

Regulatory Policy Committee		Opinion	
Impact Assessment (IA)		Court Fees. Cost Recovery	
Lead Department/Agency		Ministry of Justice	
Stage		Consultation	
IA Number		MoJ221	
Origin		Domestic	
Expected date of implementation (and SNR number)		SNR 7	
Date submitted to RPC		03/12/2013	
RPC Opinion date and reference		14/01/2014	RPC13-DECC-1959
Overall Assessment		GREEN	
RPC comments			
<p>The IA is fit for purpose. The Department has provided a comprehensive overview of the raising of fees for the provision of court services that is a step closer to full cost recovery.</p> <p>The SaMBA is adequate for this stage of policy development. However, the department should consider providing more information and detail on the approach to mitigating the impact of the increase in fees on small and micro businesses before an IA is submitted for scrutiny ahead of final stage clearance.</p>			
Background (extracts from IA)			
What is the problem under consideration? Why is government intervention necessary?			
<p><i>“The Ministry of Justice (MoJ) does not recover the full cost of the civil court system (the civil and family courts). In 2012/13 a gross income of around £500m was generated against a cost of around £625m, creating a deficit totalling around £125m (2013/14 prices). With around £25m of income spent on remissions (fee waivers) the overall cost to the taxpayer was around £150m. The MoJ’s 2010 Spending Review settlement includes a commitment to recover by 2014/15 the full cost of the civil court system through fees, excluding the cost of remissions. Government intervention is necessary to increase income from fees.”</i></p>			
What are the policy objectives and the intended effects?			
<p><i>“The MoJ’s policy is that fees in HM Courts & Tribunal Service reflect the full cost of the services provided, while protecting access to justice for the less well off and reducing the taxpayer subsidy for the civil court system. The policy objectives for the reforms in this Impact Assessment are to ensure that fee income covers 100% of the cost of providing services, minus the income foregone from the remission system; except in specific cases where a policy decision has been made to continue to charge below cost. The proposals also seek to simplify the current fee structure to make it easier to understand and more straightforward to administer.”</i></p>			

Identification of costs and benefits, and the impacts on business, civil society organisations, the public sector and individuals, and reflection of these in the choice of options

Fees and Charges. The Department has set out how it is increasing fees for the provision of court services that represents more closely full cost recovery.

Comments on the robustness of the Small & Micro Business Assessment (SaMBA)

The proposals regulate business and are intended to come into force after 1 April 2014 and therefore the SaMBA is applicable.

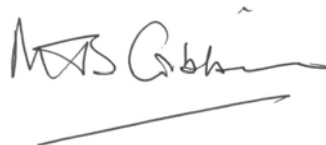
The SaMBA is sufficient for this stage of policy development. The Department explains that *"It is likely that some small and micro businesses which bring cases to the civil courts or which are defendants in civil claims will be affected by [the Department's] policy proposal as they will now have to pay a higher issue fee to bring a case to court..."* (paragraph 111 of the IA). However, while the Department is not proposing to exempt small and micro businesses from the increase in fees, the Department says that *"...to mitigate further the effects on small firms and micro businesses, we could consider producing user guides or information campaigns to ensure that these businesses know how they will be affected. These possibilities are being considered further over the consultation period."* (Paragraph 113 of the IA.)

The Department should specifically seek the views of small and micro businesses during consultation and update the IA accordingly to explain clearly how the impact of the increase in fees on these entities will be mitigated.

Comments on the robustness of the OITO assessment.

The IA sets out that the aim of the proposed increase in fees is not to change behaviour, rather to *"...raise the price of court services where they are set below cost."* (paragraph 106 of the IA). At this stage of policy development, the assessment that this measure is out of scope appears to be reasonable and is consistent with current One-in, Two-out Methodology (paragraph 1.9.8 vii of the Better Regulation Framework Manual).

Signe

A handwritten signature in black ink, appearing to read 'Michael Gibbons', with a long horizontal line extending from the bottom of the signature.

Michael Gibbons, Chairman