

Title: Streamlining high-volume, low-level 'regulatory cases' in magistrates' courts IA No: MoJ 227 Lead department or agency: Ministry of Justice Other departments or agencies: Her Majesty's Courts and Tribunals Service, police forces in England and Wales, British Transport Police, Department for Transport, and Department for Culture, Media and Sport.	Impact Assessment (IA)		
	Date: 05/02/2014		
	Stage: Introduction of Legislation		
	Source of intervention: Domestic		
	Type of measure: Primary legislation		
	Contact for enquiries: general.enquiries@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 (2013/14 prices)	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out?	Measure qualifies as	
£35-64m	N/A	N/A	No	N/A	

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

Magistrates' courts hear large volumes of 'regulatory cases' each year in England and Wales. These are summary-only non-imprisonable cases, which almost exclusively result in a financial penalty, where defendants seldom attend court or even enter a plea, but where the court is still required to conduct a trial in a courtroom open to the public. This is disproportionate, expensive and wasteful when compared with the seriousness of the offending. In addition it distracts local magistrates and their courts away from more serious and contested cases which have the biggest impact on local communities.

Government intervention is necessary because the current procedural requirements are contained in primary legislation.

What are the policy objectives and the intended effects?

The Government intends to reform the process for 'regulatory cases' to remove bureaucracy associated with them to ensure they are proportionate to the seriousness of the offending and the consequences for the offender, and focus traditional magistrates' courtrooms on those cases, such as public disorder, shoplifting and antisocial behaviour, which have the biggest impact on local communities.

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

Reforms short of legislation were identified during the development of this work. A number of proposals were identified and are being taken forward; this includes the recent work to implement 'Traffic Courts' which will go some way to improving the efficiency of these cases. This existing work will continue and therefore form part of the 'status quo', where all summary motoring and non-motoring cases continue to be dealt with by the magistrates' courts as at present.

The options for streamlining this type of case were last considered in 2006, albeit within the existing statutory constraints. That piece of work recommended some improvements but reached the conclusion that substantial further efficiency would not be possible within the current legislative framework.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 04/2021					
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/A		Non-traded: N/A	

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: 05/02/2014

Summary: Analysis & Evidence

Policy Option 1

Description: Reform the statutory procedural requirements for hearing 'regulatory cases' to allow those which are dealt-with in the absence of the defendant to be considered by one magistrate, supported by a Legal Adviser, on the basis of the case information submitted by the prosecutor.

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: 34.8	High: 64.1	Best Estimate*: 49.5
2013/14	2013/14	10			

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant)	Total Cost (Present Value)
Low	1.1	2	0.3	3.0
High	2.6		1.7	14.0
Best Estimate*	1.8		1.0	8.5

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

Transition costs are based on the estimated costs of designing and introducing a solution to implement the policy, based on scale of change and strategic fit with existing reforms in the Criminal Justice System (CJS). Annual costs are based on the estimated annual running costs, based on the scale of change.

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

Prosecutors would have to change their business processes to enable them to use the new procedures. As these are beyond MoJ's control, they have not been monetised for the purposes of this impact assessment.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant)	Total Benefit (Present Value)
Low	0.0		8.7	48.8
High	0.0		10.3	67.1
Best Estimate*	0.0		9.5	58.0

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

Principal monetised annual benefits are based on the potential for increased efficiency as a result of reduced bureaucracy associated with removal of unnecessary statutory processes steps in relation to these cases.

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

Removing 0.8m low-level cases from traditional magistrates' courtrooms would allow local courts to focus on the more serious and contested cases; those which really make a difference to their communities, which is a key priority for magistrates.

There would also be non-monetised process efficiency associated with this reform, including fewer handovers between agencies and flexibility as to how they can be prepared and heard.

Key assumptions/sensitivities/risks

Discount rate

3.5%

The total annual volume of magistrates' completed proceedings is assumed to be static over the next ten years, and the case mix in 2012/13 is assumed to remain unchanged over the time horizon.

The possible behavioural response of in-scope defendants seeking to have "their day in court" is ignored. Offsetting this factor is the exclusion of many summary offences from possible in-scope volumes due to problems in distinguishing them from out-of-scope volumes.

The extent to which the NPV can be realised is dependent on HMCTS, and prosecutors undertaking a substantial change programme. This is currently being developed at the same time as the legislation, and is subject to appropriate governance arrangements in HMCTS.

BUSINESS ASSESSMENT (Option 1)

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

* Mid-point between high and low estimates.

Note that the "high" NPV combines high benefits and low costs, whereas the "low" NPV combines the low benefits with the high costs.

Evidence Base

Background

1. Making the criminal justice system more efficient and effective has been a long-standing aim of the Ministry of Justice. One priority in the MoJ business plan (2012-15) is to 'reform courts, tribunals and legal aid, and work with others to reform delivery of criminal justice'. It is also one of the Secretary of State's five priority programmes¹. In '*Transforming the CJS – A Strategy and Action Plan*', published in June 2013, the Government set out its plans for reform of the Criminal Justice System². Transforming summary justice is a significant element of this strategy, making it simpler, faster and more proportionate. In addition, the Government is undertaking a piece of work to strengthen the role of magistrates. As part of that, magistrates have said that their courtrooms should be focussed on cases which have the biggest impact on their communities.
2. There were 1.64m criminal cases dealt with by magistrates' courts in 2012-13, of which 1.13m were summary cases falling into 2562 different offence types. This figure includes 0.30m summary, imprisonable cases (392 offence types), which potentially carry a custodial sentence, and 0.84 million summary motoring and non-motoring 'regulatory' cases:
 - 0.41m summary non-motoring cases (including TV Licensing offences prosecuted by the TV Licensing organisation (TVLO) and fare evasion cases); and
 - 0.43m summary motoring offences (such as speeding and no-insurance cases prosecuted by the police and the CPS).
3. Whilst 'regulatory cases' represent approximately half of the magistrates' court criminal case volumes, as a result of historic reforms to streamline this type of low-level case, it represents a substantially smaller proportion of overall workload of magistrates' courts. The current costs for administrating these cases are estimated at £24.3m per annum at today's prices.

Policy Objectives and Rationale

4. The Criminal Justice System's response to crime should be proportionate to the seriousness of the offending, the consequences for the offender and, most importantly, the impact on the victim. Therefore, in reforming the Criminal Justice System, the Government should seek to move away from a 'one size fits all' approach, to one where the response is appropriate to achieve the right outcomes in terms of punishing the offender, facilitating their rehabilitation, and helping an identifiable victim to cope and where possible recover. This dovetails with the Government's strategy to reorient the criminal justice system in favour of the victim to help make the system more responsive and attuned to their needs.
5. The 'regulatory cases', which this work seeks to reform, are those summary-only non-imprisonable cases, of which magistrates' courts hear large volumes each year, but which almost exclusively result in a financial penalty. These cases, like speeding, no insurance and TV Licence evasion, are characterised by large numbers of uncontested cases and predictable penalties, in accordance with clear Sentencing Guidelines. In many 'regulatory cases' defendants do not engage with the court process at all.
6. Anecdotal evidence from observing court proceedings suggests that around half of defendants involved in summary motoring proceedings enter no plea, meaning that their cases are dealt with in the absence of the defendant. When cases proceed in the absence of the defendant - even though the witnesses are normally also absent - statute requires the court to conduct a trial in a courtroom open to the public. This can lead to hearings at which paperwork is read aloud by lawyers and advocates and at which the court announces the reasons for its decision and any sentence to an empty court.

¹ The priorities are: a Rehabilitation Revolution - to transform the lives of offenders and reduce re-offending; Driving down the costs of prison - to deliver maximum value for taxpayers' money; Youth Justice and estate reform – to ensure young offenders are given appropriate, and cost effective, support and accommodation; Court estate and CJS reform - rationalisation and reform of the court estate and wider CJS; and Legal Aid reform – to ensure the system is cost effective and focussed on those cases which really need it.

² <https://www.gov.uk/government/publications/transforming-the-criminal-justice-system>

7. This is disproportionate, expensive and wasteful when compared with the seriousness of the offending and the consequences for the offender. In addition, it distracts local magistrates and their courts away from more serious and contested cases; those which have the biggest impact on local communities.
8. The Government intends to reform the process available for these cases to:
 - Remove bureaucracy associated with 'regulatory cases' to ensure they are proportionate to the seriousness of the offending behaviour, the harm caused and the consequences for the offender; and
 - Focus traditional magistrates' courtrooms on those cases, such as public disorder, shoplifting and antisocial behaviour, which have the biggest impact on local communities.
9. Many of the procedural requirements relating to summary justice are contained in primary legislation. It would help to achieve the Government's aim of making the process of dealing with 'regulatory cases' more proportionate if some of the current procedures were brought within the remit of the Criminal Procedure Rule Committee, enabling it to reform them and make them more efficient.

Description of Options

Base case – “Option 0”

10. This base case contains reforms short of legislation which were identified during the development of this work. A number of proposals were identified and are being taken forward; this includes the recent work to establish 'Traffic Courts' which will go some way to improving the efficiency of these cases. This existing work will continue and therefore forms part of the status quo, where all summary motoring and non-motoring cases continue to be dealt with by benches of magistrates in traditional courtrooms as at present. The options for streamlining this type of case were last considered in 2006, albeit within the existing statutory constraints. That piece of work recommend some improvements but reached the conclusion that substantial further efficiency would not be possible within the current legislative framework.
11. Under the status quo, existing initiatives would continue such as:
 - the use of fixed penalties and driver offender retraining courses (DORCs), where appropriate, as an alternative to prosecution;
 - the implementation of 'Traffic Courts', subject to the agreement of the judiciary;
 - improvements to documentation in relation to road traffic offences;
 - move towards greater use of police-led prosecutions; and
 - rollout of Postal Charging and Requisitioning (written charge process) to all police areas.

Option 1 – Reform the statutory procedural requirements for hearing 'regulatory cases'

12. Under this option, legislation will be introduced to:
 - Allow summary-only, non-imprisonable offences to be tried and sentenced by a single magistrate, rather than a bench of two or three (unless the defendant indicates he wishes to plead not guilty, or otherwise have his case dealt-with in open court, in which case the current arrangements will apply);
 - Enable prosecutors (subject to guidance) initially to identify which of those cases are suitable to be dealt-with in this way. That decision will be subject to the indicated wishes of the defendant, and the ultimate discretion of the court;
 - Remove the usual procedural requirements for case details to be read aloud in court, therefore saving court time and expense. Prosecutors will not have to attend court in uncontested cases;
 - Create a statutory exception to the obligation to sit in open court for these prescribed cases, providing greater flexibility as to the date and time at which these cases can be heard; and
 - Make necessary ancillary amendments.

13. The effect of this legislation will be to allow those 'regulatory cases' which are usually dealt-with in the absence of the defendant to be considered by one magistrate, supported by a Legal Adviser, on the basis of the case information submitted by the prosecutor. These will still be criminal proceedings, and the venue will still be a magistrates' court. The usual punishment and penalties for these offences, as set out in Sentencing Guidelines, will not be changed by the legislation.
14. In accordance with Government policy to make best use of the Criminal Procedure Rules, maximum allowance will be made for procedures to be determined by the Criminal Procedure Rule Committee³, with only the most fundamental requirements and safeguards being on the face of the legislation.

Costs and Benefits

15. This Impact Assessment identifies both monetised and non-monetised impacts of this proposed reform, with the aim of understanding what the overall impact to society might be from implementing these options. A Net Present Value (NPV) of the quantified economic costs and benefits is estimated using market prices, excluding Value Added Tax (VAT), but taking account of non-wage labour costs where relevant. The Net Present Value of the outlined option is then compared to the base case. Whilst some of the costs and benefits may be presented in monetary terms (monetised), this should not be construed directly as a financial impact, as this will depend upon implementation decisions which are yet to be made, as set out in the Implementation section. There are also important aspects that cannot readily be monetised.

Base case – “Option 0”

16. As this option involves maintaining the status quo, existing initiatives will continue. The economic NPV of this option is zero because these activities would take place in the absence of any of the changes proposed under Option 1.

Option 1 – Reform the statutory procedural requirements for hearing 'regulatory cases'

17. This reform only directly affects public sector organisations as these prosecute a large proportion of 'regulatory cases'; there are no direct impacts on businesses in the private sector. While there are some private sector organisations that prosecute regulatory cases (principally comprised of Train Operating Companies and Local Transport Executives who prosecute fare evasion offences), these prosecutors will not be compelled by the legislation to use the new process, but would be at liberty to join the process if they wish.
18. The main public sector organisations affected are:
 - Her Majesty's Courts and Tribunals Service
 - Police Forces in England and Wales
 - British Transport Police
 - Department for Transport (and DVLA)
 - Department for Culture, Media and Sport (and the TV Licensing Organisation)
 - Local Authorities

Monetised Costs and Benefits

19. One of the principal objectives of this proposal is to make the process for dealing with 'regulatory cases' in court more proportionate to the seriousness of the offence and the consequences for the offender. The main monetised benefit of this is the potential to increase the efficiency of those cases. The scale of those efficiencies, and the extent to which they may be realised through savings

³ The Criminal Procedure Rule Committee makes rules that govern the practice and procedure of the criminal courts. The Committee are required to make rules that are simple and simply expressed, and that help make the criminal justice system accessible, fair and efficient. Members of the Rule Committee are drawn from among all the groups involved in the criminal justice system: the judiciary, including the magistracy, the legal professions, prosecutors, the police, voluntary organisations and the Ministry of Justice

or reinvested to improve outcomes will be subject to operational decisions taken during the implementation of this reform; these are set out in the implementation section.

20. In addition, whilst the Government’s proposals for criminal courts charging, which are also contained in this Bill, would not affect the overall economic impact of this reform, they would affect the extent to which the projected benefits might impact on the Government, or its agencies.
21. Our modelling, an overview of which is contained in Annex A, suggests that this policy would have a Net Present Value of between £34.8m and £64.1m at today’s prices over a ten year period from 2013/14, allowing for estimated development and potential future running costs.
22. In arriving at this estimate, HMCTS financial analysts applied their standard Activity Based Costing (ABC) model timings, process and productivity assumptions to the in-scope volumes to estimate the base case. This was then compared with a series of hypothetical implementation scenarios in order to develop a range of potential values for the economic impact of this change. These figures were then adjusted for optimism bias based on the MoJ’s internal Optimism Bias Calculator, whereby the estimated costs are explicitly increased and the estimated benefits are explicitly decreased, so as to address “the systematic tendency for project appraisers to be overly optimistic”.⁴
23. Given the difficulties of attempting to forecast the proportion of defendants in summary cases who would elect to have “their day in court” post-implementation, no account has been taken of this possible behaviour. Offsetting this factor was the decision to omit a large number of summary offences from the modelling because of problems in distinguishing between all those offences which would and would not involve a custodial sentence.
24. For the purposes of analysis it is assumed that the total annual volume of magistrates’ completed proceedings will remain the same as 2012/13 over the next ten years. It is also assumed that the case mix will remain unchanged over that time horizon.

Non-Monetised Benefits

25. In addition to making the procedures for ‘regulatory cases’ more proportionate, thereby enabling the process to be made more efficient, a streamlined procedure would require fewer process steps, with fewer handovers between agencies and a reduced need for prosecutors to attend court. There would be increased flexibility as to how these cases could be prepared by prosecuting agencies, and how they could be handled by magistrates’ courts.
26. Removing 0.8m low-level cases from traditional magistrates’ courtrooms would allow local courts to focus on the more serious and contested cases; those which really make a difference to their communities, which is a key priority for magistrates. This would also improve the smooth running of courtrooms because it would help with prioritising those cases which continue to be heard in those venues; however it is not considered to have any direct benefits for the timeliness of the remaining cases heard by magistrates in a traditional courtroom, because courtroom capacity is not currently a constraint.

Summary

27. The following table presents a summary of the estimated NPV of Option 1 over ten years from 2013/14.

Table 1: Summary of Estimated NPV of Option 1 over Ten Years from 2013/14

<i>2013/14 Prices</i>	NPV £m
Large scale change programme (higher strategic fit) - rapid take-up by prosecutors	64.1
Large scale change programme (higher strategic fit) - slower take-up by prosecutors	53.6
Medium scale change programme (lower strategic fit) - rapid take-up by prosecutors	43.7
Medium scale change programme (lower strategic fit) - slower take-up by prosecutors	34.8

28. This option would legislate to resolve around half of all magistrates’ criminal cases annually away from traditional magistrates’ courtrooms. As the estimated NPVs of this option are all positive and significantly above zero, this option is preferred to the status quo.

⁴ Chapter 5, “The Green Book: Appraisal and Evaluation in Central Government”, HM Treasury (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf)

Defendant's Right to a Fair and Public Hearing

29. This reform will continue to protect a defendant's right to a fair and public hearing (as guaranteed by Article 6 of the European Convention on Human Rights). The defendant will retain the right to have a full hearing in open court, but the new procedure will be available where they waive that right, either expressly or by failing to respond to the process. The simplified procedure will be article 6 compliant because the single justice hearing the case will be an independent and impartial tribunal. In addition defendants will retain their existing right to an automatic non-discretionary rehearing of the case by lodging an appeal with the Crown Court, or making a statutory declaration where they were not aware of the case (depending on the circumstances).

Open Justice and Third Party Access to Case Information

30. Removing a class of cases from traditional courtrooms will potentially have an impact on the principle of 'open justice' in relation to those cases, as they will no longer be read aloud in rooms open to the public. Our investigations in developing this work, including visits to magistrates' courts, have shown that third parties seldom attend to observe these proceedings. More often, where there might be a particular interest in a case, a court is obliged to release certain case information to third parties and journalists on request.⁵
31. It is not the intention of this work that these cases should be heard '*in private*', so work to mitigate any potential impact on open justice will take place to ensure that the public access to relevant case information is maintained. As part of the Government's wider transparency agenda, we are also looking at further ways of making the court processes and outcomes more transparent to the public.

Implementation

32. This legislation has the potential to radically reform the way these cases can be progressed by the judiciary, HMCTS and prosecuting agencies. There will be substantial changes to the pre-, in- and post-court processes, including:
- prosecutors initiating cases and issuing postal requisitions. This will remove the need for courts to issue summonses for these cases;
 - defendants being given a period of time to respond, rather than a date to attend court, which will increase the flexibility of how, and where, these cases can be heard;
 - increasing potential for flexibility as to how defendants are able to interact with court to enter a plea (by post or potentially online);
 - removing the need for prosecutors and courts to re-key information that could be entered once, by the defendant, at the beginning of the process;
 - enabling adjudication by a single magistrate on HMCTS estate, but outside a courtroom, and supported by a Legal Adviser; and
 - enabling results to be sent by the defendant's chosen method of communication (potentially an automatic notification).
33. This reform therefore carries with it a significant amount of business change, for which HMCTS is currently developing its approach. This approach focuses on a number of areas:
- **Governance:** a Board has been established to make decisions on implementation and process redesign. The Board will take the views of the judiciary, frontline staff and senior operational leaders from HMCTS regions, and other interested stakeholders. This Board comprises senior representatives from HMCTS, the judiciary, the CPS and the police;
 - **Engagement with staff and key interested parties:** this reform will effect a significant change to business practices. Engagement with staff and their representative bodies will begin in early 2014. Engagement with the senior judiciary and magistrates' representative bodies will follow a similar

⁵ Criminal Procedure Rules 2013 rule 5.8 <http://www.justice.gov.uk/courts/procedure-rules/criminal/docs/2012/crim-proc-rules-2013-part-05.pdf>

timeline. Prosecuting agencies will also be integral to the making the proposed reform work in practice, and engagement will begin in early 2014;

- **Engagement with other Government departments and agencies:** substantial engagement is also taking place both with other Government departments responsible for prosecuting 'regulatory cases' (such as the Department for Transport and the Department for Culture, Media and Sport), and their agencies (such as the Driver and Vehicle Licensing Agency and the TV Licensing Organisation respectively). Engagement is also taking place with the Home Office and the police to ensure this reform capitalises on the recent reforms to increase take-up of police-led prosecutions;
- **Business process testing and further requirements gathering:** between now and mid 2014 the proposed new business processes outlined in this Impact Assessment will undergo further testing with frontline staff to ensure their robustness. Requirements for the new IT solution will also be collected; and
- **Piloting and rollout:** to ensure that any new processes and technology are fit for purpose - and in order to maintain consistent levels of performance - HMCTS intends to run a pilot by late 2014. Implementation in early adopter areas will begin by the end of 2015/early 2016 with national rollout thereafter.

Post-implementation review

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

- **Operational review** 18 months after the legislation has come into force, to determine whether the changes have been properly implemented, whether there are implementation issues that need addressing and to identify the additional perceived benefits due to these changes.
- **Policy review** 5 years after implementation to identify and quantify impacts as far as practical, including any unintended impacts.

Review approach and rationale:

35. Exact requirements will be defined as HMCTS develop their delivery plans. This Post Implementation Review will include aspects of both an Implementation Review and a Monitoring Framework.

36. Operational review to be conducted by HMCTS using data from their case management systems and continued engagement with court staff, partner agencies and the Judiciary.

37. The review will include HMCTS engaging with key stakeholders at each key stage of the implementation plan to seek their feedback on the implementation process through existing operation groups and will consider:

- Success in achieving Objectives/Deliverables
- Performance against time, quality and cost (operational impact)
- Impact of any approved changes to the original project plan and/or Business Case
- Lessons learned

38. The key stakeholders who have been identified are:

- Judiciary (through existing judicial reference groups).
- HMCTS staff and DTUS
- Prosecution Authorities (as enabled within the Legislation)
- MoJ, DFT and DCMS Policy teams

Baseline:

- Current level of prosecutions and outcomes recorded in 2012

Success criteria:

- Summary cases to be dealt with in a more proportionate way;
- Freeing up Judicial and courtroom capacity to deal with more complex cases; and

- Improve value for taxpayers' money in general

Monitoring information arrangements:

- Sentencing data is collected regularly by the MoJ. HMCTS will be monitoring their data on use, sentencing outcomes and business benefits. No additional data will be required.

Risks and Assumptions

40. These are summarised below.

Assumption	Risk
For the purposes of this impact assessment it is assumed that the total annual volume of magistrates' completed proceedings will remain the same as 2012/13 over the next ten years. It is also assumed that the case mix will remain unchanged over that time horizon.	The actual number of completed proceedings and the case mix may be different.
It is assumed that this policy will not have any benefits for improvements in the timeliness of the remaining cases heard by magistrates in a conventional courtroom. This is because the magistrates' courts are not generally capacity-constrained at present, though this may conceivably change in future.	If magistrates' courts do become capacity constrained in the future then there may be benefits for improvements in the timeliness of the remaining cases heard by magistrates in a conventional court room.
Given the difficulties of attempting to forecast the proportion of defendants in summary cases who would elect to have "their day in court" post-implementation, no account has been taken of this possible behaviour. Offsetting this factor was the decision to omit a large number of summary offences from the modelling because of problems in distinguishing between all those offences which would and would not involve a custodial sentence.	There is a risk that a significant proportion of defendants in summary cases will elect to have "their day in court" post-implementation.
Adjustment for optimism bias has been applied to the monetised costs and benefits as follows: <ul style="list-style-type: none"> • Resource costs +6.8% • Capital costs +20% for non-catalogue items • Capital costs +6.8% for other items • Benefits -20% 	
We have been engaging with prosecutors who bring proceedings for 'regulatory cases' before magistrates' courts and they have shown an appetite to engage with a change programme to implement this legislation. This impact assessment assumes take-up of this process among prosecutors, and their undertaking the necessary business changes themselves to enable cases to use the new procedures being developed. The hypothetical scenarios considered when estimating the NPV of this reform take account for different rates of take-up among prosecutors.	The rates of take-up among prosecutors may in fact be different from those assumed.
The extent to which the NPV outlined in the Costs and Benefits section can be realised is dependent on HMCTS undertaking the substantial change	

<p>programme outlined in the Implementation section. This will require the preparation of a Full Business Case to justify the change, and sign-off by the appropriate governance arrangements in HMCTS.</p>	
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Annex A – Modelling of hypothetical implementation scenarios, Option 1

2013/14 £m	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
<i>Large scale change programme (higher strategic fit) - rapid take-up by prosecutors</i>											
Estimated Development Costs	0.0	-0.9	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.1
Projected Operating Costs	0.0	0.0	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-2.4
Estimated Economic Efficiency & Effectiveness benefits	0.0	0.0	1.0	11.6	11.6	11.6	11.6	11.6	11.6	11.6	82.2
Total economic net benefit	0.0	-0.9	0.5	11.3	11.3	11.3	11.3	11.3	11.3	11.3	78.7
NPV-NPC	0.0	-0.8	0.4	10.2	9.9	9.5	9.2	8.9	8.6	8.3	64.1
NPV-NPC (cumulative)	0.0	-0.8	-0.4	9.8	19.6	29.2	38.4	47.3	55.8	64.1	
<i>Large scale change programme (higher strategic fit) - slower take-up by prosecutors</i>											
Estimated Development Costs	0.0	-0.9	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.1
Projected Operating Costs	0.0	0.0	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-2.4
Estimated Economic Efficiency & Effectiveness benefits	0.0	0.0	0.0	1.0	11.6	11.6	11.6	11.6	11.6	11.6	70.6
Total economic net benefit	0.0	-0.9	-0.5	0.7	11.3	11.3	11.3	11.3	11.3	11.3	67.1
NPV-NPC	0.0	-0.8	-0.5	0.6	9.9	9.5	9.2	8.9	8.6	8.3	53.6
NPV-NPC (cumulative)	0.0	-0.8	-1.3	-0.7	9.1	18.7	27.9	36.7	45.3	53.6	
<i>Medium scale change programme (lower strategic fit) - rapid take-up by prosecutors</i>											
Estimated Development Costs	0.0	-2.5	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.6
Projected Operating Costs	0.0	0.0	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-13.8
Estimated Economic Efficiency & Effectiveness benefits	0.0	0.0	1.4	9.9	9.9	9.9	9.9	9.9	9.9	9.9	70.6
Total economic net benefit	0.0	-2.5	-0.4	8.2	8.2	8.2	8.2	8.2	8.2	8.2	54.2
NPV-NPC	0.0	-2.4	-0.4	7.4	7.1	6.9	6.6	6.4	6.2	6.0	43.7
NPV-NPC (cumulative)	0.0	-2.4	-2.8	4.6	11.7	18.5	25.2	31.6	37.8	43.7	
<i>Medium scale change programme (lower strategic fit) - slower take-up by prosecutors</i>											
Estimated Development Costs	0.0	-2.5	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.6
Projected Operating Costs	0.0	0.0	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-13.8
Estimated Economic Efficiency & Effectiveness benefits	0.0	0.0	0.0	1.4	9.9	9.9	9.9	9.9	9.9	9.9	60.7
Total economic net benefit	0.0	-2.5	-1.8	-0.3	8.2	8.2	8.2	8.2	8.2	8.2	44.3
NPV-NPC	0.0	-2.4	-1.7	-0.3	7.1	6.9	6.6	6.4	6.2	6.0	34.8
NPV-NPC (cumulative)	0.0	-2.4	-4.1	-4.4	2.7	9.6	16.2	22.6	28.8	34.8	

In the table above, sensitivity analysis illustrates what might happen if there were a one year delay in realising the anticipated benefits (e.g., due to slower than anticipated take-up by prosecutors), while the flow and magnitude of anticipated costs remains the same. One can see that, under both the large and medium scale scenarios, a one year delay in benefits realisation results in an appreciable decline in the ten year NPV at 2013/14 prices. However, the NPV estimates remain significantly positive.