDs would impact unduly on individuals' income.

- Will there be a significant impact on any of the following lifestyle related variables? : Physical activity; diet; smoking, drugs or alcohol use; sexual behaviour; accidents and stress at home or work.

There may be a beneficial impact on the health of victims of crime. Additional funding for services should mean victims receive better support and therefore may experience less stress following the incident.

- Is there likely to be a significant demand on any of the following health and social care services? : Primary care; community services; hospital care; need for medicines; accident or emergency attendances; social services; health protection and preparedness response.

We do not anticipate a significant impact on these variables.

Human Rights

Policy proposals to increase and extend the Victim Surcharge will be developed to conform with the Human Rights Act, in particular with Article 1 Protocol 1 (Protection of Property) of the European Convention on Human Rights.

Justice Impact Test

Impacts are covered in the main IA.

Rural proofing

We do not expect these proposals to have an impact on the circumstances and needs of rural people and places.

Sustainable Development

We do not anticipate that policy proposals will have a negative impact on any of the following principals of sustainable development:

- Living within environmental limits;
- Ensuring a strong, healthy and just society;
- Achieving a sustainable economy;
- Promoting good governance;
- Using sound science responsibly.

The policy proposals should, however, have a positive impact on ensuring a strong, healthy and just society. Offenders bearing a greater proportion of the cost incurred by the state to help fund victims services will contribute to helping victims cope and recover.

Privacy Impact Test (an MoJ Specific Impact Test)

There may be an impact to the operational processes of HMCTS in enforcing the proposals. A Privacy Impact Test will be conducted when required.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review:

We will conduct a review of both operational implementation and policy impacts.

Review objective:

Operational review after 6 and 18 months to determine whether the changes have been properly implemented, whether there are implementation issues that need addressing and to identify the additional receipts due to these changes.

Policy review 3 years after implementation to identify and quantify impacts, including any unintended impacts.

Review approach and rationale:

Operational review to be conducted in partnership with HMCTS using data from Libra and qualitative research (court staff, magistrates, Judiciary).

Policy review will be commissioned to test the success of the policy objectives and quantify the impacts identified in the Impact Assessment, in particularly on HMCTS, HMT and CPS. This will be a mix of qualitative and quantitative research, undertaken by MoJ Analytical Services. Exact requirements will be defined at the time.

Baseline:

Surcharge receipts in the full year prior to implementation, the values of fines imposed in that year and the payment rates for fines and PND

Success criteria:

Increase in Surcharge revenue, consistent application of the Surcharge limited reduction in other revenue,

Monitoring information arrangements:

Sentencing and PND imposition and payment rate data is collected regularly by the MoJ. HMCTS have proposals to improve their data on enforcement, which will make it easier to assess payment rates. No additional data will be required.

Reasons for not planning a PIR: N/A

Title: Funding victims' services using FPN revenue IA No: MoJ133 Lead department or agency: Ministry of Justice Other departments or agencies: -	Impact Assessment (IA)		
	Date: 30/01/2012		
	Stage: Consultation		
	Source of intervention: Domestic		
	Type of measure: Other		
Contact for enquiries: victimsconsultation@justice.gsi.gov.uk			

Summary: Intervention and Options	RPC Opinion: N/A
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Cost of Preferred (or more likely) Option

Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?	
£0m	N/Q	N/Q	No	NA

What is the problem under consideration? Why is government intervention necessary?
 The government believes that victims and witnesses of crime would benefit from increased spending on support services, and that more of the funding for services should come from those who commit offences, including motoring offences.

What are the policy objectives and the intended effects?
 The objective of the policy is to increase spending on support services for victims and witnesses of crime, with funding coming from financial impositions paid by offenders.

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: Use revenue from the DfT's proposed increase in the level of Fixed Penalty Notices (FPNs) for motoring offences to increase spending on support services for victims and witnesses of crime by up to £30m.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 01/2016

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

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: _____

Summary: Analysis & Evidence

Policy Option 1

Description: Use revenue from the DfT's proposed increase in the level of Fixed Penalty Notices (FPNs) for motoring offences to increase spending on support services for victims and witnesses of crime by up to £30m.

FULL ECONOMIC ASSESSMENT

Price Base Year 2010/11	PV Base Year	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:0	High:0	Best Estimate: -

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	20	1	25	200
High	25		30	250
Best Estimate				

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

HM Government: £25m - £30m of revenue from increasing the level of Fixed Penalty Notices for motoring offences will be spent on support services for victims and witnesses of crime.

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	20	1	25	200
High	25		30	250
Best Estimate				

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

Victims and witnesses of crime: £25m - £30m more will be spent on support services for victims and witnesses of crime.

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

Providers (and potential providers) of support services for victims and witnesses: providers may derive satisfaction from being able to help more victims and witnesses due to increased funding being available. Wider society: Wider society may value the fact that money raised from offenders is being spent on support services for victims and witnesses rather than other government activities; if increasing spending on support services helps victims to cope better with the effects of crime and recover faster, there may be wider benefits in terms of less demand on health and other services, and increased economic activity.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

The amount of revenue raised from Fixed Penalty Notices, and therefore the cost to the government and benefit to victims and witnesses, depends on:

- the outcome of the Department of Transport's consultation on increasing the value of FPNs. The monetised estimates assume an increase of between £20 and £40
- the number of FPNs for motoring offences issued. We assume the number declines by at least 15% from 2009 levels. The low estimate allows for a further 10% reduction due to any deterrent effect from the increase (or other fluctuations) and 10% optimism bias.
- the payment rate of FPNs for motoring offences. We assume this remains at 2009 levels, but this may vary, including as a result of any increase

The value of the benefit to victims and witnesses, and to wider society is also sensitive to the value of the services the funding is spent on. We assume that £1 of spending is worth £1 in terms of its value to society.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: N/Q	Net: N/Q	No	NA

Evidence Base (for summary sheets)

Introduction

1. This impact assessment is one of a group of impact assessments to accompany the consultation on the strategy for victims and witnesses. Other impact assessments in the consultation will focus on:
 - i. An overarching impact assessment on the overall impact of all of the reforms
 - ii. Changes to the victim and witness experience of the Criminal Justice System
 - iii. Quality and Outcomes in Support Services
 - iv. Commissioning locally led victim services
 - v. Using money raised from increasing Fixed Penalty Notices to fund victims' services
 - vi. Reforms to the Criminal Injuries Compensation Scheme
 - vii. Compensation for victims of overseas terrorism
2. As part of its new Strategic Framework for Road Safety³², which aims to reduce death and injuries on our roads, the Department for Transport (DfT) has proposed to increase the level of some Fixed Penalty Notices (FPNs) for traffic offences from £60 to £80-£100 to bring them into line with other penalties which deal with low-level offending.
3. Penalty levels for many offences have not increased during the last ten years. The current levels have fallen behind other fixed penalties and therefore risk trivialising the offences. The proposed increases for motoring offences include those in relation to excessive speed, control of a vehicle, mobile phone use, ignoring signals and pedestrian crossings and failure to wear a seatbelt. The exact amount of the increase will depend on a detailed assessment of what effect the increases would have on payment rates and public consultation later this year.

Problem under consideration and Policy Objective

4. The government believes that victims and witnesses of crime would benefit from increased spending on support services, and that more of the funding for services should come from those who commit offences, including motoring offences.

Economic Rationale

5. The conventional economic rationale for government intervention is based on efficiency or equity arguments. The Government may consider intervening if there are strong enough failures in the way markets operate (e.g. monopolies overcharging consumers) or if there are strong enough failures in existing government interventions (e.g. waste generated by misdirected rules). In both cases the proposed new intervention itself should avoid creating a further set of disproportionate costs and distortions. The Government may also intervene for equity (fairness) and distributional reasons (e.g. to reallocate goods and services to more needy groups in society).
6. The proposal in this impact assessment is intended to increase fairness, by increasing the amount spent on support services for a needy group in society – victims and witnesses of crime.

Groups affected

7. This proposal will affect:
 - o victims and witnesses of crime
 - o providers of support services for victims and witnesses of crime
 - o government

³² [Strategic Framework for Road Safety](#)
published by the Department for Transport 11th May 2011

- o wider society

Note on territorial application

The proposals in this Impact Assessment apply to England and Wales.

Costs and Benefits of Options

Option 0: Do nothing

8. Under this option, any revenue raised from increasing the level of Fixed Penalty Notices would be retained by the government and spent on other activities.
9. The amount of revenue raised depends on the outcome of the Department for Transport's consultation, the number of FPNs issued in future and the payment rate.
10. Because the do-nothing option is compared against itself its costs and benefits and necessarily zero, as is its Net Present Value (NPV)³³.

Option 1: Use revenue from the DfT's proposed increase in the level of Fixed Penalty Notices (FPNs) for motoring offences to increase spending on support services for victims and witnesses of crime by up to £30m.

11. It is uncertain how much additional revenue will be made. In particular, the size of any increase in the level of FPNs depends on the outcomes of DfT's consultation. The proposal is that any money raised up to £30m per year will be spent on support services for victims and witnesses. If less than £30m is raised in a year, only the amount that is raised will be spent. If more than £30m is raised in a year, £30m will be spent on support services and the remainder on other government activities.
12. Timing assumption: all the impact assessments published as part of this consultation assume the same starting date – July 2012. We expect an increase in FPNs to take effect from October 2012. Therefore the impact in the first year is smaller than in future years, as the policy is only in place for 9 months of the year.

Costs of option 1

Costs to government

13. Once fully implemented this proposal will reduce the amount of money available for government spending on activities (other than support services for victims and witnesses of crime) by £25m - £30m per year.
14. To estimate the impact of this option, we assume that following the DfT's consultation FPNs are increased by £20 - £40.
15. In 2009, 1,432,218 endorsable FPNs and 406,338 non-endorsable FPNs for motoring offences other than parking, waiting and obstruction offences. 97% of endorsable notices and 73% of non-endorsable notices (driver present) were paid in 2009. The number of FPNs issued has been declining year-on-year since 2003. In the absence of forecasts, our baseline assumes that volumes fall by about 15% on 2009 levels – to around 1.2m endorsable FPNs and 0.3m non-endorsable FPNs - and remain flat thereafter,
16. Based on these volumes, an increase in the value of FPNs to £40 would result in additional revenue of approximately £55m. **£30m** of this would be spent on victims' services.
17. To estimate a lower bound on revenue, and therefore spending, we assume that the increase in the value of FPNs is at the lower end of the proposed range - £20. We also assume an additional 10% reduction in volumes paid due to the increase in the value of the notice having a deterrent effect, and also 10% optimism bias. We therefore estimate a range for annual spending of **£25m - £30m**.

Benefits of option 1

Benefits to victims and witnesses

³³ The Net Present Value (NPV) shows the total net value of a project over a specific time period. The value of the costs and benefits in an NPV are adjusted to account for inflation and the fact that we generally value benefits that are provided now more than we value the same benefits provided in the future.

18. This proposal is estimated to increase spending on support services for victims and witnesses of crime by £25m - £30m per year once fully implemented.
19. This estimate is based on the same assumptions as those used to estimate the cost to government – and subject to the same uncertainties.
20. Assuming further that the monetised value of the additional support services is equal to the amount spent on them (so £1 spent on support services is worth £1 to victims and witnesses) then the benefit to victims and witnesses is £25m - £30m. The actual value is likely to depend on what the money is spent on.

Benefits to providers (and potential providers) of support services to victims and witnesses

21. More funding will be available so providers of support services will be able to help more victims and witnesses. As providers are typically voluntary sector organisations (and some social enterprises) they will not make profits. However, they are likely derive satisfaction from providing services.

Benefits to wider society

22. Wider society may value the fact that money raised from offenders is being spent on support services for victims and witnesses rather than other government activities.
23. In addition, it is possible that the support services themselves may generate benefits to wider society. If increasing spending on support services helps victims to cope better with the effects of crime and recover faster, there may be wider benefits in terms of less demand on health and other services, and increased economic activity.

Net impact of option 1, assumptions, risks and sensitivities

Net impact

24. The net financial impact of this proposal is neutral – there is simply a transfer from government to support services for victims and witnesses.
25. The net social impact depends on the value of spending on support services for victims and witnesses of crime relative to other possible activities. We assume that £1 spent on other activities is worth £1 in terms of its value to society. However, it is possible that £1 spent on support services might be worth more or less than £1 to society. Note that even if it is not worth more than £1 to victims and witnesses, it might be worth more than this to society as a whole. This would be true if, for example, by helping victims and witnesses to cope and recover support services reduced demand for health or other services, or increased economic activity.

Key assumptions, risks and sensitivities

26. The impacts are sensitive to the outcome of the Department of Transport's consultation on increasing the value of FPNs. If FPNs are increased by a larger or smaller amount, this may affect the amount spent on additional support services for victims and witnesses
27. The impacts are also sensitive to the number of FPNs for motoring offences issues. We assume the number remains at 2009 levels (with no more than 10% reduced demand and 10% optimism bias), but this may vary, including if any increase has a deterrent effect.
28. The impacts are also sensitive to the payment rate of FPNs for motoring offences. We assume this remains at 2009 levels, but this may vary, including as a result of any increase.
29. The value of the benefit to victims and witnesses, and to wider society is also sensitive to the value of the services the funding is spent on. We assume that £1 of spending is worth £1.

Specific Impact Tests

Statutory equality duties

An Equality Impact Assessment is included as a separate document in this consultation.

Competition Assessment

These proposals are not expected to affect suppliers' ability or incentives to compete.

Small Firms Impact Test

These proposals are not expected to have any particular impacts on small firms. It is possible that some of the additional revenue will be used to fund support services for victims and witnesses provided by social enterprises, which may be small firms. In this case, they would benefit.

Carbon Assessment

We do not expect these proposals to have an impact on the emission of greenhouse gases.

Other Environment

We do not expect these proposals to have any other environmental impacts.

Health Impact Assessment

- Will your policy have a significant impact on human health by virtue of its effects on the following wider determinants of health? : Income; crime; environment; transport; housing; education; employment; agriculture; social cohesion.

We do not expect significant impacts on any of these wider determinants of health. If support services help victims to cope with and recover from the effects of crime, there may be a positive impact on economic activity, and therefore income, among this group.

- Will there be a significant impact on any of the following lifestyle related variables? : Physical activity; diet; smoking, drugs or alcohol use; sexual behaviour; accidents and stress at home or work.

Increased spending on support services for victims and witnesses of crime may have a positive impact by helping them to cope with and recover from the effects of crime, reducing stress.

- Is there likely to be a significant demand on any of the following health and social care services? : Primary care; community services; hospital care; need for medicines; accident or emergency attendances; social services; health protection and preparedness response.

No. If support services help victims to cope with and recover from the effects of crime, there may be reduced demand for health and social care services.

Human Rights

We believe the proposals are compliant with the Human Rights Act.

Justice Impact Test

We do not expect any significant impacts on the justice system, though increased spending on support services for victims and witnesses might make them more willing to assist with bringing offenders to justice.

Rural proofing

We do not expect the impacts of these proposals to differ between rural and urban areas.

Sustainable Development

These proposals are consistent with the principles of sustainable development, in particular those of a just society.

Privacy Impact Test (an MoJ Specific Impact Test)

Not relevant.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their actual costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: No specific review is planned for this policy. However, it will be reviewed as part of wider monitoring of the policies in this strategy.
Review objective: N/A
Review approach and rationale: N/A
Baseline: N/A
Success criteria: N/A
Monitoring information arrangements: N/A
Reasons for not planning a PIR: It is intended to review the policy between three and five years after the implementation date. The review will form part of wider monitoring of policies introduced in this strategy to improve services for victims and witnesses of crime.

Title: Proposals to reform the Criminal Injuries Compensation Scheme IA No: MoJ134 Lead department or agency: Ministry of Justice Other departments or agencies: Criminal Injuries Compensation Authority, Scottish Government	Impact Assessment (IA)	
	Date: 30/01/2012	
	Stage: Consultation	
	Source of intervention: Domestic	
	Type of measure: Secondary legislation	
Contact for enquiries: victimsconsultation@justice.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?
£10m - £15m	N/Q	N/Q	No
What is the problem under consideration? Why is government intervention necessary? <p>The Criminal Injuries Compensation Scheme (CICS) makes payments to victims of violent crime with no recourse to other sources of compensation. It is a demand-led scheme which costs the Government over £200m each year and has historically been underfunded, with funding allocated at the beginning of the financial year needing to be topped up later in the year.</p> <p>A review of the Scheme is long overdue and takes place in a difficult financial climate. The Government believes that payments to those victims who are most seriously affected by their injuries and where the impacts are long-term and life-changing should be protected as far as possible. However, it also believes that it is more sensible and beneficial for victims with less serious injuries to receive immediate practical and emotional support, rather than financial compensation.</p> <p>Services for victims are now far more readily available than in the mid 1990s when the statutory compensation scheme was established, and proposals elsewhere in this consultation aim to raise additional sums from offenders to be spent on services for victims of crime, including violent crime, so that in the long run the annual amount spent on victims overall is not reduced.</p>			

What are the policy objectives and the intended effects? <p>The proposals seek to reform the Scheme and make it more sustainable long term by focusing resources on those victims most affected by their injuries. The proposals also seek to develop a scheme which is less resource-intensive to operate. These proposals, which reduce the cost of the CICS, fit with our proposals to raise a similar additional amount from offenders to be used to pay for new services for victims (off all types of crime).</p>

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) <p>Option 0: Do nothing Option 1: Reform the Criminal Injuries Compensation Scheme by:</p> <ol style="list-style-type: none"> Clarifying eligibility for the scheme and changing the scope of the scheme to no longer make payments for mental injury to those who: witness, or are closely involved in the aftermath, of a violent crime against someone with whom they had, and still have, a close relationship of love and affection; are employed on the railways and witness (or are involved in the aftermath) of an injury resulting directly from an offence of trespass on the railways; (i) excluding those who are not an EU national or a national of a state party to the European convention on the Compensation of Victims of Violent Crime, and who do not have a non-transient connection to the UK (demonstrated by at least 6 months lawful residency) OR (ii) excluding only those not legally present in the UK at the time of the incident; requiring that (except in exceptional circumstances) an offence be reported to the police (rather than another body) as soon as reasonably practicable, and that the applicant cooperate so far as practicable in bringing the assailant(s) to justice; no longer making awards where the applicant has consented to a criminal offence in fact (but not in law). (We will retain the practice that a child under 13 who is the victim of sexual assault will remain eligible for compensation. For children between 13 and 15 an assessment will be made for each case relating to a sexual offence (see consultation document for details); making awards to under 18s where previously it would have been deemed against their interest; (i) excluding (except in exceptional circumstances) all of those with unspent criminal convictions OR (ii) excluding those with unspent convictions for offences that could result in an award under the scheme. In fatal cases take into
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account any convictions of the claimant but not those of the deceased, except in exceptional circumstances. Continue to take into account the conduct of the deceased. Clarify that payment should not be withheld or reduced solely because alcohol or drugs increased an applicant's vulnerability to attack;

- g) eliminating tariff bands 1 – 5 (less serious injuries);
 - h) (i) reducing payments by £1500 in band 6 to £1000, by £1800 in band 7 to £1500 and by £2000 in bands 8 – 12 (no change to bands 13 – 25);
 - i) but retaining fatal injury awards and awards for sexual assault and for physical abuse (including those in bands 1 – 5) at their current values;
 - j) and no longer distinguishing between mental and physical injuries when calculating multiple injury awards;
 - k) (1i) paying for lost earnings (to victims and bereaved dependents) at a flat-rate of statutory sick pay (currently £4,243 pa) per year of loss without making any deductions OR (1ii) paying the flat rate but not paying if the claimant has employer funded income (e.g. ill-health pension, that exceeds the minimum wage) OR (2) reducing the cap on annual loss to 60% of gross median earnings (for all employees), around £12,600, and continuing to apply deductions for other sources of income (and, for dependency, the living expenses of the deceased);
 - l) removing the special expenses payments for private medical care not available on the NHS;
- and increase the onus on applicants to provide evidence for their case, while clarifying the application process by:
- m) maintaining the onus on the applicant to make out their case, but clarifying what evidence the applicant will be required to provide as a minimum, so far as it is practicable for the applicant to do so. This includes initial expert/medical evidence that an injury has been sustained;
 - n) tightening the circumstances where CICA will meet the costs of obtaining expert (mainly medical) evidence;
 - o) introducing a new provision enabling the applicant to request that a decision on the case be deferred for an initial period of two years, with one further two year period of deferment possible when requested, and also enabling asylum seekers to request their application be deferred until the question of their refugee status is settled;
 - p) reducing the period for applicants to accept, or request a review of, their award from 90 to 56 days;
 - q) extending the circumstances where repayment of all or part of the award may be requested to cover circumstances where it comes to light that the applicant had not cooperated in bringing their assailant to justice or the applicant deliberately misled the claims officer when making their application;
 - r) removing the possibility of reopening cases on medical grounds from the scheme;
 - s) when it becomes apparent that a claims officer has made an error on review, allowing CICA (with the agreement of the applicant) to withdraw the decision before the appeal is heard so that the appeal falls and a fresh decision can be issued;
 - t) implementing provisions in the Criminal Injuries Compensation Act 1995 to allow CICS claims officers to issue a recovery notice to an offender for the compensation paid to their victim and, if the amount is not paid, to initiate debt recovery action through the civil courts.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 10/2015

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

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: _____

Summary: Analysis & Evidence

Policy Option 1

Description: Reforms to the Criminal Injuries Compensation Scheme

FULL ECONOMIC ASSESSMENT

Price Base Year 2014/15	PV Base Year 2014/15	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 10	High: 15	Best Estimate:

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (after Transition) (Constant Price)	Total Cost (Present Value)
Low	50	2	35	290
High	100		55	470
Best Estimate				

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

People eligible for the CICS: awards no longer paid to those with unspent criminal convictions, or to witnesses to crime and trespass on the railways (who suffer mental injury); removal of awards for victims with minor injuries in bands 1-5 (except victims of sexual and physical abuse); reduction in tariff awards paid to victims with injuries in bands 6 - 12 (except victims of sexual and physical abuse); change in payments to those who are eligible for loss of earnings or dependency payments under the CICS. Total reduction in payments estimated at around £35m - £55m per year (in real terms, or £40m - £60m nominal).

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

Personal Injury Lawyers and others who support victims in applying for compensation: transition costs of learning new scheme, reduced demand for services due to tighter eligibility criteria.
 Non-EU/EEA/non COE Convention nationals without 6 months UK residency: no entitlement to compensation under the CICS
 Victims of violent crime: tightening of eligibility criteria and increased onus on applicants to provide evidence to support their claim
 MoJ (HMCTS): possible increase in applicant appeals as a result of the reforms, possible increase in civil damages cases*
 MoJ/Scottish Government (CICA) : cost of training staff in new scheme, possible cost of defending additional appeals
 Other Government Departments and NHS: administrative costs of checking applicants have at least 6 months residency, possible increase in demand for benefits due to likely reduction in loss of earnings payments, possible increase in demand for health care.*

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (after Transition) (Constant Price)	Total Benefit (Present Value)
Low	55	2	35	300
High	105		55	480
Best Estimate				

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

MoJ/Scottish Government: estimated reduction in compensation paid of £35m - £55m per year (in real terms); reduction in cost of CICA's administration of £1 - £1.5m per year (may not be cashable in the short term)

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

Ministry of Justice/Scottish Government: additional reductions in compensation paid due to excluding non-EU/EEA citizens with less than 6 months residency
 Victims of violent crime: clearer eligibility and application requirements and application process; multiple injury awards paid for mental injury in the same way as physical injury
 Wider economic benefits: these reforms would contribute to a reduction in Government fiscal deficit

Key assumptions/sensitivities/risks	Discount rate (%) 3.5
<p>Demand for the scheme has fluctuated in the past, and it is difficult to predict future demand as it depends on crime rates. The high estimates of costs and benefits assume the number of applicants who would be eligible under the proposed new criteria remains stable at 2009/10 levels, with the same distribution across injury types. They also assume the number of applicants who would receive minor injury awards under the current scheme but who successfully apply for higher tariff bands after reform is negligible. The low estimates assume 10% optimism bias and in addition that some of those with minor injuries make successful claims for higher bands, such that the proposals reduce the amount of compensation paid by a further 10%. For the transitional period, the low estimate also assumes that some victims bring their applications forward so that they qualify for the current scheme rather than the reformed scheme (so the reduction in compensation paid is smaller)</p> <p>We assume that the number of loss of earnings applicants remains stable and that future applicants are similar to those in a sample of cases used to derive estimated impacts. However, there is particular uncertainty around the impacts of the proposed reforms to loss of earnings as the number of claimants per year is small, and payments under the current system depend on a number of factors including earnings and benefit entitlements.</p> <p>Monetised costs and benefits are expressed in terms of annual managed expenditure (AME). We assume that tariff payments remain constant in nominal terms, but that loss of earnings payments will rise in line with inflation.</p>	

BUSINESS ASSESSMENT (Option 2)

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

Evidence Base (for summary sheets)

Introduction

11. This Impact Assessment accompanies a Ministry of Justice consultation on policy for Victims and Witnesses which includes a consultation on the Criminal Injuries Compensation Scheme (CICS). It sets out proposals to make the scheme more affordable and efficient in the long term. The CICS is a Government sponsored scheme which is administered by the Criminal Injuries Compensation Authority (CICA).
12. This impact assessment is one of a group of impact assessments to accompany the consultation on the strategy for victims and witnesses. Other impact assessments in the consultation will focus on:
 - i) An overarching impact assessment on the overall impact of all of the reforms
 - ii) Changes to the victim and witness experience of the Criminal Justice System
 - iii) Quality and Outcomes in Support Services
 - iv) Commissioning locally led victim services
 - v) Increasing and extending the Victim Surcharge, and increasing the value of Penalty Notices for Disorder to fund victims' services
 - vi) Using money raised from increasing Fixed Penalty Notices to fund victims' services
 - vii) Compensation for victims of overseas terrorism
13. CICS pays compensation to victims of violent crime. It currently pays compensation in two main ways. First, it makes a payment in recognition of the victim's pain and suffering. Second, where the applicant is unable to work for at least 28 weeks, payments may also be made for loss of earnings and special care costs (such as medical treatment, adaptations to property and nursing). In addition, where the victim dies as a result of a violent crime, the CICS makes awards to close relatives for pain and suffering, as well as payments for funeral costs, to bereaved dependents for financial loss and to bereaved children for loss of parental services.
14. Injuries are graded into 25 tariff bands for the payments for pain and suffering, according to their seriousness. These range from £1,000 for injuries such as fractured fingers and sprained ankles (tariff band 1) through to £250,000 for quadriplegia or severe brain damage (tariff band 25). In some cases the tariff band an injury falls into will depend on how long the effects last as well as the nature of the injury.
15. Loss of earnings and special care is only payable where the applicant has been incapacitated as a result of the injury for at least 28 weeks (because statutory sick pay is available for the first 28 weeks). The maximum total award in any one case is £500,000 including loss of earnings and special care.
16. In 2009/10, there were about 65,000 applications to the CICS, and awards totalling £209m were paid to about 38,000 individuals. Of these, around 350 individuals received payments for special expenses and around 1,100 for loss of earnings.
17. The Criminal Injuries Compensation Scheme makes payments to victims of violent crime with no recourse to other sources of compensation. It is a demand-led scheme which costs the Government over £200m each year and has historically been underfunded, with funding allocated at the beginning of the year on occasion needing to be topped up later in the year. At the end of 2010/11 the tariff scheme had an estimated caseload of £260m,³⁴ more than the value of claims expected to come in every year, and more than the available annual budget for future years.

³⁴ In addition, CICA's accounts include a £128m estimated provision for cases that are assumed to have occurred but not yet been reported to CICA. Including unreported liabilities, the total tariff liability provision at the end of 2010/11 was £388m.

18. A review of the Scheme is long overdue and takes place in a difficult financial climate. The Government believes that payments to those victims who are most seriously affected by their injuries and where the impacts are long-term and life-changing should be protected as far as possible. However, it also believes that it is more sensible and beneficial for victims with less serious injuries to receive immediate practical and emotional support, rather than financial compensation.
19. Services for victims are now far more readily available than in the mid 1990s when the statutory compensation scheme was established, and proposals elsewhere in this consultation aim to raise additional sums from offenders, to be spent on services for victims of crime, including violent crime, so that in the long run the annual amount spent on victims overall is not reduced.

Rationale for Intervention

20. The economic rationale for government intervention may relate to securing macroeconomic objectives, especially in relation to fiscal policy, as well as to microeconomic considerations. On the macroeconomic side the proposals in this Impact Assessment (IA) will also contribute to involve reducing the scale of government expenditure. In addition to the policy rationale for reforming the CICS, these policies will contribute to the Government's objective of reducing the fiscal deficit.
21. On the microeconomic side the conventional economic rationale for government intervention is based on efficiency or equity arguments. The Government may consider intervening if there are strong enough failures in the way markets operate (e.g. monopolies overcharging consumers) or if there are strong enough failures in existing government interventions (e.g. waste generated by misdirected rules). In both cases the proposed new intervention itself should avoid creating a further set of disproportionate costs and distortions. The Government may also intervene for equity (fairness) and distributional reasons (e.g. to reallocate goods and services to more needy groups in society).
22. Payments under the Criminal Injuries Compensation Scheme are transfer payments from Government to victims of violent crime that express social concern for the physical, psychological and sometimes financial, suffering experienced by victims. The proposals in this IA involve reducing the overall scale of these payments in pursuit of the macroeconomic objective set out above. However, they are also intended to distribute the remaining resources more fairly, by focusing resources more tightly on those with more serious injuries; recognising public concern for particularly vulnerable groups and for those who have been the victims of particularly distressing crimes even though the injury may not be evident, or the effects may be particularly difficult to quantify (for example sexual assaults and physical abuse of adults and children); and taking into account the availability of other services and resources (e.g. state benefits) a victim may be entitled to receive to meet the needs arising from the injury. In addition, they aim to make the scheme simpler and easier for victims to understand, improving efficiency.
23. This IA should be read in conjunction with the IA that considers parallel proposals to raise a similar additional amount from offenders to pay for new services for victims. This approach intends to ensure that in the long run there is no overall reduction in the annual budget for victims (of all types of crime).

Main Affected Groups

- Those eligible for payments under the CICS (victims of violent crime, dependents of those fatally injured by violent crime, witnesses of violent crime, railway employees who witness injuries caused by trespass on the railways)
- Criminal Injuries Compensation Authority, Ministry of Justice and Scottish Government
- Her Majesty's Courts and Tribunals Service
- UK Border Agency
- Other government departments and the NHS

- Personal injury lawyers

Note on territorial application

The Criminal Injuries Compensation Scheme, and therefore the proposals in this impact assessment, applies to victims of crime in England, Scotland and Wales.

Cost and Benefits

24. This Impact Assessment identifies both monetised and non-monetised impacts on individuals, groups and businesses in the UK, with the aim of understanding what the overall impact to society might be from implementing these options. The costs and benefits of each option are compared to the do nothing option. Impact Assessments place a strong emphasis on valuing the costs and benefits in monetary terms (including estimating the value of goods and services that are not traded). However there are important aspects that cannot sensibly be monetised. These might include how the proposal impacts differently on particular groups of society or changes in equity and fairness, either positive or negative.
25. This Impact Assessment sets out our current estimates for the costs and benefits of the policy to the affected groups. These estimates are based on the evidence that is currently available, and are subject to change as the evidence base improves. As such, the estimates are represented as ranges based on the assumptions detailed in the discussion of costs and benefits below. Monetised costs and benefits are expressed in terms of annual managed expenditure (AME).

Base Case / Option 0

26. In the “do nothing” scenario, the CICA continues to accept applications for the CICS in its present form. We assume that future demand will remain at the current level in terms of both the number of applications (approximately 65,000 per year, of which roughly 60% are successful) and the distribution of applications across injury types. A range of factors (such as levels and patterns of crime and awareness of the scheme) could cause demand to rise or fall, but it is not possible to predict such changes.
27. Because the do-nothing option is compared against itself its costs and benefits are necessarily zero, as is its Net Present Value (NPV)³⁵.

Option 1

Option 1 involves possible reforms to many of the elements of the scheme and we are consulting on all changes.

<u>Relevant Current Scheme Provisions</u>	<u>Proposed reform(s) to provision</u>
<p>Make payments to victims of crimes of violence, including where there is a mental injury but no physical injury if the applicant:</p> <ul style="list-style-type: none"> • Was in reasonable fear of immediate physical harm; • Is making a claim as a non-consenting victim of a sexual offence; <p>Also make payments to people who suffer a mental injury but no physical injury if the applicant:</p> <ul style="list-style-type: none"> • Witnessed, or was closely involved in the aftermath, of a violent crime against someone with whom they had, and still 	<p>a) Clarify eligibility for the scheme and change the scope of the scheme to no longer make payments for mental injury to those who:</p> <ul style="list-style-type: none"> • Witness, or are closely involved in the aftermath, of a violent crime against someone with whom they had, and still have, a close relationship of love and affection; or • are employed on the railways and witness (or are involved in the aftermath) of an injury resulting directly from an offence of trespass on the railways

³⁵ The Net Present Value (NPV) shows the total net value of a project over a specific time period. The value of the costs and benefits in an NPV are adjusted to account for inflation and the fact that we generally value benefits that are provided now more than we value the same benefits provided in the future.

<p>have, a close relationship of love and affection;</p> <ul style="list-style-type: none"> • Is employed on the railways and witnessed (or was involved in the aftermath) of an injury resulting directly from an offence of trespass on the railways <p>Also make payments:</p> <ul style="list-style-type: none"> • to people injured while taking an exceptional risk, which in the circumstances was reasonable, while trying to catch an offender, or help the police to do so • where the offender is not criminally responsible because they are too young or are deemed not capable of forming the intention to commit the crime due to a mental abnormality. 	
<p>Make payments to victims of violent crime injured in Great Britain (or on a British aircraft, ship etc)</p>	<p>b) (i) Exclude those who do not satisfy nationality requirements and do not have a non-transient connection to the UK (demonstrated by at least 6 months residency at the time of the incident) OR (ii) exclude only those not legally present in the UK at the time of the incident;</p>
<p>Reduce or withhold an award if the victim fails to report to the police or other body within a reasonable time, or fails to cooperate with a criminal investigation or with CICA</p>	<p>c) Require that (except in exceptional circumstances) an offence be reported to the police (rather than another body) as soon as reasonably practicable, and that the applicant cooperate so far as practicable in bringing the assailant(s) to justice;</p>
<p>The scheme does not make payments for a sexual offence where a victim consented to that offence in fact, but could not have consented in law, but may in principle make payments for injuries resulting from violence to which the victim consented in fact.</p>	<p>d) clarify in the Scheme that awards will not be made in any case where as a matter of fact the applicant consented to the offence which gave rise to the injury. Retain the current practice that a child under 13 who is the victim of sexual assault will remain eligible for compensation, and for children between 13 and 15 an assessment will be made in each case (see consultation document for details);</p>
<p>Allow claims officers to withhold awards to under 18s if they consider it would be against the applicant's interests.</p>	<p>e) Remove this provision</p>
<p>Reduce awards (by up to 100%) on grounds of conduct or character, including evidence of previous criminal convictions. In fatal cases, take into account the conduct and character of both the claimant and the deceased.</p>	<p>f) (i) Exclude (except in exceptional circumstances) all of those with unspent criminal convictions OR (ii) exclude those with unspent convictions for offences that could result in an award under the scheme. In fatal cases take into account any convictions of the claimant but not those of the deceased, except in exceptional circumstances. Continue to take into account the conduct of the deceased. Clarify that payment should not be withheld or reduced solely because alcohol or drugs increased an applicant's vulnerability to attack</p>

<p>Make payment for pain and suffering according to a scale of 25 tariff bands (ranging from £1,000 for injuries such as fractured fingers and sprained ankles (tariff band 1) through to £250,000 for quadriplegia or severe brain damage (tariff band 25))</p>	<p>g) Eliminate tariff bands 1 – 5 (less serious injuries).</p> <p>h) reducing payments by £1500 in band 6 to £1000, by £1800 in band 7 to £1500 and by £2000 in bands 8 – 12 (no change to bands 13 – 25);</p> <p>i) Retain fatal injury awards and awards for sexual assault and for physical abuse (including those in bands 1 – 5) at their current values.</p>
<p>Multiple injuries are compensated for using the following formula; the highest ‘rated’ injury is awarded in full, the second injury is awarded 30% of the tariff value and the third injury is awarded 15% of the tariff value. However, where a person suffers a physical and a mental injury and the amount for the physical injury is higher, there is no award for the mental injury</p>	<p>j) no longer distinguish between mental and physical injuries when calculating multiple injury awards</p>
<p>Compensate people who lose earning capacity (in full or in part) for more than 28 weeks for estimated actual loss (past and future). Deduct state benefits and payments from pension schemes where these were not funded solely by the applicant. Convert future loss into a lump sum payment using a table of multipliers. Cap actual loss at 1.5 times gross median full-time earnings.</p> <p>Where a victim of a fatal injury had financial dependents, pay on the same basis (up to the end of full time education for young dependents), but make deductions for the deceased’s living expenses</p>	<p>k) (1i) Pay people who are no longer able to work at a flat annual rate of statutory sick pay (currently annualised at £4,243) (subject to the “multiplier” to convert payments for future loss into a single lump sum). Make payments to bereaved dependents at the same flat rate (with no deductions) i.e. make one flat rate payment per family unit</p> <p>OR</p> <p>1(ii) not paying the flat rate if the claimant has employer funded income (e.g. ill-health pension, that exceeds the minimum wage)</p> <p>OR</p> <p>(2) Compensate for actual loss (subject to the same deductions as now) but cap at 60% of gross median earnings (for all employees), an annual amount of around £12,600</p>

<p>Pay special expenses for:</p> <ul style="list-style-type: none"> • loss or damage of physical aids; • costs associated with NHS treatment, private health treatment where the treatment and its cost are considered reasonable; • the reasonable cost (in so far as it falls to the applicant) of special equipment, home adaptations and care (including loss of earnings if care is provided by a relative or friend) where these are necessary as a result of the injury and not available free of charge from the NHS, local authorities or other agencies • fees payable to the Public Guardian or Court of protection and other reasonable costs associated with administration of the applicant's affairs due to lack of mental capacity, where these are incurred as a result of the injury • the reasonable cost of setting up and administering a trust where this is required by the CICA 	<p>l) no longer make payments for private medical care not available on the NHS.</p>
<p>It is for the applicant to make out their case, but CICA will meet reasonable ancillary costs and the cost of medical examinations, including related (e.g. travel) costs incurred by the applicant.</p>	<p>m) maintain the onus on the applicant to make out their case, but clarify what evidence the applicant will be required to provide as a minimum, so far as it is practicable for the applicant to do so. This includes initial expert/medical evidence that an injury has been sustained.</p> <p>n) tighten the circumstances where CICA will meet the costs of obtaining expert (mainly medical) evidence</p>
<p>Claims officers can defer consideration of an application for various reasons, including awaiting the outcome of criminal proceedings or applications for alternative sources of compensation.</p>	<p>o) maintain this provision and introduce a new provision enabling the applicant to request that a decision on the case be deferred for an initial period of two years, with one further two year period of deferment possible when requested. Also enable asylum seekers to request their applications are deferred until the question of their refugee status is settled</p>
<p>Applicants have 90 days from the date a decision is issued to accept it or request a review.</p>	<p>p) Reduce the period for applicants to accept, or request a review of, their award from 90 to 56 days (subject to one extension);</p>
<p>Repayment of all or part of an award can be sought where it is found that the applicant has received another payment in respect of the injury.</p>	<p>q) extend the circumstances where repayment of all or part of the award may be requested to cover circumstances where it comes to light that the applicant had not cooperated in bringing their assailant to justice or the applicant deliberately misled the claims officer when making their application</p>

A case can be re-opened if there is a substantial change in the victim's medical condition.	r) remove the possibility of reopening cases on medical grounds from the scheme
If an applicant appeals against a review decision, even if it becomes clear before the appeal is heard that the claims officer's review decision was in error, CICA cannot withdraw the decision and issue a new one so the appeal must be heard	s) when it becomes apparent that a claims officer has made an error on review, allow CICA (with the agreement of the applicant) to withdraw the decision before the appeal is heard so that the appeal falls and a fresh decision can be issued
Unimplemented powers (in the Criminal Injuries Compensation Act 1995) exist to allow the Secretary of State for Justice or, in Scotland, Scottish Ministers, to make Regulations to provide for the recovery from offenders by the state of the criminal injuries compensation paid to their victims	t) implement provisions in the Criminal Injuries Compensation Act 1995 to allow CICS claims officers to issue a recovery notice to an offender for the compensation paid to their victim and, if the amount is not paid, to initiate debt recovery action through the civil courts.

28. The impacts of several of our proposals overlap. For example, many of the applicants that would be excluded by the proposal no longer to make payments to witnesses would also be excluded by the proposal to remove tariff bands 1 – 5. In order to avoid double counting of impacts, we consider the impacts of the proposal in sequence. Specifically, we **assume the changes to the tariff³⁶ have occurred when estimating the effects of other changes.**

29. Note that the Scheme is a transfer payment from government to victims of crime. As a result, the net impact of almost all the proposals is zero.

30. A table showing the number of victims who received tariff, loss of earnings and special expenses awards in each tariff band (averaged across 2008/09 and 2009/10) is provided at annex 2.

Costs of Option 1

Transitional Costs

Costs to victims and witnesses of violent crime

31. The cost of the proposals to victims and witnesses of crime immediately after the policy is introduced will be somewhat lower than the long run average. This is for two reasons. Firstly, there will be a delay between the reformed scheme being laid and its coming into operation. We assume that this period is three months, so in the first year reductions will only apply for the final three quarters of the year.

32. Secondly, it is possible that during this period of delay a number of people will put in applications that they would otherwise have put in later (except in exceptional circumstances, applications for compensation must be made within two years of the incident). CICA estimate that under the current scheme at any one time there are around £85m of likely claims where the incident has occurred, and the applicant will claim within the two year limit, but the claim has not yet been made.³⁷ If some or all of these applications are brought forward to the period immediately prior to the reformed scheme coming into force, more compensation will be paid in this period. This will be partially offset by a reduced number of claims in the first and second years under the reformed scheme. The offset will only be partial since these claims would not be worth as much under the reformed scheme.

33. The costs to victims of crime, and the benefits to the Ministry of Justice/Scottish Government are higher the more victims put in applications under the reformed, less generous, scheme rather than the current scheme.

³⁶ removing tariff bands 1 – 5 and reducing the remaining tariff awards, but protecting the value of tariff awards for fatal injuries, sexual assault and a pattern of physical abuse

³⁷ CICA also estimate that there are around £52m worth of claims more than two years old that will be placed, and be successful, in the future. However, given that these claims must by definition have exceptional reasons for delay, it is unlikely they will be brought forward in response to announced scheme changes.

34. The high estimate of transitional costs and benefits (£100m over two years) therefore corresponds to an assumption that no claims are brought forward (so the maximum number of applicants is affected by the reductions in scheme payments).
35. The low estimate of transitional costs and benefits (£50m over two years) corresponds to an assumption that all £85m of potential claims are brought forward. Under this scenario, more applicants make claims under the current, more generous scheme, and fewer under the reformed scheme. As a result, the costs to victims (and the benefit to the MoJ) for the first two years following reform is lower. The estimate assumes that the potential claims are representative of all claims made under the current scheme.³⁸

Costs to CICA/MoJ and Scottish Government:

36. There will be costs to CICA (which is wholly funded by the MoJ and Scottish Government) of training claims officers in the rules of the proposed new scheme.

Costs to those who assist/represent applicants:

37. Though applicants do not need representation to make a claim, a substantial proportion have legal representation (around 25% of applicants, and about 25% of award recipients, representing around 35% - 40% of awards by value). Others get free advice from organisations such as Victim Support. There may be costs associated with learning the new scheme for these groups, although since the scheme is being simplified, these are unlikely to be substantial.

On-going costs

Monetised costs to victims and witnesses of violent crime, and dependents of those fatally injured:

All these costs are based on the assumption that in the absence of reform demand for the scheme would remain at its current level and that reductions in the value of payments do not reduce demand for them. They are listed in the order in which they are presented in the main consultation document. Where we are unable to monetise a particular proposal, we note it in this section and discuss further below.

u) **Proposal a:** Change the scope of the scheme to no longer make payments for mental injury to those who: witness, or are closely involved in the aftermath, of a violent crime against someone with whom they had, and still have, a close relationship of love and affection; or who are employed on the railways and witness (or are involved in the aftermath) of an injury resulting directly from an offence of trespass on the railways. Clarify the remaining scope of the scheme.

38. This proposal will affect witnesses to violent crime who were in a close relationship of love and affection with the victim, and railway workers who witness injuries directly resulting from trespass on the railway. **We do not expect this proposal to reduce the amount of compensation paid significantly.**
39. In 2008/09 around 700 people received awards from CICS totalling about £800k for mental injury due to being a witness or coming upon the aftermath of a violent crime. It is not possible to disaggregate this by tariff band but the average payment was not much more than £1,000. This is the lowest amount payable under the current scheme. We therefore assume that almost all the reductions in

³⁸The current scheme costs around £210m per year – or £52.5m per quarter - and we assume that in the absence of reform this would continue

Under the high scenario there is no reduction in the first quarter, as the new scheme is not in force. The cost for the remainder of the first two years (seven quarters) depends on the amount by which the reformed scheme reduces compensation. For illustration, suppose this reduction is £50m per year.

In the high scenario, the new scheme would then reduce compensation paid by £12.5m per quarter for seven quarters i.e. £87.5m.

Under the low scenario, there is in fact an increase of £85m in compensation paid in the first quarter, because £85m of claims are brought forward.

Again suppose the reduction due to the reforms is £50m per year.

Under this scenario, £85m extra is paid in the first quarter. In subsequent quarters less is paid for two reasons. Fewer claims are submitted because some have been brought forward. Second, those claims are paid less due to the reforms. Specifically, we can assume that each claim is reduced to $((210-50)/210)=76\%$ of its previous amount. Therefore the difference between the amount that would be paid per quarter in the absence of the reforms and the amount that is paid under this scenario is: $(£210m/4)-((£210m/4)-£85m/7)*0.76 = £22m$ savings each quarter will be

In total, then, under this scenario the reduction in compensation paid would be:

$-£85m+7*£22m=£67m$.

compensation that would be caused by this exclusion have already been counted as part of the removal of tariff bands 1 – 5 above. Therefore it is not expected there that will be a significant reduction in compensation resulting from this proposal.

*We are not able to monetise the impacts of **proposals b – d**. A qualitative discussion of their likely impacts is provided in the next section.*

Proposal e: remove the provision allowing claims officers to withhold an award from under 18s if they consider it would be against the applicant's interests.

40. We do not expect this proposal to have any costs.

Proposal f: i) Exclude anyone with an unspent criminal conviction except in exceptional circumstances OR (ii) exclude those with unspent convictions for offences that could result in an award under the Scheme. In fatal cases take into account any convictions of the claimant but not those of the deceased, except in exceptional circumstances.

41. This proposal will affect victims of violent crime with unspent criminal convictions. We estimate that they will **reduce the amount of compensation paid by £4m - £5m**. We assume that, as in the past, tariff payments (which form the majority of these awards) will not be uprated with inflation. Therefore the real monetised cost of these proposals will decline in real terms in the future.

42. It is already possible for awards to be reduced or withheld where the applicant has previous criminal convictions. In each of 2008/09 and 2009/10, around £5m - £10m was paid to people whose awards were reduced due to their having a criminal record.

43. We do not have details of the offences committed by those who received reduced awards. We are therefore not able to estimate the likely impact of proposals **f(i)** and **f(ii)** separately.

44. In 2008/09, about £0.7m of the total m was for injuries in bands 1 – 5. In 2009/10, about £1.4m was for injuries in bands 1 – 5. This reduction in compensation is therefore counted as part of the tariff reductions. In addition, some of the remaining money will be affected by the cuts to higher tariff bands (see proposal h).

45. Taking the tariff changes into account, this proposal could affect around £5m of compensation. Deducting 10% for optimism bias and a further 10% for risks around the number of "exceptional circumstances", the number of fatal cases where at present the award is reduced due to criminal convictions of the deceased (rather than the claimant), as well as more general fluctuations in caseload gives an estimated reduction in compensation paid of £4m - £5m.

Proposals g - i: Changes to the tariff

46. There are three elements to this proposal:

- (proposal g) remove bands 1 – 5 of the tariff
- (proposal h) reducing payments by £1500 in band 6 to £1000, by £1800 in band 7 to £1500 and by £2000 in bands 8 – 12 (no change to bands 13 – 25);
- proposal (i) Retain fatal injury awards and tariff awards for sexual assault and for physical abuse (including those in bands 1 – 5) at their current values.

47. Proposal (g) will affect those with minor physical injuries and mental injuries classified as "temporary mental anxiety". Proposal (h) will affect victims with injuries in bands 6 – 12, except victims of sexual assault or a pattern of physical abuse. Those bereaved by violent crime will also not be affected.

48. We estimate that together these proposals will **reduce the amount of compensation paid by about £35m - £45m in nominal terms**. This is made up of a reduction of £15m - £20m due to removing bands 1 – 5 (while protecting awards for the bereaved and victims of physical and sexual abuse) (option g) and a further £20m - £25m from reducing the amounts paid in bands 6 – 12 (again, while protecting awards for the bereaved and victims of physical and sexual abuse) (option h).

49. We assume that, as in the past, tariff payments will stay fixed in nominal terms (either under this proposal or under the base case). Therefore the real cost of these proposals (the real value of the

difference between the amount of compensation paid under this proposal and under the base case) will decline in the future.

50. Before any deductions were made for the conduct and character of the applicant, compensation in bands 1 – 5, totalled around £26m in 2008/09 and £27m in 2009/10. Of this about £1.5 - £2m was for sexual assault and a pattern of physical abuse. A further £3m was for loss of parental services awards. Deductions (for conduct, character) were around 4% on average across tariff payments as a whole. Assuming that deductions were evenly distributed across tariff bands, actual compensation paid for victims of offences other than sexual assault or a pattern of physical abuse in these bands was around £21m.
51. Our estimate (rounded to the nearest £5m) of the savings from removing bands 1 - 5 (**option g**) is therefore £20m. To reach a lower end estimate, we deduct 10% for optimism bias, and a further 10% for the risk that fluctuations in demand might limit the cost of this proposal to victims compared to the baseline. We therefore estimate a reduction in compensation paid in the range £15m - £20m.
52. To estimate the impact of **option h**, before deductions, compensation in bands 6 – 12, cost £62m in 2008/09 and £67m in 2009/10. Bereavement awards made up £6m of this total in 2008/09 and £4m in 2009/10. Awards for sexual assault and a pattern of physical abuse made up a further £8m in 2008/09 and £6m in 2009/10. Deducting this, and a further 4% for conduct and character (see above) leaves average total affected compensation at approximately £55m.
53. Making the proposed reductions (of £1500 in band 6, £1800 in band 7 and £2000 in the remaining bands 8 – 12) would reduce this amount by around £25m. To reach a lower end estimate, we deduct 10% for optimism bias, and a further 10% for the risk that fluctuations in demand might limit the cost of this proposal to victims compared to the baseline. We therefore estimate a reduction in compensation paid due to **option h** in the range £20m - £25m.
54. We therefore estimate that together the tariff proposals will reduce the amount of compensation paid by somewhere in the range £35m - £45m.

We are not able to monetise the impact of proposal j. A qualitative discussion of its likely impact is provided in the next section.

Proposal k - (1i) Pay loss of earnings at flat rate of £4,243 per year OR (1ii) not paying the flat rate if the claimant has employer funded income (e.g. ill-health pension, that exceeds the minimum wage) OR (2) reduce the cap on annual loss of earnings to 60% of gross median earnings (for all employees), an annual amount of around £12,600, pay for dependency at the same rate as loss of earnings:

55. This proposal will impact on victims of violent crime who are injured severely enough to be out of work (or have limited earnings capacity) for more than 28 weeks, and would have been in work for some or all of this time. It will also impact on dependents of fatally injured victims of crime. We estimate that **proposal (1)** will reduce compensation paid by £0m - £10m. We estimate that **proposal (2)** will also reduce compensation paid by £0m - £10m. (We assume that loss of earnings payments would increase in line with inflation. Therefore this estimate represents the real value of this cost.)
56. Total expenditure on loss of earnings including dependency in 2009/10 was around £45m across around 1,100 applicants. The average for 2007/08 – 2009/10 was also around £45m, across 1,000 applicants. Approximately £4m, or 10%, of LoE spending in 2009/10 was on dependency. In the absence of more detailed information, we will assume 10% of any reduction in compensation will come from dependency too.
57. The current rules for calculating loss of earnings awards are complex and there is high variation in income and years of loss between applicants. Also, due to administrative constraints (and unlike for the other proposals) we only have detailed information on a small sample of claims from 2009/10. We have estimated the impacts of the two proposals on the basis of this sample, but the estimates are inevitably uncertain. This uncertainty is higher for option (2) than for option (1).
58. Option (1i) and (1ii): Assuming that the years of loss in the sample of claimants is the same as in the population, then this option would result in the average total payment for loss of earnings falling from about £40,000 to about £30,000. This corresponds to a fall in the total amount paid in loss of earnings of about £10m. We do not know how many claimants have had or will have employer

59. Option (2): we based our estimate for the impact of this option on the impact of the lower cap on the cost of claims in our sample. This took into account detailed information on pre-incident earnings and post-incident income from benefits, pensions and earnings (where the applicant still had limited earning capacity). Based on this sample, we estimated a reduction in compensation paid due to this option of about £10m
60. There is very high uncertainty surrounding our loss of earnings estimates. We therefore use larger margins of error than for our other estimates. We estimate that under either option (1) or option (2), there would be a **reduction in compensation of £0m - £10m**. (We assume that loss of earnings payments would increase in line with inflation. Therefore this estimate represents the real value of this cost.)

Proposal I - remove special expenses for reasonable private health care not available on the NHS

61. This proposal will affect victims of violent crime who want to purchase additional care beyond that which the NHS provides. **We do not expect this proposal to have a significant impact on the amount of compensation paid.**
62. In each of 2008/09 and 2009/10 CICA paid out approximately £0.2m for private health care. We therefore estimate a reduction in compensation paid as a result of this proposal of £0m (to the nearest £1m).
63. *We are not able to monetise the impact of proposals m - u. A qualitative discussion of their likely impacts is provided in the next section*

SUMMARY OF MONETISED COSTS:

<u>Proposed Change</u>	<u>Groups impacted</u>	<u>Estimated reduction in compensation payments (figures above £10m rounded to nearest £5m, upper value is estimate, lower value is adjusted for potential demand changes and optimism bias in predicting cost savings, then rounded)</u>
a) Exclude witnesses who were not also in reasonable fear of injury themselves (including railway workers who suffer mental injury from witnessing trespass on the railway)	Witnesses to violent crime, railway workers	£0m (approx £1m but included in estimate for removal of bands 1 – 3)
f) (i) Exclude anyone with an unspent criminal conviction except in exceptional circumstances OR (ii) exclude anyone with an unspent conviction for an offence that might have resulted in a claim under the Scheme	Victims of violent crime with unspent criminal convictions	£4m - £5m £4m - £5m (the reduction under option (ii) would likely be smaller than under option (i))
(g) Eliminate tariff bands 1 – 5 (less serious injuries). (h) Reduce payment in bands 6 – 12 by £1500 in band 6 to £1000, by £1800 in band 7 to £1500 and by £2000 in the remaining bands 8 – 12 (i) Retain fatal injury awards and tariff awards for sexual assault and for physical abuse (including those in bands 1 – 5) at their current values.	Victims of violent crime (except sexual assault and physical abuse)	£35m - £45m (of which approx £15m - £20m from the removal of bands 1 – 5, and £20m - £25m from the reductions to bands 6 – 12)
k) - (i) Pay loss of earnings at flat rate of £4,243. Pay for dependency at the same rate as loss of earnings;	Victims of violent crime Dependents of fatally injured victims of violent crime	£0m - £10m (of which c. 10% is reductions in dependency payments)
OR k)(ii) Pay loss of earnings as at present, but cap the total loss to be compensated at 60% of gross median earnings (for all employees) (i.e. around £12,600)	Victims of violent crime Dependents of fatally injured victims of violent crime	OR £0m - £10m (of which c. 10% is reductions in dependency payments)
(l) Remove the special expenses payments for private medical care not available on the NHS.	Victims of violent crime who want treatment beyond what is available on the NHS or from social services.	£0m
TOTAL		£40m - £60m*

* **NB** This total in 2011/12 nominal terms. £40m - £50m of this relates to tariff payments which are assumed not to increase with inflation. The remaining £0m - £10m relates to loss of earnings payments which are assumed to increase with inflation. Assuming 2% annual inflation, the real terms average annual cost of the proposals after the two year transition period is £35m - £55m – as stated in the summary sheet.

Non-monetised costs:

There are several proposals where we do not have data to enable us to monetise the impact on victims. In addition, we have identified that some of our proposals may also have costs for other organisations, though we have not been able to monetise these.

64. *Costs to victims who do not satisfy the nationality requirement and do not have a non-transient connection to the UK (defined as more than 6 months residency) (proposal b):* these individuals will lose entitlement to compensation for crimes of violence committed in Great Britain. As there are currently no requirements relating to residency in the scheme, no information is held that could be used for an estimate. In 2009/10 CICA received 254 claims from individuals with addresses outside Great Britain, of whom 160 received compensation (totalling £0.9m). However, these figures could include British and EU/EEA citizens living abroad (including armed forces personnel), and they exclude individuals with UK addresses but less than 6 months residency. It is therefore not a useful guide to the impact of a restriction based on immigration status.
65. *Costs to victims who report the offence to a body other than the police and/or do not cooperate with bringing their assailants to justice (proposal c):* a substantial number of claims are refused each year on the grounds that the applicant failed to report the offence as soon as possible to the police or another body and/or cooperate with any investigation. In addition, over the three years 2007-2009, on average 185 people received a reduced award because they had failed to report, and 180 because they failed to cooperate (there may be overlap between these groups). However, no data is held on the number of applicants who currently report to a body other than the police, and who therefore would be affected by this proposal so we are unable to provide a monetised estimate of the impact.
66. *Cost to those injured by an offence to which they consented in fact, but could not have consented in law (proposal d):* The scheme already does not make payments for sexual offences where the victim consented in fact (except where the victim is a child. Children under 13 are eligible for compensation; cases involving children aged 13 – 15 are considered on a case-by-case basis). In principle payments may be made for victims of violent offences who consented in fact. We do not have data on the number of claimants affected by this proposal. However, as at present most such applicants will have their award reduced or refused on conduct grounds, the impact is unlikely to be significant.
67. *Costs to applicants for whom CICA currently pays for initial medical evidence (proposal n):* applicants will have to pay for this evidence
68. *Cost to applicants who miss medical appointments paid for by CICA or who commission medical evidence which the claims officer did not consider necessary to determine the claim, and which could not reasonably have been expected to add materially to the existing medical evidence (proposal o):* applicants will have to pay these medical costs
69. *Cost to applicants who do respond to their award offer (to accept or request a review) within 90 days but not within 56 days (proposal q):* these applicants will have to respond more quickly in order to receive their award.
70. *Cost to applicants who, after receiving their award do not cooperate in bringing their assailant to justice, or are found to have deliberately misled a claims officer (proposal r):* these applicants may have to repay some or all of their award.
71. *Cost to applicants whose medical condition deteriorates after their award is made (proposal s):* by removing the possibility of medical reopening of cases, these applicants will no longer be able to apply for an increase in their award. (The impact of this proposal is likely to be offset at least in part by proposal (s), which allows applicants to defer a decision for up to four years.)
72. *Costs to other government departments and the NHS (proposals b, k and l):* enforcing the requirement for applicants to be either EU citizens, nationals of states party to the European Convention on the Compensation of Victims of Violent Crime, or lawfully resident in the UK for at least six months at the time of the incident may involve administrative costs to government. The scheme is supposed to be one of last resort, and in particular only to pay special expenses and loss of earnings as supplements to, rather than substitutes for, state provision. Nevertheless, it may be the case that the reductions to loss of earnings and withdrawal of special expenses for private health care will result in increased demand for public services and benefits, affecting DWP and the NHS. It

is not possible to quantify this impact, but since special expenses for private health care are only paid in a small number of cases (fewer than 50 in each year 2007/08 – 2009/10), and loss of earnings in around 1,000 cases it can be expected to be quite small.

73. *Costs to Personal Injury lawyers (general)*: approximately 25% of applicants have legal representation, and these claims receive 35% - 40% of awards by value. Removal of tariff bands 1 – 3 and other eligibility changes can be expected to reduce business for personal injury lawyers. Where fees are linked to the size of award, reductions in the value of tariff payments and other payments could also have an impact.
74. *Costs to HMCTS (general)*: the proposed reductions in payments and eligibility may result in more appeals against individual decisions, but we are not able to quantify the likely size of this impact. In principle there might also be an increase in damages claims in the civil courts, though as the scheme is already intended as one of last resort so there should not be many additional such cases.
75. *Costs to CICA/MoJ/Scottish Government*
- a) Removing the provision that allows claims officers to withhold awards to under 18s where they feel it would be against the applicant's interests (**proposal e**) may increase the amount of compensation awarded. We do not have detailed data on the number of cases affected, but expect the impact to be small.
 - b) Amending the scheme so that mental injuries are treated in the same way as physical injuries when calculating multiple injury awards may increase the amount of compensation paid (**proposal j**). We do not have data on the number of claims likely to be affected, so are not able to quantify the impact.
 - c) Implementing provisions to allow CICS claims officers to issue recovery notices to offenders to recover compensation paid to their victims and, if the amount is not paid, to initiate debt recovery action through the civil courts (**option u**) may result in administrative costs for CICA. Note that the decision to implement the provision would depend on an assessment of its likely cost effectiveness i.e. whether it was expected to result in enough money being recovered to justify any administrative cost.
 - d) (*general*): if the new scheme resulted in more individuals appealing against their award decision, this would impose costs on CICA, and therefore on MoJ

Benefits of Option 1

On-going Benefits

Monetised:

76. *MoJ and Scottish Government*:

- a) the MoJ and Scottish Government will benefit from savings equal to the reductions in compensation payments to victims of crime set out above i.e. £40m - £60m
- b) there will also be a reduction in administration costs in the medium term, largely due to the removal of payments in tariff bands 1 – 5 and simplified loss of earnings provisions. These are estimated at approximately £1m - £1.5m in total.

Non-monetised:

77. *MoJ/Scottish Government*:

- a) The amount of compensation paid will be reduced by restricting eligibility by no longer making payments where:
 - o the applicant only has transient connection to the UK (**proposal b**)
 - o the applicant failed to report to the police as soon as practical, or to cooperate as far as practical with any criminal investigation (**proposal c**)
 - o the applicant consented to a violent offence in fact, but could not have done so in law (**proposal d**). However, as at present most such applicants will have their award reduced or refused on conduct grounds, the impact is unlikely to be significant.

- and also by extending the circumstances where repayment can be sought to cases where the applicant failed to cooperate in bringing their assailant to justice or deliberately misled a claims officer (**proposal r**) (though this may be partially offset by any associated administrative costs)

We do not have detailed data on the number of claims likely to be affected, so are not able to quantify the impact.

- b) Changes to the application process may reduce administration costs and possibly also reduce the amount paid to victims who in fact have other sources of compensation. The relevant proposals are:
 - Clarifying the evidence the applicant will be expected to provide and restricting the circumstances under which CICA will pay for expert evidence (**proposals n and o**). CICA currently spends around £3.5million per year on medical reports. The proposal is likely to reduce this somewhat, but we are not able to quantify the likely impact.
 - Reducing the period for applicants to accept their award or request a review to 56 days (**proposal q**). This could help to streamline administration.
 - No longer allowing medical reopening of cases (**proposal s**). This will reduce administration costs from reassessing cases.
 - Allowing CICA to withdraw a decision and issue a new one, rather than allow a case to go to appeal (**proposal t**). This will save the cost of preparing for and attending some appeal hearings.
- c) Implementing provisions to allow CICS claims officers to issue recovery notices to offenders to recover compensation paid to their victims and, if the amount is not paid, to initiate debt recovery action through the civil courts (**option u**) may reduce the net amount spent by the Government on compensation, because some of the cost will be met by offenders.

78. *Victims of violent crime:*

- a) Removing the provision allowing claims officers to withhold awards from under 18s may benefit these victims (**proposal e**)
- b) Amending the scheme so that mental injuries are treated in the same way as physical injuries when calculating multiple injury awards will benefit any victims who currently do not receive any compensation for a mental injury because they have a physical injury in a higher tariff band (**proposal j**). We do not have data on the number of claims likely to be affected, so are not able to quantify the impact.
- c) Clarifying the evidence required for their application may make the process simpler for victims (**proposal n**)
- d) Allowing applicants to defer their claim for up to four years (**proposal p**) may benefit victims, for example allowing them to wait for their medical condition to stabilise.
- e) Allowing CICA to withdraw a decision and issue a new one, rather than allow a case to go to appeal (**proposal t**). This will save the cost of preparing for and attending some appeal hearings, and may also reduce the overall length of the process.

79. *Wider economic benefits:* a reduction in payments under the CICS will contribute to achieving the Government's macroeconomic objective of reducing national debt

Net Impact of Option 1

- 80. Payments under the CICS are transfer payments from government to applicants. The net monetised impact of the proposal in this impact assessment option is therefore a small benefit, accruing to the MoJ and Scottish Government, from reduced administration costs of £1 - £1.5m per year.
- 81. Some of the monetised reduction in administration costs may be offset by increased costs to Government of assessing eligibility on nationality or residency grounds and to CICA from a possible increase in appeals. It has not been possible to quantify these.
- 82. The reduction in compensation payments also has a wider, non-monetised, benefit because it contributes to the government's macroeconomic objective of reducing government spending and hence the national debt. On the other hand it may – but it is not possible to be sure – have an additional cost in terms of its distributional impact (see below).

83. There is no evidence available on the marginal (social) value of giving money to victims of violent crime. We are therefore not in a position to assess whether the marginal social benefit of reducing the national debt is larger or smaller than the marginal social cost of reducing the amount of money transferred to those victims of violent crime who successfully apply to the CICS.
84. Note that this impact assessment should be read in conjunction with those relating to proposals to increase government spending on services for victims of crime, including violent crime (the proposal to increase and extend the Victim Surcharge; and the proposal to use revenue raised from an increase in Fixed Penalty Notices to fund services for victims) as well as to reform the framework within which these services are delivered..

Key Risks, Assumptions and Sensitivities

85. Two key assumptions have been made in the analysis. The first relates to the level of future demand for the scheme and its profile (in terms of the distribution of cases across tariff bands and the proportion of cases claiming loss of earnings and special expenses). Our high scenario corresponds to demand remaining flat at the current level, and no claims being brought forward to qualify for the current scheme rather than the reformed scheme. Our low scenario allows for the possibility that the reduction in payments and the elimination of bands 1 - 5 could result in “up-tariffing” – individuals putting in successful claims for higher tariff bands than they would under the current scheme. It also allows for the possibility that some victims who would have delayed making their claim might bring their application forward to benefit from the current, more generous scheme.
86. However, demand has fluctuated in the past. We therefore cannot be sure either that demand won't rise (or fall) overall resulting in a larger (or smaller) impact of the proposals compared to option 0. It is also possible that there might be a larger shift in the profile of claims than that assumed for the low scenario (resulting in a smaller impact of the proposals).
87. The second assumption relates to the estimated impact of the loss of earnings proposals. Under the current scheme, the procedure for calculating loss of earnings is complex – an individual's payment depends on the number of years of earnings they lose, their pre-injury post-tax earnings and their post-injury entitlements to state benefits and work-based pension schemes. The impact of the proposed alternatives compared to the baseline therefore depends on the joint distribution of these three variables in the future (as well as the number of loss of earnings applicants). We only have quite limited data on past claims for loss of earnings. In addition, especially given the relatively small number of loss of earnings applicants each year, we cannot be sure how similar the profile of future applicants will be similar to that of past applicants. The impact of the proposals may therefore lie outside the range estimated.
88. There is a risk that taking action to recover money from offenders to cover the cost of compensation paid to their victims might result in administrative cost without raising sufficient revenue to justify this. However, the powers will not be implemented unless the process designed is expected to be cost effective, and its performance will be kept under review.
89. There is a risk that the proposals might have a distributional impact, but we cannot be sure. The proposals have been designed to try to target resources at victims considered to be the most seriously affected by their injuries. They will reduce the amount of money received by victims of crime. Depending on the profile of the victims affected relative to the general population, this could have an impact on economic (in)equality. However, we do not have sufficient information to predict the direction or scale of any impact.³⁹ The potential impacts of the proposals on people with protected characteristics are considered in a separate Equality Impact Assessment. Note that proposals elsewhere in this consultation will increase funding for services for victims of crime, including violent crime, which will impact positively on the welfare of victims. The overall impact on victims is considered in the Victims and Witnesses Consultation summary Impact Assessment.

³⁹ Evidence on victims of violent crime in general indicates they are not evenly distributed across the population – but rather are concentrated amongst students and the unemployed (Crime in England and Wales 2009/10, Home Office). However, it is not possible to draw direct comparisons between CICS claimants and victims of violent crime in general.

Specific Impact Tests

Statutory equality duties

An Equality Impact Assessment is included as a separate document in this consultation.

Competition Assessment

These proposals are not expected to affect suppliers' ability or incentives to compete. They are likely to reduce demand for personal injury lawyers to assist with applications for compensation, as individuals with minor injuries will no longer be eligible, and payments to those still eligible will typically be lower. However, we do not expect this reduction in demand to have differential effects across different groups of (existing or potential) suppliers.

Small Firms Impact Test

Changes in the scheme rules and reduction in the number and potential value of applications for compensation will affect personal injury lawyers, including those in small firms, in two ways. There may be a reduction in demand for assistance with claims due to changes to eligibility criteria and reduction in the size of payments to those still eligible. Compared to the market in personal injury claims as whole, this impact is unlikely to be significant.⁴⁰ There may also be a transitional impact because lawyers will need to familiarise themselves with the new scheme. However, this impact should be limited by the fact that the new scheme will be simpler than the current one.

Since the scheme revisions will apply equally to all victims of violent crime, it would not be possible to make exemptions, or provide a different approach, for small firms. We do not currently have data on the proportion of firms which offer support with CICA applications that are small. However, many providers of legal services are small, so it is possible that most of the relevant providers may also be small. In this sense (i.e. compared to the private sector as a whole) the impact might fall more heavily on small firms. However, amongst firms that provide assistance with CICA applications, we do not expect there to be a disproportionate impact on small firms.

We would welcome views from consultees on these impacts.

Carbon Assessment

We do not expect these proposals to have an impact on the emission of greenhouse gases.

Other Environment

We do not expect these proposals to have any other environmental impacts.

Health Impact Assessment

- Will your policy have a significant impact on human health by virtue of its effects on the following wider determinants of health? : Income; crime; environment; transport; housing; education; employment; agriculture; social cohesion.

There may be an impact on the health of victims of violent crime as a result of them receiving smaller payments.

- Will there be a significant impact on any of the following lifestyle related variables? : Physical activity; diet; smoking, drugs or alcohol use; sexual behaviour; accidents and stress at home or work.

We do not anticipate a significant impact on these variables.

⁴⁰ Around 25% of successful claims, or 10,000 claims per year, have legal representation. Our proposals might reduce this by a third to a half (3,000 – 5,000). Data is not available to allow us to compare this to the total number of claims for compensation a year that involving personal injury lawyers.

However, the Compensation Recovery Unit keeps statistics on the number of cases registered with them. The Compensation Recovery Unit works with insurance companies, solicitors and DWP customers, to recover: amounts of social security benefits paid as a result of an accident, injury or disease, where a compensation payment has been made, and costs incurred by NHS hospitals and Ambulance Trusts for treatment from injuries from road traffic accidents and personal injury claims.

In 2009/10, 861,325 cases were registered to the CRU. Some of these cases may have involved only insurance companies, and no lawyers. However, if lawyers were only involved in 50% of these cases, CICA cases with legal representation would still correspond to less than 1% of this other work.

- Is there likely to be a significant demand on any of the following health and social care services? : Primary care; community services; hospital care; need for medicines; accident or emergency attendances; social services; health protection and preparedness response.

There may be an impact on the health service if special expenses are removed for private health care that is not available on the NHS. However, the small number of people involved (less than 50 per year), and the fact that the scheme is already designed as one of last resort mean that this impact is not expected to be significant.

Human Rights

We believe the proposals are compliant with the Human Rights Act.

Justice Impact Test

Impacts on the justice system are covered in the main body of this Impact Assessment.

Rural proofing

We do not expect the impacts of these proposals to differ between rural and urban areas.

Sustainable Development

These proposals are consistent with the principles of sustainable development, in particular those of a sustainable economy and of a just society. By contributing to the government's objective of debt reduction they help to achieve a sustainable economy. At the same time, they are designed to target payments in a just way – to those considered the most needy, blameless victims of violent crime.

Privacy Impact Test (an MoJ Specific Impact Test)

Not relevant.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their actual costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review:

It is intended to review each policy between three and five years after the implementation date. The review will form part of wider monitoring of policies introduced to meet the government's debt-reduction objective.

Review objective:

To ascertain whether the policy proposals achieve their objectives in reducing the cost of the scheme and simplifying the application process while not having adverse equality impacts on groups with protected characteristics.

Review approach and rationale:

Review of the policy will take the form of a monitoring framework to assess whether key aims of the policy are being achieved. Data will be collected on:

- the number of applications and the amount of compensation awarded;
- the time taken to process applications;
- the proportion of claims that request reviews and subsequently appeals
- the administration costs of the CICA; and
- the 'equalities' characteristics of applicants (such as race, gender and disability)

Baseline:

The current baselines are:

- the number of applications and the amount of compensation awarded: c. 65,000 per year, of which 60% receive an award of some kind;
- the time taken to process applications: c. 7.5 months to first decision;
- the proportion of claims that request reviews and subsequently appeals: c. 20% reviews, of which 20% then go to appeal (4.6% overall);
- the administration costs of the CICA: currently c. £25m; and
- the 'equalities' characteristics of applicants (such as race, age and disability): men currently comprise 68% of award recipients and receive 65% of compensation by value. People in the 16 – 24, 25 – 34 and 35 – 44 age group are overrepresented amongst award recipients compared to the population at large, all other age groups are under-represented. Little or no information is currently available on the other protected characteristics (disability, sexual orientation, gender reassignment, pregnancy and maternity, religion and belief and race), but new systems are in place already, so data on the current scheme will exist before the new scheme begins.

Success criteria:

The policy proposals will be considered successful if the reduced costs as outlined in this IA are realised with no disproportionate impact on those applicants with protected characteristics. However, economic conditions and other factors will need to be taken into consideration. Success will also be measured by:

- Reduction in number of applicants and total value of compensation paid;
- Decrease in time to first decision;
- No long-term rise in proportion of claims where there are requests for review and appeal, or in proportion of reviews and appeals that are successful; and
- Decrease in the administration costs of the CICA

(There are no success criteria in relation to equalities data. The information will be monitored, and shifts in

the profile of applicants will be considered to understand whether they are driven by changes in the scheme, or wider trends in crime and society more broadly.)

Monitoring information arrangements:

It is intended to make use of the information CICA routinely collects. This includes:

- Information on number of claims;
- number and value of awards;
- time to first decision;
- number and outcomes of reviews and appeals and administration costs; and
- Equalities data via an EOM form.

Reasons for not planning a PIR:

N/a

Annex 2

The table below shows the number of victims who received tariff, loss of earnings and special expenses awards in each tariff band (averaged across 2008/09 and 2009/10).

Tariff Band	Approximate number of tariff awards made (includes awards for sexual offences, physical abuse and bereavement)	Approximate number of loss of earnings awards made	Approximate number of special expenses awards made	Approximate number of awards made for sexual offences and physical abuse	Approximate number of bereavement awards made
1	5610	50	0	370	0
2	2070	0	0	0	0
3	6310	10	0	60	0
4	640	0	0	0	0
5	4010	20	0	530	0
6	2660	30	10	0	0
7	3830	50	10	840	0
8	2220	30	0	0	0
9	3300	100	20	140	0
10	1630	60	10	60	870
11	400	20	10	250	0
12	1310	240	60	240	0
13	1490	80	20	1070	250
14	310	120	40	60	0
15	660	60	20	490	0
16	100	50	10	0	0
17	480	90	30	310	0
18	60	30	10	10	0
19	10	10	0	0	0
20	60	60	40	0	0
21	10	10	10	0	0
22	0	0	0	0	0
23	20	20	20	0	0
24	10	0	0	0	0
25	30	10	20	0	0
Total	37220	1160	350	4410	1110

Note: *These data are taken from a large administrative system and therefore should be treated as approximate. The numbers given are an average of the 2008/09 and 2009/10 recorded volumes, rounded to the nearest 10 claims. Values may not sum due to rounding.

Title: Victims of Terrorism Overseas IA No: MoJ135 Lead department or agency: Ministry of Justice Other departments or agencies: Criminal Injuries Compensation Authority, Foreign and Commonwealth Office, Home Office	Impact Assessment (IA)	
	Date: 30/01/2012	
	Stage: Final	
	Source of intervention: Domestic	
	Type of measure: Secondary legislation	
Contact for enquiries: victimsconsultation@justice.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?
N/Q	N/Q	N/Q	No
			NA

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

In the past decade there have been terrorist acts overseas in which British citizens resident in the UK have been killed or seriously affected. Whether terrorist attacks are targeted at individuals or more indiscriminately, terrorism is intended as a political statement and as an attack on a state and its people as a whole. It has ramifications for broader society beyond those who are directly affected by it.

Beyond the European Union, many countries do not have arrangements in place for the provision of payments to seriously affected victims of terrorism, or to the families and dependents of those killed in terrorist attacks taking place in their countries. This therefore leaves British and EU/EEA citizens resident in the UK who are affected by terrorism overseas with little or no means of seeking financial payment.

Enabling provisions were passed by Parliament in the Crime and Security Act 2010 for introducing a statutory scheme to make payments to bereaved families and victims of future terrorist incidents overseas. At the time the Government also indicated that there would be separate financial help through an ex gratia scheme for certain prior victims who had been injured on or after 1 January 2002 and who continued to have an ongoing disability. In line with the intentions of the previous administration, the Government intends to show solidarity with victims who are part of our community and have been caught up in terrorist attacks overseas, subsequently designated for the purposes of these schemes by making payments to those who have been seriously affected.

What are the policy objectives and the intended effects?

The proposals seek to provide payments to British and EU/EEA residents of the UK, who are seriously affected as a direct result of being caught up in a terrorist attack overseas in the absence of financial recompense elsewhere.

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: Introduce schemes for making payments to eligible victims of overseas terrorism. The policy is two fold:

- To make arrangements for a compensation scheme under the provisions in the Crime and Security Act 2010 for eligible victims that will make payments under the same categories as the revised¹ domestic Criminal Injuries Compensation Scheme and come into force at the same time as the revised domestic scheme.
- To make ex gratia payments to eligible victims of certain terrorist incidents in line with what was promised by the Government and announced in Parliament at the Second Reading of the Crime and Security Bill. These payments will be limited to payments under the tariff and therefore do not include payments for loss of earnings or special expenses. These payments will be limited to those victims who continue to have a disability as a direct result of their injuries and therefore will not be made to bereaved relatives.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 10/2015

Does implementation go beyond minimum EU requirements?	N/A
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¹ Refer to the consultation on CICS

Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro No	< 20 No	Small No	Medium No	Large No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/Q	Non-traded: N/Q	

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) that the benefits justify the costs.

Signed by the responsible Minister: Date:

Summary: Analysis & Evidence

Policy Option 1

Description: Introduce schemes for making payments to eligible victims of overseas terrorism

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: N/Q	High: N/Q	Best Estimate: -

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Not Quantified (N/Q)	N/Q	N/Q
High	N/Q	N/Q	N/Q
Best Estimate			

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

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

HM Government: payments to victims of terrorism overseas; potential operational/administrative costs of transfer of funds; potential costs to First Tier Tribunal if they need to hear more appeals; potential costs to the High Court if appeals are unsuccessful at the First Tier Tribunal
 Victim Support: potential one-off staff training costs for Victim Support
 Insurance industry: possible cost from through crowding out, which if it withdraws cover may impact on non-eligible UK nationals
 Those who assist/represent applicants: administrative costs

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Not Quantified (N/Q)	N/Q	N/Q
High	N/Q	N/Q	N/Q
Best Estimate			

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

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

British and EU/EEA residents of the UK who continue to have ongoing disabilities as a direct result of terrorist attacks overseas that are so designated for the purposes of the schemes will benefit from payments [this is related to the ex-gratia scheme]

British and EU/EEA residents of the UK if they are seriously affected by terrorist attacks overseas that are so designated for the purposes of the schemes [this is related to the statutory scheme].

Key assumptions/sensitivities/risks

Discount rate (%) N/A

Costs and benefits are contingent on the volume of victims of overseas terrorism who are eligible for compensation. Of those eligible to claim, costs and benefits depend on the volume who claim from the new schemes.

Costs and benefits are also contingent on the number of attacks, the severity of injuries resulting from the attacks and, in the case of the statutory scheme, the number of deaths (resulting in bereaved relatives eligible for compensation).

BUSINESS ASSESSMENT (Option 1)

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

Evidence Base (for summary sheets)

Introduction

1. This impact assessment is one of a group of impact assessments to accompany the consultation on the strategy for victims and witnesses. The policy on payments to victims of overseas terrorism is not new and for this reason the Government is not consulting on it. The Government is seeking views on the other policy proposals included in that document. Other impact assessments in the consultation will focus on:
 - i. An overarching impact assessment on the overall impact of all of the reforms
 - ii. Changes to the victim and witness experience of the Criminal Justice System
 - iii. Quality and Outcomes in Support Services
 - iv. Commissioning locally led victim services
 - v. Using money raised from increasing and extending the Victim Surcharge to fund victims' services
 - vi. Using money raised from increasing Fixed Penalty Notices to fund victims' services
 - vii. Criminal Injuries Compensation Scheme
2. This impact assessment is concerned with the intention to make available payments for eligible victims of overseas terrorist attacks designated for the purposes of the schemes.
3. Currently, victims of crime, including victims of terrorism, who sustain injury in Great Britain, can apply for compensation from the CICS. Awards may be made up of payments for injuries and, where relevant, additional payments for loss of earnings and special expenses with the total award capped at £500,000. The Scheme operates in England & Wales and Scotland with a similar scheme operating in Northern Ireland. However, none of these schemes currently include any arrangements for making payments to British and EU residents of the UK affected by terrorist attacks abroad.
4. In many cases, the victims of overseas terrorist acts have little or no chance of seeking financial redress from the perpetrators, the sponsors of terrorists, or from the state in which the incident occurred. Since 2006, the EU Directive 2004/80/EC has required all EU Member States to have in place arrangements for paying fair and appropriate compensation to victims of intentional, violent crime. Beyond the EU, there are many countries that do not have analogous state compensation arrangements in place.
5. There is some insurance cover available for some aspects of overseas terrorist attacks, in particular cover for medical expenses and repatriation. However, around 40% of travel insurance policies specifically exclude payments in respect of injuries sustained as a result of terrorist attacks. Furthermore travel insurance cover generally does not extend to compensation for loss of earnings, nor provide compensation for pain and suffering associated with the injuries sustained.
6. UK residents affected by overseas terrorist acts can currently claim financial assistance from the Red Cross Relief Fund for UK Victims of Terrorism Abroad which was launched in May 2007 following a Government contribution of £1m. The Fund is administered by the British Red Cross and provides an immediate grant of £3,000 to help cover costs such as hospital bills, additional accommodation, replacement of lost belongings and repatriation to the UK. A further £12,000 is available for ongoing costs.
7. British nationals affected by terrorism overseas may also access emergency support from the Exceptional Assistance Measures (EAM) scheme run by the Foreign and Commonwealth Office (FCO). The EAM makes available emergency assistance to cover immediate needs such as flights, accommodation and subsistence if these cannot be met from other sources such as insurance arrangements. Assistance under these measures is not made available to those who have travelled to a region where the FCO had advised against all travel.
8. In some circumstances, charitable help may also be available. However, this often follows in the aftermath of a major event and amounts vary considerably. For example, the London Bombings Charitable Relief Fund was established following an outpour of public donations to provide financial relief to victims and their families following the 7/7 attack. Conversely, the Bali, Sharm el Sheikh

and Turkish bombings generated nothing for British or UK resident victims as there was no appeal fund set up in the wake of the attacks.

Rationale for intervention

9. Terrorism is intended as a political statement and attack on society as a whole and has ramifications beyond those who are directly affected by it. As such the Government intends to show solidarity with British and EU victims who are part of our community and have been caught up in terrorist attacks overseas designated for the purposes of these schemes by making payments to those who have been seriously injured and who could not have reasonably anticipated a significant threat to their safety or security when travelling abroad.

Main Affected Groups

- Victims of terrorist attacks overseas and dependents of those who are fatally injured.
- The Criminal Injuries Compensation Authority.
- Government Departments such as the Ministry of Justice, Ministry of Defence, Foreign & Commonwealth Office, Home Office and HM Treasury.
- Her Majesty's Courts and Tribunals Service.
- Victims' organisations.
- Personal Injury Lawyers.
- Insurance providers.

Note on territorial application

The proposals in this Impact Assessment apply to the UK as a whole.

Cost and Benefits

10. This Impact Assessment identifies non-monetised impacts on individuals, groups and businesses in the UK, with the aim of understanding what the overall impact to society might be from implementing these options. The costs and benefits of each option are compared to the do nothing option. Impact Assessments place a strong emphasis on valuing the costs and benefits in monetary terms (including estimating the value of goods and services that are not traded). However there are important aspects that cannot sensibly be monetised. These might include how the proposal impacts differently on particular groups in society or changes in equity and fairness, either positive or negative.
11. This Impact Assessment sets out our current estimates for the costs and benefits of the proposal to the affected groups. These estimates are based on the evidence that is currently available, and are subject to change as the evidence base improves. As such, the estimates are represented as ranges based on assumptions detailed in the discussion of costs and benefits below.

Base Case / Option 0

12. Under the 'do nothing' scenario, British and EU/EEA victims of overseas terrorism resident in the UK continue to remain without access to any UK state funded compensation. Eligible victims may be able to access some support from the Foreign and Commonwealth Office's 'Exceptional Assistance Measures' for terrorist incidents overseas, limited financial support from the Red Cross Relief Fund for UK Victims of Terrorism Abroad and from those countries that have compensation schemes in place. Various types of insurance cover would also continue to be available from the insurance market.
13. Because the do-nothing option is compared against itself its costs and benefits and necessarily zero, as is its Net Present Value (NPV)⁴².

⁴² The Net Present Value (NPV) shows the total net value of a project over a specific time period. The value of the costs and benefits in an NPV are adjusted to account for inflation and the fact that we generally value benefits that are provided now more than we value the same benefits provided in the future.

Option 1

14. Option 1 recommends introducing schemes for making payments to eligible victims of overseas terrorism.
15. Payments will be made via an ex gratia scheme for eligible victims of terrorism overseas, which will run until the commencement of a statutory based scheme for victims in the future.

Policy Proposals	Statutory scheme	Ex gratia scheme
Eligibility criteria 1 to receive payments.	Must be a British or EU/EEA citizen resident in the UK for 3 years or more immediately prior to the terrorist incident.	Must be a British or EU/EEA citizen resident in the UK for 3 years or more immediately prior to the terrorist incident.
Eligibility criteria 2 to receive payments.	Must have an injury that appears in the CICS tariff (in line with the revised CICS) as a direct result of a terrorist attack overseas, subsequently designated for the purposes of the scheme, to engage the tariff for injuries.	Must have an ongoing disability, defined in accordance with section 6 of the Equality Act 2010, that has arisen or been exacerbated as a direct result of an injury sustained during a terrorist attack overseas, subsequently designated for the purposes of the scheme, and that appears in the 2008 CICS tariff. It must further be present when an application is made to the ex gratia scheme.
Designation of terrorist attacks for the purposes of the scheme.	Must be designated by the Secretary of State for the purposes of the scheme including giving consideration to: <ol style="list-style-type: none"> a. Whether in the view of the Secretary of State the act constitutes terrorism within the meaning of the Terrorism Act 2000 (see section 1 of that Act); and b. whether FCO travel advice was against all travel at the time of incident, subject to any exceptional circumstances. 	Must be designated by the Secretary of State for the purposes of the scheme including giving consideration to: <ol style="list-style-type: none"> a. whether in the view of the Secretary of State the act constitutes terrorism within the meaning of the Terrorism Act 2000 (see section 1 of that Act); and b. whether FCO travel advice was against all travel at the time of incident, subject to any exceptional circumstances.
Types and Amounts of Payments.	To make available payments for pain and suffering according to a scale of tariff bands, loss of earnings and special expenses as will be available under a revised CICS.	To make available payments in line with the tariff bands for pain and suffering under the current 2008 CICS.
Timing	This scheme should come into force at the same time as the revised CICS.	This scheme should be open for applications in April 2012 for eligible victims injured in incidents from 1 January 2002 until the statutory scheme comes into force.

Costs of Option 1

16. Costs arising from this option are only possible to illustrate with a wide range of uncertainty. It is uncertain when and where a designated attack might occur. Costs and transfer payments can be divided into:
- i. **Operating costs:** There are direct costs related to setting up the schemes, and ongoing costs incurred by affected organisations from having the schemes in place. These costs would largely depend on the number and scale of terrorist attacks and the number of people applying for payments under the schemes.
 - ii. **Payments:** These are the payments (technically transfers) resulting from the funds paid to individuals and is contingent on the scale and number of terrorist attacks designated for the purposes of the schemes.

Statutory scheme

17. The cost of any scheme would be dependent on the number of and impact of any overseas terrorist attacks. It is therefore not possible to predict the cost of such a scheme with any degree of accuracy.

Ex gratia scheme

18. The cost of the scheme, which will run until the commencement of the statutory scheme, is dependent in part on the number and impact of any overseas terrorist attacks that occur between now and the commencement of the statutory scheme. It is therefore not possible to predict the cost of such a scheme with any degree of accuracy.
19. We currently estimate there may be around 50-100 potentially eligible known victims. We know that the average CICS tariff award for 7/7 victims was around £6,000. However, we cannot use these figures to give the costs of the ex gratia scheme because there may be more victims that we do not know about. In addition, the severity of their injuries is unknown. There is no reason to believe the average severity of injury of a domestic attack would be the same as a foreign attack, especially given the relatively small number of victims involved.

Costs to CICA/MoJ and Scottish Government:

20. There will be costs to CICA (which is wholly funded by the MoJ and Scottish Government) of setting up the schemes and training claims officers in the rules of the proposed new schemes.

Costs to the FCO:

21. There will be costs to the FCO for its Counter Terrorism Department which would need to provide robust advice to Ministers on designation and service litigation.

Costs to the Tribunal Service: First-tier Tribunal – Criminal Injuries Compensation (FTT-CIC):

22. There will be additional costs to the First-tier Tribunal which will hear and decide appeals against decisions made by the CICA. The magnitude of those costs would depend on the number of appeals.

Costs to the High Courts

23. An individual can raise an appeal at the High Court if unsuccessful at First Tier Tribunal. There might be additional costs arising to High Courts if a case has not been settled through the Tribunal. Depending on the number of cases, these costs can vary widely, but could range between £40,000 to £100,000 per case. The total costs would depend on the number of appeals made per year and whether the appeal has been won by the individual who raised the appeal.

Costs to Victim Support

24. There may be a one off cost incurred by Victim Support. Victim Support currently provides free advice to applicants under the Criminal Injuries Compensation Scheme and may undertake a similar role in relation to the schemes for victims of overseas terrorism. It is likely that one off costs, such as staff training costs would be incurred by this organisation but these costs are likely to be small. There may also be ongoing staff costs from providing support to victims, but these may not be additional unless there is a large increase in volume of attacks.

Costs to the insurance industry

25. Currently around 60% of travel insurance does not exclude costs arising from terrorist attacks abroad. Travel insurance often covers medical expenses and repatriation costs but not compensation for physical injury. If the UK Government provided equivalent cover as well, without charging a premium, there would be little incentive for people to pay extra for travel insurance which does not include exclusions relating to terrorist attacks. This may lead to travel insurance contracts no longer including this cover. The resultant crowding out may cause financial harm to the insurance industry.
26. The extent of this impact is unclear. The Government's proposed new schemes are limited to a maximum amount of compensation lower than the level of cover recommended for medical expenses by the FCO⁴³. This implies that any crowding out might be partial, especially if there is uncertainty around whether a future incident might be designated by the Secretary of State and if the Government's scheme does not cover all consumers.

Costs to those who assist/represent applicants:

27. As we do not know how many claims are likely to arise, we do not know what the costs might be to organisations that might seek to assist those that might seek to make these claims.

Costs to UK residents who are not eligible nationals

28. UK residents who do not qualify to apply for compensation under the scheme may currently take out travel cover which does not include exclusions relating to terrorist activity. If this type of cover was no longer provided by the insurance market, as explained above, these UK residents would not be covered by the private or public sector in future.

Benefits of Option 1

Statutory scheme

29. There will be a benefit to British and EU/EEA residents of the UK if they are seriously affected by terrorist attacks overseas that are so designated for the purposes of the scheme.

Ex gratia scheme

30. There will be a benefit to British and EU/EEA residents of the UK who continue to have ongoing disabilities as a direct result of terrorist attacks overseas that are so designated for the purposes of the scheme.

Net Impact of Option 1

31. There will be a positive impact in that financial support will be available to British and EU residents of the UK if they are seriously affected by terrorist attacks overseas that are so designated for the purposes of the schemes.

Key Risks and Assumptions

32. The risks are dependent on the number of and impact of any overseas terrorist attacks.

Specific Impact Tests

Statutory equality duties

33. An Equality Impact Assessment is included as a separate document.

Competition Assessment

34. Will the proposal:
 - Directly limit the number or range of suppliers (or providers)?
 - Indirectly limits the number or range of suppliers (e.g. by altering demand)?
 - Limit the ability of suppliers to compete?
 - Limit suppliers' incentives to compete vigorously?

⁴³ FCO travel insurance advice is to arrange medical and health insurance cover for at least £1m for Europe and at least £2m for the rest of the world. <http://www.fco.gov.uk/en/travel-and-living-abroad/staying-safe/travel-insurance/medical-health>

35. In respect of the market for providing travel insurance cover for medical expenses and repatriation costs stemming from an overseas terrorist attack, there may be an impact. Public provision of this cover without charging premiums may cause suppliers to stop providing this cover because there would be reduced demand for private provision. In effect government provision could crowd out the private sector. The Association of British Insurers considers that around 60% of travel insurance contracts do not have an exclusion relating to overseas terrorist attacks. In effect there may no longer be any private sector suppliers hence all four counts above would be met.
36. In practice the Government's proposal is limited to a maximum amount of compensation lower than the level of cover recommended for medical expenses by the FCO. In addition there is some uncertainty surrounding which attacks might be designated by the Secretary of State for the purposes of the schemes, and not all consumers would be covered by the Government's proposals. The outcome on crowding out is unknown, although we adopt the cautious assumption that some crowding out is likely to take place. The FCO advise those travelling abroad to take out adequate and comprehensive travel insurance, and recommends that, where possible, travellers should ensure that their policy does not exclude terrorism. Such advice will not alter following the introduction of any schemes to compensate British and EU residents of the UK who become victims of terrorism overseas.
37. In addition we might consider the private market for travel insurance related to compensation for injury, loss of earnings and death from terrorist attacks outside of the UK. Introducing public provided compensation would mean that it would be costlier if not unfeasible for firms who may want to establish private provision in the future. This is because they would have to compete with the public provider who does not collect premiums, and hence which acts as a considerable barrier to entry to the market. As this market does not exist at present this is more of a hypothetical anti-competitive effect.

Small Firms Impact Test

38. There may be some impact on small firms including travel insurers and those employing personal injury lawyers.
39. The availability of new payments for eligible victims of terrorism overseas may result in an increase in the demand for assistance with claims from personal injury lawyers. We do not have any data on how many claims are likely to arise from victims of terrorism overseas and therefore cannot predict what the impact will be on small firms.
40. The availability of new payments may also result in a reduction in the demand for private travel insurance as described above at paragraphs 27-28. Any impact should be limited in that the amount of compensation available will be lower than the level of cover recommended by the FCO. Additionally, claims from people have travelled to a country or region for which the FCO had advised against all travel (subject to exceptional circumstances) are unlikely to be designated for the purposes of the schemes.
41. As the schemes will apply equally to all British and EU/EEA residents in the UK who are victims of terrorism overseas, it would not be possible to make exemptions, or provide a different approach, for small firms. As we do not have any data on the number of claims that are likely to arise as a result of terrorism overseas, we do not have any data on the proportion of firms that are likely to be affected. However, many providers of legal services and travel insurance are small, so it is possible that most of the relevant providers may also be small. In this sense (i.e. compared to the private sector as a whole) the impact might fall more heavily on small firms.

Carbon Assessment

42. It is unlikely the proposal will have an impact on the emission of greenhouse gases.

Other Environment

43. It is unlikely the proposal will have any other environmental impacts.

Health Impact Assessment

- Will your policy have a significant impact on human health by virtue of its effects on the following wider determinants of health? : Income; crime; environment; transport; housing; education; employment; agriculture; social cohesion.

44. There may be a positive impact on the health of eligible victims of terrorism overseas as a result of them receiving new payments.
- Will there be a significant impact on any of the following lifestyle related variables? : Physical activity; diet; smoking, drugs or alcohol use; sexual behaviour; accidents and stress at home or work.
45. We do not anticipate a significant impact on these variables.
- Is there likely to be a significant demand on any of the following health and social care services? : Primary care; community services; hospital care; need for medicines; accident or emergency attendances; social services; health protection and preparedness response.
46. We do not anticipate a significant demand on these variables.

Human Rights

47. The policy proposal to introduce schemes to compensate certain eligible victims of terrorism overseas will be developed to conform with the Human Rights Act where relevant.

Justice Impact Test

48. Impacts on the justice system are covered in the main body of this Impact Assessment.

Rural proofing

49. It is unlikely the proposal will have an impact on the circumstances and needs of rural people and places.

Sustainable Development

50. It is unlikely the proposal will have a negative impact on any of the following principals of sustainable development:
- Living within environmental limits;
 - Ensuring a strong, healthy and just society;
 - Achieving a sustainable economy;
 - Promoting good governance;
 - Using sound science responsibly.
51. The proposals may, however, have a positive impact on ensuring a strong, healthy and just society. Making financial payments available to British and EU residents in the UK who have been affected by terrorism overseas may help counteract terrorist ideology that the Government does not support its citizens as well aiding the recovery of victims in the aftermath of a terrorist attack overseas.
52. There is a risk that the proposals may have a negative impact on achieving a sustainable economy in that new payments will be made available to eligible victims seriously affected by terrorism overseas. However, any costs would be dependent on the number and impact of any overseas terrorist attacks that have been so designated for the purposes of the schemes. It is not possible to predict the cost of such scheme with any degree of accuracy.

Privacy Impact Test (an MoJ Specific Impact Test)

53. Claimants will need to provide some personal data to prove eligibility for compensation. This may include, among other data, both medical and criminal records, and proof of residence.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their actual costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review:

It is intended to review each policy between three and five years after the implementation date.

Review objective: To ascertain whether the policy proposals achieve their objectives in making payments available to British and EU/EEA residents in the UK who are seriously affected by terrorism overseas whilst also building up a demographic profile, including protected characteristics under the Equality Act 2010, of potential applicants.

Review approach and rationale: Review of the policy will take the form of a monitoring framework to assess whether the aims of the policy are being achieved. Data will be collected on:

- the number of applications and the amount of payments awarded;
- the time taken to process applications;
- the proportion of claims that request reviews and subsequently appeals
- the administration costs of the CICA; and
- the 'equalities' characteristics of applicants (such as race, gender and disability)

Baseline:

This is a new provision being made available to British and EU/EEA residents of the UK seriously affected by terrorism overseas.

Success criteria: The policy proposals will be considered successful if payments are made to eligible British and EU/EEA victims of terrorism overseas. (We will also monitor the time taken to make payments and the accuracy of initial decisions. However, as we do not have a baseline, at this stage there are no specific success criteria for these measures.)

Monitoring information arrangements:

It is intended to put in place arrangements for collecting and recording information. This will include:

- Information on number of claims;
- number and value of awards;
- time to first decision;
- number and outcomes of reviews and appeals and administration costs; and
- equalities data via an EOM form.

Reasons for not planning a PIR: [If there is no plan to do a PIR please provide reasons here]

N/A