

<b>Title: Prevention or restriction of use of communication devices for the purpose of drug dealing</b> <b>IA No: HO 0264</b>  <b>Lead department or agency:</b> Home Office  <b>Other departments or agencies:</b> National Crime Agency Police	<b>Impact Assessment (IA)</b>			
	<b>Date:</b> 30/11/2016			
	<b>Stage:</b> Final Stage			
	<b>Source of intervention:</b> Domestic			
	<b>Type of measure:</b> Primary legislation			
	<b>Contact for enquiries:</b> Esperanza.Gomez@homeoffice.gsi.gov.uk			

<b>Summary: Intervention and Options</b>	<b>RPC Opinion: Fit for purpose</b>
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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 (EANDCB on 2014 prices)	One-In, Three-Out?	Business Impact Target Status
£-4.64m	Zero	Zero	N/A	Qualifying provision

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

'County lines' describe the approach taken by criminal gangs originating in large urban areas, who travel to county or coastal towns to sell illegal drugs. The gangs use mobile phones to promote and orchestrate the sale of drugs. The 'deal line' is marketed to users as a way of buying drugs and is therefore absolutely essential to this county lines operating model. These criminal gangs typically use and exploit children and vulnerable young people and adults as couriers to move drugs. There is currently no legal power to compel communication providers to close down mobile phone lines used in county lines gang operations.

**What are the policy objectives and the intended effects?**

The objective is to disrupt the county lines operation by shutting down 'deal (phone) lines' without the need to firstly take physical possession of the handset or SIM card. Shutting down these phone lines will effectively reduce the gang's ability to deal drugs and will hamper their county line operation. This would complement a suite of police investigative techniques which are aimed at tackling county lines operations. Successful disruption of county line operations will also help to protect the vulnerable children and adults targeted and exploited by county lines gangs.

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

1) Do nothing. No change to existing legislation or to the manner in which the police tackle the use of mobile phones within county line operations.

2) New telecommunication restrictions order. New legislation to provide clear legal power to compel communication providers to blacklist and disconnect mobile phones/phone lines used to deal drugs within county line operations. The Home Office will introduce regulations which will confer onto the courts the power to order the blacklisting and disconnection of devices utilised within county lines operations to deal drugs.

**Will the policy be reviewed? It will be reviewed. If applicable, set review date:** A review will be conducted five years after Royal Assent as part of the legislative scrutiny process.

Does implementation go beyond minimum EU requirements?	No			
Are any of these organisations in scope?	<b>Micro</b> No	<b>Small</b> No	<b>Medium</b> No	<b>Large</b> Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	<b>Traded:</b> n/k		<b>Non-traded:</b> n/k	

*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: Sardesh Date: 19th January 2017

# Summary: Analysis & Evidence

# Policy Option 2

## Description:

### FULL ECONOMIC ASSESSMENT

Price Base Year 2016	PV Base Year 2016	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -£4.7	High: -£4.6	Best Estimate: -£4.6

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low		0.7	6.0
High		0.7	6.0
Best Estimate		0.7	6.0

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

There will be a cost to the NCA, the Police and Her Majesty's Courts and Tribunal Services (HMCTS). The NCA and Police will incur court application costs of between £9,000 and £12,000 for the first year of the policy and the Police will incur court costs of £43,000 for years 2 to 10. The Police will incur staff costs of £54,000 for years 2 to 10 of the policy. Communication providers will incur legal costs of between £23,000 and £32,000 for the first year and £114,000 for years 2 to 10. They will incur staff costs of £22,000 per year. However, communication providers can apply to recover their costs so there is no net cost to business.

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

There is a small risk that customer's line and/or handset is incorrectly identified as being used by gangs and blacklisted in error. The legislation provides a right of appeal.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low		0.2	1.4
High		0.2	1.4
Best Estimate		0.2	1.4

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

HMCTS will benefit from the higher volume of court order applications. This will be equal to the cost to the NCA and Police of applying for court orders. The value of this benefit is estimated to be between £9,000 and £12,000 in the first year and around £43,000 in years 2 to 10. There will also be a benefit to business equal to the cost, as communication providers will claim their costs back from law enforcement. The cost will therefore fall to the police.

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

The economic and social cost of drug supply in England and Wales is around £11.5bn. Disrupting organised crime, by reducing mobile phone use by gangs, may therefore lead to substantial benefits. An aim of this policy is to reduce violence originating from County Lines gangs. Given that the economic cost of a serious wounding is £27,000, the policy would need to prevent less than 20 serious woundings per year to break-even.

#### Key assumptions/sensitivities/risks

Discount rate (%)

3.5

Assumptions: The number of phone lines being closed every other month remains constant. Wages remain constant.

Sensitivities/risks: It is not possible to predict how frequently this legislation will be used and how many phone lines will need to be disconnected. Therefore, there is a risk that the number of orders could increase over time and the costs calculated would be an underestimate. However, the number of orders could decrease over time and these costs would be an overestimate.

### BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: £44,000 - £136,000	Benefits: £44,000 - £136,000	Net: £0	0

# Evidence Base (for summary sheets)

## A. Strategic Overview

### A.1 Background

- 1.1. The issue of 'county lines' emerged in 2014. 'County lines' is the term used to describe the approach taken by criminal gangs originating in large urban areas, who travel to locations elsewhere such as county or coastal towns to sell class A drugs (predominately crack cocaine and heroin). The 'county lines' gang exploits the fact that urban gang members are relatively unknown to law enforcement agencies in the new area and the fact there is little or no local gang competition. County lines gangs typically use and exploit vulnerable young people and adults, using them as couriers to move drugs and cash. Vulnerable young people and adults are often involved with the gang as a result of them being subject to coercion, deception, intimidation, violence, debt bondage and/or grooming. County lines gangs are also known to use the same methods to force vulnerable people out of their homes whilst they use it as a local centre for drug dealing operations (known as cuckooing).
- 1.2. Police forces report that criminal gangs use children and vulnerable young people and adults because they are easily influenced and intimidated with little or no cost to the gang. The gangs target looked after children, young people reported as missing, and young people from broken homes, who are groomed and exploited to be used as runners. Vulnerable adults are often assaulted in order to maintain the relationship and build up a reputation to be feared with other users or runners.
- 1.3. The county lines gangs use mobile phones to coordinate their criminal activity and to promote and orchestrate the sale of drugs. The mobile phone number provided to customers will be used to sell drugs 'deal (phone) lines'. A customer contacts the county line number to request a supply. The county line phone is usually held by a senior gang member outside the coastal/rural location. The senior gang member uses a different phone to contact the gang member dealer in the coastal/rural location and instructs them to undertake the transaction. The 'deal line' is marketed to users as a way of buying drugs and is therefore absolutely essential to this county lines operating model. The NCA report 'County lines gang violence, exploitation and drug supply 2016'<sup>1</sup> indicates that county lines gangs are now reported to be selling drugs to county lines markets 24 hours a day, in contrast to the NCA's report in 2015<sup>2</sup>, which indicated activity was almost exclusive to the day time market. The NCA estimates that gangs can make around £2000 per day through the drugs supplied to a single county lines market. The NCA's 2016 report states that the use of non contract mobile phones, to maintain 'deal lines' between customers in county markets and gang member suppliers, remains a key feature of county line operations.

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<sup>1</sup> <http://www.nationalcrimeagency.gov.uk/publications/753-county-lines-gang-violence-exploitation-and-drug-supply-2016/file>

<sup>2</sup> <http://www.nationalcrimeagency.gov.uk/publications/620-NCA-Intelligence-Assessment-County-Lines-Gangs-and-Safeguarding/file>

- 1.4. The NCA therefore consider closing down the county lines gang's 'deal lines' to be an effective approach to disrupt the gang's income and severely hamper the county lines gang operating model. The only way police can currently shut down a phone line involved in illegal drug activity is by physically taking possession of the phone/ SIM.
- 1.5. Tackling the issue of urban gangs dealing drugs and exploiting vulnerable young people and adults across county lines is one of the Government's six priorities in order to End Gang Violence and Exploitation<sup>3</sup>.
- 1.6. The Home Office have reviewed existing legislation to see if it is possible for communication providers to be compelled to remotely close down phone lines and handsets known to be involved in supplying drugs within county line operations.
- 1.7. We have reviewed the Communications Act 2003 (CA03). 45, 51 and 52 of CA03 contain powers to make general conditions which regulate the provision of transmission services and networks by the communications providers. However they do not give OFCOM powers to make conditions regulating the way individuals use their phones. The power in General Condition 20.3 to issue requests to communications providers to block access to numbers and services on the basis of fraud or misuse does not extend to cover any kind of wrong doing or criminality. Just because a crime is committed and a phone was used to help commit it, it doesn't mean GC20.3 enables OFCOM to tell providers to block calls.
- 1.8. There is currently no legal power in place to compel communication providers to disconnect mobile phones used in county line drug dealing activity.

## **A.2 Groups Affected**

- 1.9. **Vulnerable young people and adults** - As mentioned in A.1 the exploitation of vulnerable young people and adults are central to county lines operations. As more urban gangs pursue new drug markets via county lines activity the threat to those most vulnerable in our society continues to rise. The NCA assess that gangs utilise vulnerable children because they are a relatively inexpensive resource and easily controlled. The NCA considers those young people most vulnerable to gangs to be: children from poor backgrounds engaged in offending behaviour, those facing difficulties at home or in the care of social services, they may be listed as a missing person, or have poor school attendance. The exploitation of vulnerable adults is a very well established tactic of county lines gangs, the NCA believe the most vulnerable groups include those with mental health problems, drug users, adults with physical health problems and those recently released from custody.
- 1.1. **Society** - The 24 hour supply of drugs is understood to drive speculative crime rates higher and county lines gang turf wars have been known to break out in these county locations as the new drug markets become saturated by numerous county lines

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<sup>3</sup> <https://www.gov.uk/government/publications/ending-gang-violence-and-exploitation>

gangs. As a result, areas affected by county lines have seen an increase in incidents of violence, including knife crime.

- 1.2. **The police** - County lines gangs impact on a number of police forces, the spread and extent of a county lines gang across a number of police forces is facilitated by these 'deal (phone) lines' which the police can not shut down remotely.
- 1.3. **Her Majesty's Courts and Tribunal Services (HMCTS)** - The courts will be affected by this policy as there will be an increased volume of court applications.
- 1.4. **The communication providers** - as network providers to these 'deal (phone) lines', communication providers are impacted if requested or ordered to shut the phone lines.
- 1.5. **The telecommunications device owner** would be impacted if their phone line/mobile phone was shut down on the basis it was a county lines gang's 'deal line'. If the phone line is closed down a safeguard will be in place to ensure the handset is still able to contact the emergency services.

### **A.3 Consultation**

- 1.6. We have consulted and worked with the National Crime Agency, the National Policing Lead (NPL) for Gangs and Ministry of Justice seeking their views on the need, rational, and focus of legislative action.
- 1.7. As mentioned within A.1 we have consulted with communication providers and OFcom to discuss whether it is possible for communication providers to close down lines under existing legislation: the Communications Act 2003 (CA03)
- 1.8. We have concluded that communication providers cannot be compelled to shut down phone lines under current legislation.
- 1.9. The NCA and the Home Office have had discussions with communication providers to find out if they would voluntarily shut down phone lines without being compelled by the courts. Communication providers support in principle the policy objective of closing down phone lines used to supply drugs but would like a clear legal footing in place in order to take action. New legislation would be required in order to provide a specific court order requiring communication providers to close down a specific line. The communication providers are supportive of the policy objectives and have remained engaged, working collaboratively with the Home Office to ensure the policy objectives are delivered within any legislative approach.

## **B. Rationale**

- 2.1. Organised crime and county lines operations is a threat to the well-being and security of our society in general and more so to some of the most vulnerable members of our communities. County lines operating models target and exploit some of the society's

most vulnerable as well as recruiting young people into gangs. The government has a role in protecting its citizens and ensuring law enforcement agencies have the necessary powers to stop illegal drug dealing activity.

- 2.2. The NCA's report 'County lines gang violence, exploitation and drug supply 2016' states:

*"Non-contract mobile phones remain central of county line market domination, customer communication, supply tactics and logistics. It is common for the holder of the 'deal line' to operate with anonymity and distance from the market. We assess that disrupting this criminal tactic would have a significant impact upon gang related class A drug supply and associated exploitation."*

- 2.3. The NCA's annual assessment on county lines (County Lines, Gang Violence, Exploitation and Drug Supply, 2016) gathered evidence from Police forces across England and Wales. From the data provided by the police in excess of 200 young and vulnerable persons were identified as being exploited by county lines gangs within a 6 month period (January –June 2016). This figure is considered to be an under-estimate as exploited individuals are often unwilling to talk to the police and they will often only be identified as a result of proactive police operations. Additionally the figure does not include those exploited individuals which are submitted to, or identified by, community safeguarding partners. The assessment also highlighted the continuing trend of exploited children and the growing role of adult females within county lines operating models; however no police force was able to estimate a number of adult females involved. The NCA estimates that county lines gangs are making an average of GBP 2000 a day from drug supply into a single market.
- 2.4. As mobile phone technology becomes cheaper, more sophisticated and more widespread, a new flexible and affordable approach is needed to disrupt mobile phones used by county lines gangs to supply illegal drugs.
- 2.5. Precedent for this type of legislation has been set by section 80 of the Serious Crime Act, 2015 (SCA 2015) and the accompanying secondary legislation: The Telecommunication Restriction Orders (Custodial Institutions) (England and Wales) Regulations 2016 (TROs Regs).
- 2.6. Section 40D of the Prison Act 1952 makes the possession and use of an unauthorised mobile in prison a criminal offence. The Offender Management Act 2007 made it an offence to convey a mobile phone into or out of a prison. However, it is not always possible to attribute mobile phone use or possession to a named offender and prosecutions under these powers are rare. The National Offender Management Service (NOMS) use a range of effective measures to detect and seize unauthorised mobile phones and SIM cards. However the relatively small size of modern handsets and SIM cards enables the clandestine movement of these devices around the prison estate. It was therefore necessary for new powers to be introduced in order to allow NOMS and specified law enforcement bodies to remotely shut down

these illegal phones without the requirement to take possession of the handset or SIM card.

- 2.7. The Telecommunications Restriction Order (TRO) confers on the County Court powers to compel communication service providers (CSPs) / Communication providers to prevent or restrict the use of communications devices (including mobile phones) in custodial institutions. In practice, the communication provider will blacklist handsets and disconnect SIM cards that are found by a Judge to be inside prisons and not in the possession of anyone with authority to possess the mobile phone (it is illegal to possess a mobile phone in prison). This blacklisting and disconnection effectively puts the handset and SIM card beyond normal operational use.

## **C. Objectives**

- 3.1. The objective is to disrupt county line gangs' drug dealing operations. Shutting down these phone lines will quickly and effectively reduce the gangs ability to deal drugs and will hamper their county line operation. It is hoped this targeted action will force the county line gangs to abandon the county line operating model and that this will reduce the use of vulnerable young people and adults who are being exploited under this model.
- 3.2. Shutting down the county line 'deal (phone) lines' without the need to firstly take physical possession of the handset or SIM card would complement a suit of existing law enforcement investigative powers which are aimed at tackling county lines operations.
- 3.3. Once a county line is identified it will be down to the law enforcement agency to decide on the most effective enforcement approach: whether resources are best used to investigate the identified phone line further or shut the line down. It is therefore hard to establish a target number of county line phone lines to be shut down in the first 12 months. However it is hoped over 75 county line phone lines are shut down in the first year of the legislation.

## **D. Options**

- 4.1. Option 1 (do nothing). Under this option phones that cannot be seized as part of the criminal investigation will continue to operate. Criminal gangs will continue to operate and vulnerable people will continue to be exploited.
- 4.2. The Home Office have established that there is no existing legislation which would compel communication providers to shut down phone lines used within county lines gang drug supply. Nor would communication providers shut down these phone lines voluntarily, as it was felt that such a decision should lie with the court of law. This ensures the decision to close a phone line lies with a judge who will review the evidence and oversee full judicial diligence.

- 4.3. Doing nothing would not reduce the risk to the public nor would it reduce the drug dealing activity currently carried out by county lines gangs via 'deal lines'.
- 4.4. Option 2 Legislate to introduce a Drug Dealing Telecommunications Restriction Order. New legislation will confer on the court the power to order the blacklisting and disconnection of mobile phones used within county line gang drug dealing after careful assessment of the evidence. This will be achieved without the need for the police to firstly take physical possession of the handset or SIM which can easily be moved between gangs members and hidden within densely populated areas.
- 4.5. The police will be able to present intelligence of a phone line being engaged within county line drug dealing activity before a Judge at a County Court. If the Judge is satisfied that the phone line has been used in drugs dealing they would then make a Drug Dealing Telecommunications Restriction Order (DDTRO), compelling the relevant communication providers to blacklist and disconnect those phones and SIM cards from their networks and prevent the porting (moving) of the phone number (deal line) to exist on another network. This will quickly and effectively put that device beyond normal use, even if the exact location of the phone is unknown. The mobile and phone number may be disabled but the ability to make emergency phone calls remains.
- 4.6. This measure will add to, and enhance, the existing legislation to control and deter gangs. This provision will also complement and strengthen the current approaches that police are taking to end Gang Violence and Exploitation and in particular tackle the issue of county lines.
- 4.7. The recommended option: Option 2 is the preferred option.

## **E. Appraisal (Costs and Benefits)**

Option 1- Do nothing: This is the baseline option against which the costs and benefits of the other options are assessed.

Option 2- Legislate to introduce a Telecommunications Restriction Order:

The following cost and benefits are based on the regulations extending to England and Wales only at this stage. We are continuing to work with Scotland and Northern Ireland to understand if they have the operational need for the regulations. Should the regulations cover NI and/or Scotland an updated IA will be produced to reflect the extent of the regulations.

### **COSTS**

- 5.1. The number of court orders applied for the first year of the policy is assumed to be between 24 and 34. The NCA has identified 200 phone lines to close down in the first month. Assuming that a separate court order is needed for each of the four communication providers, the NCA will need to apply for 4 court orders. Assuming that 200 new lines emerged every month, we estimate that a new order per communication provider would be needed every other month for the first year. This means that they are

estimated to apply for 24 court orders. To capture the uncertainty that they may need to apply for court orders more frequently, the NCA has given 34 as an upper estimate.

- 5.2. In the second to tenth years of the policy, the relevant police forces will apply for the court orders rather than the NCA. We have estimated that the majority of court orders will originate from 5 police force areas.. It is assumed that the 5 police forces will continue to shut down 200 phone lines every other month. Each of these forces will apply for 24 court orders per year, so 120 per year in total.

### Business

- 5.3. The communication providers will be compelled to comply with the court orders so they are likely to incur legal costs to be represented at court. Communication providers provided costs for the TRO legislation introduced in 2015. Two of them advised that these costs have remained the same and can be applied to this new legislation. It is therefore assumed that costs to all communication providers will have remained the same.
- 5.4. The legal costs provided by the communication providers were aggregated and divided by the number of providers (4) to give an average cost of £950 per court order. It is assumed that the number of court orders applied for will be between 24 and 34 per year. The cost to the providers to be represented for the first year is therefore between £23,000 and £33,000. The estimated cost would be £114,000 for years 2 to 10 of the policy.
- 5.5. The communication providers will incur costs when they disconnect those items from their networks. It has been assumed that the number of handsets and SIM cards referred for disconnection would be around 200 items every other month. The communication providers provided individual staffing costs to complete these actions. Each provider will incur an average cost of £9 to blacklist a handset and an average cost of £9 to disconnect a SIM card from the network. Assuming that providers are requested to both blacklist the handset and disconnect the SIM for all 200 lines, the cost per item would be £18 in total. Therefore, the estimated cost will be around £22,000 per year.
- 5.6. It should be noted that this legislation permits courts to allow the communication providers to apply to recover their costs in full. Therefore this cost will fall to law enforcement and there will be a benefit to business to offset this cost.

### NCA and Police

- 5.7. The cost of a county court order application is £355.<sup>4</sup> The estimated court cost to the NCA is therefore between £9,000 and £12,000 for the first year. The cost to the Police for years 2 to 10 is estimated to be £43,000.
- 5.8. The NCA and Police will also incur staff costs of applying for the court orders. The NCA estimate that it would take approximately 1.5 officer days to produce the court order,

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<sup>4</sup> HMCTS, MoJ, Court fees for the High Court, county court and family court, Civil Court fees, Non-money claims <https://www.gov.uk/government/publications/fees-for-civil-and-family-courts/court-fees-for-the-high-court-county-court-and-family-court#non-money-claims>

including preparation work, internal checking procedures and attendance at Court. Home Office unit police cost estimates indicate that an hour of an officer's time is £38 for a sergeant or below. Assuming that police officers work an average of 8 hours per day, the staff cost per court order would be around £450. It is assumed that this level of staff cost would also be incurred by the NCA in the first year of the policy. The staff cost would then be between £11,000 and £15,000 for the first year and around £54,000 for years 2 to 10.

- 5.9. The NCA and Police will incur the cost of reimbursing losses to communication providers. As discussed in paragraphs 5.4 and 5.5, the cost is estimated to be between £44,000 and £54,000 in the first year of the policy and £136,000 per year for years 2 to 10 of the policy.

#### Her Majesty's Courts and Tribunal Services (HMCTS)

- 5.10. As this provision will increase the number of days that County Courts are hearing applications for orders, Her Majesty's Courts and Tribunal Services will also incur associated costs. The Ministry of Justice estimate that the annual cost to HMCTS will be around £100,000 for the first year and £400,000 for years 2 to 10.

### **BENEFITS**

#### Business

- 5.11. As discussed in paragraphs 5.4 and 5.5, the cost to business will be reimbursed by law enforcement. Therefore, the benefit of this policy is estimated to be between £44,000 and £54,000 in the first year of the policy and £136,000 per year for years 2 to 10 of the policy. This offsets the cost to communication providers, so the net cost to business of this policy is zero.

#### NCA and Police

- 5.12. In the long run this policy could drive gangs to move away from the 'County Lines' model and back to a traditional model of drug dealing in their local areas. This would prevent customers and dealers from conducting most of their activities at a distance and would force them to become more visible to the Police for all aspects of the deal. It would also cause dealers to carry greater quantities of drugs, increasing potential sentencing if seized and decreasing the likelihood of using vulnerable runners. The model would then become less efficient and less organised. This would have a positive impact on the public sector as the drug deals would become easier to police.

#### HMCTS

- 5.13. There will be a benefit to the courts of this policy as they will receive a higher volume of Court Order application payments. This benefit will therefore be equal to the cost to the NCA and Police of applying for court orders. The benefit to HMCTS will be between £9,000 and £12,000 in the first year and around £43,000 in years 2 to 10.

## Society

- 5.14. Mobile phone use by county lines gangs enables them to deal drugs and organise serious crimes. The economic and social cost of drug supply in England and Wales is around £11.5bn<sup>5</sup>, which includes the health costs of drug use. This policy aims to disrupt drug deals, although it is difficult to estimate the extent to which this will be successful. However, given that the cost of drug supply is so high, any disruption is likely to result in significant benefits to society.
- 5.15. One of the aims of this policy is to reduce the exploitation of vulnerable people and prevent violence originating from County Lines gangs. We have not calculated the monetised benefits of preventing gangs using mobile phones to sell drugs, as it is difficult to predict how many violent crimes will be prevented. However, given that the economic cost of a wounding is £9,000<sup>6</sup>, the policy would need to prevent less than 49 woundings per year to break-even. In 2015/16 there were 1.1m wounding offences in England and Wales<sup>7</sup>. This highlights how few offences would need to be prevented in order for the benefits of this policy to outweigh the costs.
- 5.16. The estimated cost of organised child sexual abuse (CSA) to the UK is £1.2bn per year<sup>8</sup>. The policy will contribute to reducing these costs, as it aims to reduce the grooming and exploitation of children. As the cost of this area of organised crime is so large, any disruption is likely to bring significant benefits.

## **F. Risks**

- 6.1. If this measure proves to be effective the number of court order applications could increase in the short run. There is also a possibility that gangs will increase the number of phone lines they use and how often they change their phone numbers. This could result in the police applying for court orders more frequently, and the costs would increase. However, the number of phone lines used by county lines gangs is expected to decrease in the long run as they move towards a traditional drug dealing model. As the extent of these outcomes can not be accurately estimated, it is assumed that the number of phone lines disconnected, and the number of court orders applied for, remains constant between years 2 and 10 of the policy. The costs of the policy could therefore be an overestimate or an underestimate.
- 6.2. There is a small risk that a customer's handset is incorrectly identified as being used by gangs. This could lead to that customer's handset and SIM being blacklisted and disconnected through the inappropriate application of a 'Telecommunications Restriction Order'. However, the legislation provides for a right of appeal.

## **G. Enforcement**

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<sup>5</sup> Understanding organised crime: estimating the scale and the social and economic costs, £10.7bn uprated to 2015/16 prices [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/246390/horr73.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/246390/horr73.pdf)

<sup>6</sup> The economic and social cost of crime against individuals and households 2003/04, £21,422 uprated to 2015/16 prices and rounded <http://webarchive.nationalarchives.gov.uk/20100413151441/http://www.homeoffice.gov.uk/rds/pdfs05/rdsolr3005.pdf>

<sup>7</sup> Crime Survey England & Wales 2015/16

<sup>8</sup> Understanding organised crime: estimating the scale and the social and economic costs, £1.1bn uprated to 2015/16 prices [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/246390/horr73.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/246390/horr73.pdf)

- 7.1. The police will enforce this legislation by applying for a DDTRO in the county court, ensuring the information provided to support the DDTRO application is effective and sufficient.
- 7.2. The police will also ensure the communication providers comply with the DDTRO, ensuring they have shut down the phone line within the time limit stipulated in the order.

## H. Summary and Recommendations

- 8.1. The table below shows the costs and benefits in each year of the policy.

	Year	Year 1		Years 2 – 10 (per year)
		Low	High	
Costs	Business	£44,000	£54,000	£136,000
	NCA/Police	£64,000	£81,000	£232,000
	HMCTS	£100,000	£100,000	£400,000
Benefits	Business	£44,000	£54,000	£136,000
	HMCTS	£9,000	£12,000	£43,000

The cost to business includes the legal and staff costs incurred by communication providers. This is offset by the benefit to business of law enforcement agencies reimbursing their costs. The cost to the NCA and the Police includes the reimbursement cost, staff costs and the cost of applying for court orders. The court order cost is offset by the benefit to HMCTS of receiving court order applications. The cost to HMCTS is the resources cost of having to work on a higher volume of cases.

- 8.2. The table below outlines the costs and benefits of the proposed changes.

Option	Costs	Benefits
2	<p><u>Monetised:</u> -£6m net present value over 10 years.</p> <p><u>Non-monetised:</u> Small risk of erroneous disconnection of phone not being used by gangs</p>	<p><u>Monetised:</u> £1.4m net present value over 10 years.</p> <p><u>Non-monetised:</u> Effective disruption of County Lines gangs. Crime reduction benefits have not been quantified as it is difficult to accurately predict how many serious crimes would be prevented. However, research outlined in the benefits section suggests the costs of drugs supply and organised CSA are very high (£11.5bn and £1.2bn respectively) therefore the benefits from disrupting drug suppliers and</p>

		reducing the risk of exploiting children and vulnerable adults could be large.
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## **I. Implementation**

- 9.1. The Government plans to implement these changes in 2017.
- 9.2. The legislation provides the power to make regulations for a Drug Dealing Telecommunications Restriction Order for England, Wales, Scotland and Northern Ireland. The Act will not have any substantive effect until the regulations are laid by way of secondary legislation. As this provision may interfere with the communication providers' business, it will engage the EU Technical Standards Directive (Directive 2015/1535/EU (formerly Directive 98/34/EC). As such, we intend to notify the European Commission and observe a three month standstill period before laying the secondary legislation.
- 9.3. The regulations, when introduced will cover England and Wales at a minimum. We are continuing to work with Scotland and Northern Ireland to understand if they have the operational need for the regulations. If the regulations cover NI and/or Scotland an updated IA will be produced to reflect the extent of the regulations.
- 9.4. The stakeholders involved are listed at A.2. Guidance will be required for the Communication providers and guidance training will be required for the Judiciary, Her Majesty's Courts and Tribunal Service, Treasury Solicitors and the Police/law enforcement agency.

## **J. Monitoring and Evaluation**

- 10.1. The NCA will continue to support information gathering and dissemination of thematic/emerging insight of criminal methods and geographical spread on the threat of county lines, liaising with regional police forces across England and Wales to produce relevant assessments where needed. The NCA will ensure any future national assessments capture any impacts of the application of the DTROs. Home Office will conduct a review of effectiveness of the legislation five years after the introduction of the legislation.

## **K. Feedback**

- 11.1. On the issue of county lines and ending gang violence and exploitation there is a running dialogue between NCA, police, Home Office and other agencies allowing the Home Office to receive rolling feedback from law enforcement agencies, community safety partnerships and community groups and organisations.
- 11.2. To inform the formal review of this legislation as part of the legislative scrutiny all stakeholders listed within A.2 will be informally consulted.

