

Title: Impact Assessment for Her Majesty's Courts and Tribunals Service proposals on the provision of criminal court estate in London IA No: MoJ013/2016 Lead department or agency: Ministry of Justice Other departments or agencies:	Impact Assessment (IA)		
	Date: 10/01/2017		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Other		
Contact for enquiries: EstatesConsultation@hmcts.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?
£6.6m	N/A	N/A	No
			NA

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

The criminal court estate in London is currently not strategically well configured. By 2017, there will be 18 magistrates' courts in the London region, and some of these are in close proximity to one another. Overall, the criminal court estate in London is also expensive to maintain, with the criminal court buildings in London costing over £45m a year in upkeep, representing poor value for money. Having many smaller and expensive to maintain court buildings increases costs by splitting judicial, HM Courts and Tribunals Service (HMCTS) and other relevant agencies' resources over many sites, preventing the criminal justice system in London from operating as efficiently as it could. Government intervention is therefore required to consolidate the London criminal estate to achieve greater efficiency.

What are the policy objectives and the intended effects?

To consolidate criminal court work in Central London by closing Camberwell Green Magistrates' and Hammersmith Magistrates' and County Court and moving the workloads to the following magistrates' courts depending on location and age of defendant: Bromley, Croydon, City of London, Hendon, Highbury Corner, and Westminster. Further details on the relocation of workloads can be found in the consultation response document. This will make the criminal court estate in London more efficient. It will also release funding which will be reinvested to make the wider courts and tribunals more effective, including investment to improve the overall quality of the court estate.

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

A long list of options were assessed against HMCTS Estates Principles and then shortened to a set of operationally viable options below:

- Option 0: Do nothing (base case)
- Option 1: Close Camberwell Green Magistrates Court and Hammersmith Magistrates' and County Court and relocate workloads within the existing London estate.

All options have been appraised against HMCTS principles, taking into account operational and access to justice constraints. Option 1 is preferred as it best fits the strategic vision of HMCTS and provides the best value of money for the department.

Will the policy be reviewed? It will not be reviewed. If applicable, set review date: Month/Year

Does implementation go beyond minimum EU requirements?			Yes / No / N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes/No	< 20 Yes/No	Small Yes/No	Medium Yes/No	Large Yes/No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded:		Non-traded:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible SELECT SIGNATORY:  Date: 7/2/17

Summary: Analysis & Evidence

Policy Option 1

Description: Close Camberwell Green Magistrates' Court and Hammersmith Magistrates' and County Court

FULL ECONOMIC ASSESSMENT

Price Base Year 2016/17	PV Base Year 2016/17	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: £6.6m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	-	-	-
High	-	-	-
Best Estimate	£4.7m	£0.2m	£5.6m

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

HMCTS would incur costs as a result of any works required to prepare closed courts for disposal, IT decommissioning costs, decanting and transferring work and IT (e.g. portage costs) from courts listed for closure. Courts that remain open would face additional costs each year by undertaking the workload of closed courts. Total transition costs have been estimated at £4.7m over a 4-year period.

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

Transition and travel costs for court users and staff, judiciary, criminal justice system (CJS) partners (National Offender Management Services, Crown Prosecution Service and the police).

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	-	-	-
High	-	-	-
Best Estimate	-	£1.9m	£12.2m

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

Fewer buildings means that HMCTS would benefit from reduced future running costs of the building (for example, rents and rates), IT costs, utilities, property maintenance and other office expenditures.

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

Efficiencies would be achieved through listing as the work is concentrated in fewer courts. Users of the remaining estate, such as victims and witnesses, may also make fewer journeys due to a smaller number of court buildings.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

It is assumed that a proportion of operating costs would be saved at closed sites. Workload is assumed to remain flat in the appraisal period. The analysis does not cover sales receipts from closing sites (transition benefits), as further work will need to be carried out before building valuations are known.

BUSINESS ASSESSMENT (Option 1)

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

Evidence Base

A. Background

1. In 2015 HM Courts and Tribunals Service (HMCTS) undertook a national consultation on the provision of court and tribunal estate. This proposed that 91 courts and tribunal buildings be closed and that their work be transferred to other courts within the existing estate. Following the consultation, and after an analysis of the responses, the government announced in February 2016 that 86 courts and tribunals buildings would close. This included 10 courts and tribunals buildings in London. The implementation of these closures is scheduled to take place over the next two years.
2. Despite these changes, the criminal court estate in London will still not be strategically well configured: in 2017 there would still be 18 magistrates' courts operating in the London region with some in close proximity to one another. Having many, smaller, and expensive to maintain court buildings increases costs by splitting judicial, HMCTS, and other relevant agencies' resources over many sites, preventing the criminal justice system in London from operating as efficiently as it could.
3. The context of the national reform of HMCTS, and of the wider criminal justice system, offers an opportunity to improve the provision of criminal justice in London by consolidating more criminal work into larger and more efficient magistrates' courts as well as releasing any surplus sales proceeds to reinvest in the court estate and into HMCTS's programme of reform. Operating more intensively in fewer sites also offers benefits for other criminal justice agencies.
4. As a result, the Ministry of Justice (MoJ) ran a further consultation between the 15 September and 27 October 2016 and encouraged all parties with an interest in the London criminal courts to respond. The HMCTS magistrates' court estate in London formed the focus for this consultation. Specifically, the scope of the consultation included proposals with regard to the following:
 - The consolidation of the criminal court estate in London.
 - Improving the overall quality and efficiency of the criminal court estate in London.
 - Through the sale of surplus court buildings, generating receipts which can be reinvested into wider reform of HMCTS.
5. The following were out of scope of the consultation:
 - The closure of any buildings outside of London.
 - Any buildings in the crown, civil or tribunal estate in London.
 - No business process improvements or IT upgrades, except for those associated with the implementation of current standard processes and IT in different locations.
6. The consultation specifically proposed consolidating magistrates' court work in Central London by closing two sites - Hammersmith Magistrates' and County Court and Camberwell Green Magistrates' Court - and moving the work to other existing locations in the London area.
7. There were 159 individual responses to the consultation. Of these 44 responses related to the London region as a whole, 62 to Camberwell Green Magistrates' Court and 53 to Hammersmith Magistrates' and County Court.
8. This Impact Assessment (IA) therefore examines the proposals for consolidating the magistrates' court estate in London in light of the responses which were received to the consultation and further analysis which has subsequently been conducted. For the purposes of this IA, all locations that hear work (both courts and tribunals) are referred to as "buildings". Any location that supports the functions of these hearing sites (e.g. administrative staff) have been excluded and are not included in the total number of "buildings".

B. Policy Rationale and Objectives

Economic Rationale

9. The conventional economic rationales for Government intervention are based on efficiency or equity arguments. Government intervenes if there is a perceived failure in the way a market operates ("market failures") or to correct existing institutional distortions ("government failures"). Government also intervenes for equity ("fairness") reasons.
10. There is spare capacity within the HMCTS hearing estate in London, with some courts underutilised, leading to an inefficient provision of courts services. This does not represent best value for money for the taxpayer, as some operational courts incur high running costs (see Table 2). A reduction in the size of the HMCTS estate would allow for the relocation of workload to less utilised buildings which may also be less costly to operate.

Policy Objectives

11. The consultation had three objectives: achieving better value for money, maintaining access to justice, and increasing long term efficiency. Any decisions taken as part of reform of the hearing estate must be consistent with these HMCTS principles.
12. Obtaining *Value for money* to the taxpayer would be achieved by:
 - Reducing the current and future cost of running the HMCTS estate in London;
 - Maximising capital receipts from disposals, to allow for reinvestment in the reform of HMCTS.
13. *Access to justice* would be maintained by ensuring that any court to be considered for closure is within a reasonable distance by public transport of a retained court and:
 - Taking into account journey times for court and tribunal users, by employing mitigating actions where necessary, such as more flexible listing procedures (see "Mitigations" within the Equalities Impacts Assessment section of accompanying consultation document) ;
 - Taking into account the needs of victims, witnesses and those who are vulnerable in particular;
 - Supporting the requirements of other agencies such as the Crown Prosecution Service (CPS), Social Services, Police Forces and the Children and Family Court Advisory and Support Service (CAFCASS).
14. *Enabling efficiency* in the longer term would be achieved by:
 - Hearing the same amount of cases within the rationalised estate;
 - Ensuring there is sufficient hearing estate capacity in the future;
 - Providing new, cost effective, flexible and efficient court capacity.

C. Affected Stakeholder Groups, Organisations and Sectors

15. The groups potentially most affected by the proposals in this IA are listed below:
 - The MoJ and its arms' length bodies, including:
 - HMCTS;
 - National Offender Management Service (NOMS)
 - Prisoner Escort Contract Services (PECS);
 - National Probation Service (NPS);
 - Legal Aid Agency (LAA);
 - Children and Family Court Advisory and Support Service (CAFCASS).
 - The magistracy and other court staff.
 - Other court users, including:

- Barristers, Solicitors, and members of the Chartered Institute of Legal Executives;
 - Victims and witnesses of crime;
 - Those on remand;
 - Members of the public who take part in court cases.
- Other organisations, including:
 - Crown Prosecution Service (CPS);
 - Police Forces;
 - Businesses located near the courts to be closed and those to which work will be transferred.

D. Options Considered

16. In deciding on which courts to close, various options were considered against the HMCTS Estates Principles described above. Applying these principles resulted in a short list of two options:

- **Option 0: Do nothing**
- **Option 1: Close Camberwell Green Magistrates' Court and Hammersmith Magistrates' and County Court and relocate workloads within the existing London estate.**

Policy Option 0: Do nothing

17. The "do nothing" option is based on the assumptions the government has made about the future impacts if no action is taken on the current provision of the criminal court estate in London. These are set out in the 'Risks and assumptions' section of the IA.

18. HMCTS currently operates out of 60 courts and tribunals buildings across London. The current HMCTS estate in London is described in Table 1. More detail on the courts within the scope of the consultation proposals are found in Table 2.

Table 1: The current HMCTS London estate (excluding the Supreme Court Group)

	Crown	Magistrates	County	Tribunal	Combined	Total
Courts and tribunals	10	23	15	11	1	60

Table 2: Property data¹

Property	Capacity (Rooms)	Workload (Hours p.a.)	Utilisation	Operating Costs (£ p.a.)
Camberwell Green Magistrates' and Youth Court	8	7,026	71%	£1,010,000
Hammersmith Magistrates' Court	10	7,634	62%	£1,220,000
All London magistrates' courts	157	130,000	67%	£16,881,000

Policy Option 1

19. This option would involve the closure of two buildings – Camberwell Green Magistrates' Court and Hammersmith Magistrates' and County Court and relocating their workload to the following magistrates' courts depending on location and age of defendant: Bromley, Croydon, City of London, Hendon, Highbury Corner, and Westminster. Further details on the relocation of workloads can be found in the consultation response document. It is worth noting that Hammersmith Court's county function will also transfer to the receiving courts outlined above.

20. Because option 0 would not allow the consolidation of criminal work into more efficient, magistrates' courts or release any surplus sales proceeds to reinvest in the court estate and into HMCTS's

¹ Capacity based on number of hearing rooms within the MoJ Estates Courtroom Audit. Workload derived from 2014/15 sitting hours from the HMCTS performance database. Utilisation assumes average capacity of five hours for hearing time per day, per room, 248 days per year. Operating costs based on 2014/15 HMCTS financial data and include fixed costs such as rates, variable costs such as telecoms, and semi-variable costs such as utilities. Excludes staff, judicial and non-economic costs.

programme of reform, option 1 is the government's preferred option. The impact of the preferred option on travel times is considered in section G.

E. Cost and Benefit Analysis

21. This IA identifies as far as possible both monetised and non-monetised impacts with the aim of understanding what the net impact on society might be from the options considered, with due weight given to impacts that are non-monetised. The "do nothing" option forms the baseline against which the alternative option has been appraised. As there are no additional costs or benefits associated with this option, its Net Present Value (NPV) is zero.
22. The analysis does not include the sales receipts from closing any surplus buildings (transition benefits) as further work is needed before building valuations are known. Publication of information on estimated sales receipts may also adversely affect the sales negotiation process and limit the government's ability to gain the best value from any sale. However, as per the HMCTS principle of delivering value for money, it is expected that sales receipts would exceed the costs of capacity replacement, with any surplus being used to fund the wider HMCTS Reform programme.
23. The analysis is based on financial data from the HMCTS Financial outturn 2014/15 (inflated to 2016/17 prices using the GDP deflator) and workload data (sitting hours) for 2014/15.
24. The following costs and benefits have been identified as potential impacts of Option 1 (in 2016/17 prices, including optimism bias and excluding VAT).

Costs of Option 1

Transitional costs (monetised)

HMCTS

25. For HMCTS, one-off transitional costs would be incurred due to:

- *Disposal costs:* Costs associated with the disposal of freehold buildings, such as paying for legal services, valuations, and advertising and estate agent fees.
- *Decant costs:* Costs associated with decanting work, staff and equipment as well as sifting and filing.
- *Porterage costs:* Costs associated with porterage of equipment and documents between buildings.
- *Storage set up:* Costs associated with setting up additional storage capacity for files which are not transferred to the receiving courts.
- *IT decommissioning:* The costs associated with the removal and transportation of IT equipment at closing sites, as well as re-installing the IT equipment at the receiving sites.
- *Total Facilities Management (TFM) Redundancies:* Under the MoJ Facilities Management contracts, HMCTS are liable to the TFM contractor for redundancies and PILON costs that occur from the reduction of TFM services, TFM contractors must make best efforts to redeploy their staff internally, and redundancy must be a last resort.

26. Total transitional costs are estimated at £4.7 million for the preferred option.

Transitional costs (un-monetised)

HMCTS

27. For HMCTS, one-off un-monetised costs would be incurred due to:

- **Familiarisation and awareness costs:** There would be familiarisation and awareness costs for court users relating to where the nearest court is. Similarly, it may take some time for staff to settle in their new places of work, particularly as some work practices may differ slightly between courts. While this point is noted, these costs are anticipated to be negligible.
- **Redundancies:** Staff redeployment would be prioritised as a means of redundancy avoidance. If it is not possible to relocate staff within the MoJ or the wider Civil Service, voluntary early departure schemes may also be used as a further redundancy avoidance measure. It is also possible that where redeployments are not feasible, redundancies on voluntary and compulsory terms would need to occur. It is assumed that any redundancy payments would compensate staff for the expected duration of their unemployment before finding a new job. Therefore these costs amount to a transfer payment and have not been monetised in the economic appraisal.

On-going costs (monetised)

HMCTS

28. For HMCTS, on-going costs would include any increase in operating costs at receiving sites, such as those for utilities, property services, maintenance, office expenditure and similar items. These on-going costs are estimated to be £0.2 million per year for the preferred option.

On-going costs (un-monetised)

Judiciary

29. There would also be a transfer of judicial staff costs (including the magistracy) from closing buildings to receiving buildings, but we have not quantified this as this is a transfer of cost.

Court users and other agencies

30. For intermittent users of magistrates' courts - victims, witnesses, some members of the general public and commercial firms – journey times and costs may increase as a result of the closures if alternative 'receiving' courts are located further away from the closing court.
31. For more frequent users of the magistrates' courts – solicitors, barristers, CPS, CAFCASS and the Police – these costs (including time and travel) may be offset to some extent by the better strategic planning of court activities in fewer and larger court centres meaning that some users may need to make fewer journeys to court. However, the proposals will not result in significantly longer journey times for either of these court users. Responses from the consultation highlighted that to estimate the true potential travel time impact, the traffic in London should be considered for car journeys. The potential traffic impact has been illustrated in the Travel Time Impact section below).

Prison Escort and Custody Services (PECS)

32. PECS is responsible for the movement of prisoners between police custody suites, courts and prisons. Remandees would, in common with other court users, have their cases listed at other court buildings. If the receiving court building were to be substantially further away from the prison that the remandee had been remanded to, this has the potential to impose a cost to NOMS due to the longer journey time for the remandee being transported.

National Probation Service (NPS)

33. In addition to changes in journey times, there would be an impact on the NPS if they share office space with HMCTS within the sites included in these proposals. Where possible, NPS staff may be accommodated in alternative HMCTS buildings (which would include the costs of moving staff, documents and IT) although in some cases, they may need to be found alternative accommodation. The MoJ will seek to minimise any negative impacts on NPS staff.

34. Where a court with facilities for contact with offenders were to close, a replacement facility would need to be identified, either in the receiving court or at a nearby location. This could result in additional costs being incurred. NPS staff not actually based within HMCTS buildings that are being consulted for closure, but who travel to these buildings, may incur fewer journeys due to the consolidation HMCTS hearing estate. In some cases, however, NPS staff may have to travel for longer if the alternative receiving court is further away.

Crown Prosecution Service (CPS) and Police

35. Some CPS staff and the Police may have longer travel times to court with an associated increase in costs. These costs may be offset by shorter travel times for other staff where work is transferred to courts closer to CPS or Police locations.

Local business

36. While some businesses that operate in areas near closing courts may see a fall in activity, this may be offset by an increase in activity for businesses located near courts that are receiving the case work from closing sites.

Benefits of Option 1

On-going Benefits (monetised)

HMCTS

37. For HMCTS, the on-going benefits would include savings from lower operating costs at closing sites such as utilities, property services, maintenance, office expenditure and similar items. These on-going benefits are estimated to be £1.9 million per year for the preferred option. Combined with the increase in these costs at receiving sites of £0.2 million per year (see above), net savings in operating costs are estimated at £1.7 million per year.

On-going Benefits (un-monetised)

HMCTS & NOMS

38. For HMCTS, the on-going non-monetised benefits would include:

- Operational and other cost savings due to a strategy of retaining larger courts in strategic locations only;
- Any savings achieved by the centralising of back office functions.

39. The proposed closures would also reduce the need for the services provided by dock officers, resulting in savings to NOMS.

Option 1 Net Present Value

40. The monetised costs and benefits are summarised in Table 3 below (figures may not sum to totals reported elsewhere due to rounding). These are based on assumptions which have been updated since the consultation owing to the availability of updated estimates and a better understanding of transition costs.

Table 3: Monetised costs and benefits (2016/17 prices, exclude VAT, include optimism bias)

Category	Description	Assumption	Option 1
Transition costs (one-off)	Disposal Cost	Agent, legal fees and marketing cost estimates.	£0.6m
	Decant (incl. Sifting/filing)	Decant cost £700,000 for Hammersmith and £900,000 for Camberwell Green based on previous estimates to close a similar sized building in London and including any specific characteristics of the sites. Sifting/filing cost assumes 1,000 hours overtime per site at £25 per hour.	£1.8m
	Porterage	£150,000 per site. This takes into account size, content and no. of receiving sites.	£0.3m
	Storage set up	£50,000 per court. This takes into account content/files within each court.	£0.1m
	IT Decommissioning	£100,000 per site, includes decommissioning and enabling IT equipment and provision of new services.	£0.2m
	TFM Redundancies	TFM contractor redundancy costs due to closures.	£0.2m
	Project Costs	Cost of staff and resources devoted to delivering the Project, including IT project manager cost.	£1.4m
On-going costs (per year)	Increase in operating costs at receiving sites	70% of Variable Costs, 12% of Semi-Variable Costs of closing sites operating costs will be transferred to receiving site. Steady State value per year:	£0.2m
On-going benefits (per year)	Reduction in operating costs	100% of Fixed costs, Variable Costs, Semi-Variable Costs will be saved at closing sites. Steady State value per year:	£1.9m

41. Table 4 gives the estimated costs and benefits of option 1 in real terms (2016/17 prices, excluding VAT, discounted using a rate of 3.5 per cent per annum). Under this option, steady state savings would be around £1.7 million a year under this option with a 10-year NPV of £6.6 million.

Table 4: Estimated economic costs and benefits for Option 1

£m, 2016/17 prices, Excl. VAT & VEDS, Incl. Optimism Bias	Total Transition Costs	Steady State Net Benefits	Total Net Benefits (10 year)	10-year NPV
Option 1	£4.7m	£1.7m	£8.8m	£6.6m

F. Assumptions, Risks and Sensitivity Analysis

Assumptions

42. The above assessment is based on a number of assumptions. These are as follows:

- It has been assumed that there will be no change in the volume of court cases and annual workload volumes, the level of court fees or court user waiting times while at court as a result of these proposals.
- It has been assumed that there will be no impact on the ability to hear cases in magistrates' courts, and therefore there will be no impact on the prison and remand population.
- It has been assumed there would be sufficient magistrates' court capacity to accommodate the workload from any closures within the rest of London following implementation of the preferred option. Latest available data for London magistrates' courts excluding Hammersmith Magistrates' Court and Camberwell Green Magistrates' Court show an average utilisation of 64%².

² Capacity based on number of hearing rooms within the MOJ Estates Courtroom Audit. Workload derived from 2014/15 sitting hours from the HMCTS performance database. Utilisation assumes average capacity of five hours for hearing time per day, per room, 248 days per year.

- It has been assumed that any savings will accrue from the cessation of operating costs at any closed courts from the operational exit date although these may be partly offset by cost increases from additional work at receiving buildings. The analysis also assumes that HMCTS would be able to achieve efficiencies of at least 88% of semi-variable costs (such as utilities and facilities management) and 30% of variable costs (such as printing and postage) after closure of the site.
- It has been assumed that any exit costs, such as decant and dilapidations, will occur at the operational exit date of the closing court.
- The analysis assumes that any HMCTS staff made redundant as a result of these closures would be able to find alternative employment. Therefore any redundancy payments have been treated as an economic transfer in line with HMT Green Book guidance and have not been monetised.
- Judicial costs are assumed to remain unchanged. There is a risk that judicial and magistrates' expenses could increase as a result of the proposed changes if travel times were to increase.

Risks

43. As a number of these costs and benefits are uncertain, and to account for the demonstrated and systematic tendency of project appraisers to be optimistic, we have applied the optimism bias figures shown in Table 5, in line with HMT Green Book guidance and adjusted them to take into account latest cost-specific estimations of risk by HMCTS. Some of these assumptions have changed since the consultation IA due to a better understanding of uncertainty around transition costs.

Table 5: Optimism bias summary

Category	Description	Assumed optimism bias
Transition costs	Disposal Cost	10%
	Decant (incl. sifting/filing)	10%
	Porterage	10%
	Storage set up	10%
	IT Decommissioning	10%
	TFM Redundancies	10%
	Project Costs	10%
On-going Costs	Increase in operating costs at receiving sites	5%
On-going Benefits	Reduction in operating costs	-5%

Sensitivity Analysis

44. To further explore the impact of risk, a number of the key assumptions were subjected to sensitivity analysis to quantify the impact on the NPV of the preferred option presented above.
45. The increase in on-going operating costs at receiving sites are uncertain as the ability of these sites to process work at the same unit cost of closing sites is unknown. To quantify this risk, a sensitivity analysis has been conducted where a 20% increase in the on-going operating cost at receiving sites has been modelled. The results are shown below:

Economic NPV	Option 1
Current assumptions	£6.6m
20% increase in on-going costs	£6.4m

46. The sensitivity analysis illustrates that Option 1 (preferred option) could still deliver a positive NPV (a reduction of only 3%), despite a 20% uncertainty modelled on operating costs.
47. Decant costs represent a significant share of the transition costs and are also uncertain owing to the size and complexity of the buildings which will become more apparent as the project progresses. To

quantify this risk, a sensitivity analysis has been conducted with a 20% increase in decant costs. The results are shown below:

Economic NPV	Option 1
Current assumptions	£6.6m
20% increase in decant costs	£6.3m

48. The sensitivity analysis illustrates that Option 1 (preferred option) could still deliver a positive NPV (a reduction of only 5%), despite a 20% uncertainty modelled on decant costs.
49. The IT decommissioning cost is another component of the transition costs and is uncertain. To quantify this risk, a sensitivity analysis has been conducted where a 50% increase in IT decommissioning costs has been modelled. The results are shown below:

Economic NPV	Option 1
Current assumptions	£6.6m
50% increase in IT decommissioning costs	£6.5m

50. The sensitivity analysis illustrates that Option 1 (preferred option) could still deliver a positive NPV (a reduction of only 2%), despite a 50% uncertainty modelled on IT decommissioning costs.

G. Travel Time Impacts

51. As ensuring access to justice is one of the principles of the consultation, we have considered the impact of increase in travel times for court users. We expect the impact for each user to be small as the transport network in London is good. Therefore we expect that access to justice will not be compromised for court users.
52. To illustrate potential travel time impacts, we have outlined travel times between the proposed closing courts and the alternative proposed courts, using shortest journey times by public transport and by car according to Google Maps data. This method is likely to overestimate the travel time impact as most court users' journeys will not involve directly passing the closing site.
53. Responses from the consultation highlighted that to estimate the true potential travel time impact, the traffic in London should be considered for car journeys. To illustrate the potential traffic impacts for the journeys between closing and receiving sites, a range has been extracted from Google Maps which estimates journey times in low and high levels of traffic. These estimates relate to a departure time of 9am and are a daily average throughout the working week. The proposals in the consultation do not specify the volume of cases that will be transferred to each proposed site and therefore the travel time impact has not been weighted by the volume of cases being transferred.

Table 6: Magistrates' courts, travel time impact (minutes)

From closing site	Work Type	To proposed alternative site	Car (no traffic)	Car (high traffic)	Public transport
Camberwell Green Magistrates' Court	Over 18	Croydon Magistrates' Court	30	51	49
	Under 18	Bromley Magistrates' Court	30	45	46
Hammersmith Magistrates' Court	Over 18	Westminster Magistrates' Court	20	40	26
		Hendon Magistrates' Court	26	47	68
		City of London Magistrates' Court	34	72	37
	Under 18	Highbury Corner Magistrates' Court	35 ³	77	36

³ This figure has been updated. Please refer to the Consultation response document for further detail.

Annex A - Specific Impact Tests

54. The following screening tests have been conducted on the preferred option.

Competition assessment

55. We do not anticipate a material impact on competition as a result of the court closure programme. Specifically, we do not expect the closures to limit:

- a. The number of legal services providers
- b. The ability of suppliers to compete
- c. Suppliers' incentives to compete vigorously

56. Indirectly, there may be a small increase in costs associated with certain court users as a result of having to travel further to their nearest court. However, it is likely that some or all of these costs can be offset by the benefits of a smaller and more strategic estate, whereby legal services providers will be better able to manage their activities across a more strategically planned estate.

Wider Environmental Impact Test

57. There are not expected to be adverse impacts on air quality, water quality and quantity, flood risk, biodiversity, landscape or noise. Using the checklist published by the Department for Environment, Food and Rural Affairs (DEFRA) (<http://www.defra.gov.uk/corporate/about/how/policy-guidance/sd-impact/>) each major potential impact has been considered.

58. *Will the policy option be vulnerable to the predicted effects of climate change?* The policy is recommending the closure of buildings which are, on average, smaller in size and in centres of lower population than those that would remain open. As the courts/tribunals are distributed over a geographically disparate area these courts/tribunals have not been chosen due to their coastal proximity or their vulnerability of flooding. The courts/tribunals are also not planned for demolition and their disposal would have no overall effect on the environment. All buildings are also covered by the department's Climate Change Adaption Plan and none have been identified of being at risk or vulnerable to the effects of climate change.

59. *Will the policy option lead to a change in the financial costs or the environmental and health impacts of waste management?* Waste production is primarily linked to staff numbers rather than the size of the estate; therefore there would not be any significant impact. There will be a one-off rise in waste production when the buildings are vacated however, this will be disposed of sustainably as per WRAP guidelines. This one-off rise is likely to be offset by slightly lower waste production within the smaller estate.

60. *Will the policy option impact significantly on air quality?* Initial screening indicates there may be an increase in average journeys times to court as a result of this programme. However, any increase would not have a significant impact on air quality and travel times may be offset by fewer journeys to a better strategically planned estate.

61. *Will the policy option involve any material change to the appearance of the landscape or townscape?*
No. None of these buildings are for planned demolition.

62. *Will the proposal change 1) the degree of water pollution 2) levels of abstraction of water or 3) exposure to flood risk?* 1) No. 2) No. 3) No.

63. *Will the policy option change 1) the amount or variety of living species 2) the amount, variety or quality of ecosystems?* 1) No. 2) No

64. *Will the policy option affect the number of people exposed to noise or the levels to which they are exposed?* No.

Greenhouse Gas Impact Test

65. There are two main channels through which the court closure programme could have an impact on carbon emissions:

66. The reduction in energy as a result of closing courts (net of additional energy required for courts taking on additional judicial responsibilities), and
67. The additional travel necessary for courts users as a result of the closure programme (net of potentially fewer journeys for more frequent court users as a result of a better strategically planned estate).
68. The policy is not thought to have a substantial impact on greenhouse gas emissions.

Health Impact Assessment

69. There are not expected to be adverse impacts from the proposed court closures.

Human Rights Impact Assessment

70. The initial screening of this impact test indicates there would be no breach of the European Convention on Human Rights resulting from this proposal. We have particularly considered the potential for an impact under Article 6 – the right to a fair trial - but do not consider that these proposals would prevent access to an independent and fair system of justice.

Justice Impact Test

71. The main IA details the monetised and un-monetised costs and benefits to the justice system.

Rural Proofing Impact Test

72. This proposal could potentially have a small impact on rural communities. DEFRA defines settlements with a Census population of over 10,000 as *urban*, while the remainder are defined as one of three rural types: *town and fringe*, *village or hamlet* and *dispersed*. Although all of the proposed courts and tribunals are in areas that would be defined as "urban", they may have users who reside in rural areas and we have therefore considered the potential impacts using the checklist published by DEFRA (<http://www.defra.gov.uk/corporate/about/how/policy-guidance/rural-proofing/>). Consultations with regional HMCTS Delivery Directors have paid due regard to those in rural areas who would need to travel further than others to access court services.
73. *Service provision and availability:* The policy is recommending the centralisation of services. Local availability would be affected, although no reduction should occur as the closure programme would transfer court/tribunal functions to nearby buildings with similar functions.
74. *Delivery costs:* The cost of delivering the service is expected to decrease as the MoJ would gain economies of scale by utilising fewer resources more efficiently and through centralisation.
75. *Accessibility and infrastructure:* Transport links in London are considered sufficient and journey times are expected to remain acceptable and are unlikely to have an impact on individual users which means that they are unlikely to attend court.
76. The travel time impacts are set out in the 'Travel time impacts' section of this IA and further details on the travel time impact are available in the consultation paper.
77. *Communications:* The policy is unlikely to have an effect on communications and the use of a range of communication solutions will continue.
78. *Economies:* There are unlikely to be economic effects in rural areas or towns surrounding London
79. *Disadvantage:* No significant impacts are expected under this indicator.

Small Firms Impact Test

80. For small businesses (including solicitors), there may be a small increase in time and travel costs due to the additional travel necessary to conduct business at their nearest court. However, some or all of this could be offset by fewer journeys to court as court business is better strategically planned.

Sustainable Development Impact Test

Stage 1

1. Environmental Standards

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

No

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

N/A

1b. If you answered 'yes' to 1a., are the significant environmental impacts relevant to any of the legal and regulatory standards identified?

N/A

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

N/A

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

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

N/A

1d. Informed ministers where necessary?

N/A

1e. Agreed mitigating or compensatory actions where appropriate?

N/A

2. Intergenerational impacts

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

Yes

This Impact Assessment includes monetised and non-monetised cost-benefit analysis over a 10-year appraisal period.

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

No

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

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

N/A

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

N/A

Stage 2

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

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

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

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

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

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

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

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

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

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

The only SD impact of the policy is the resulting reduction in carbon emissions, produced by HMCTS estates. This may be offset by the increase in travel times to alternative court buildings, but this in turn maybe reduced by the need for fewer number of journeys to a rationalised court estate. There will be a smaller, yet positive, impact on water consumption and waste production at closing buildings, despite one-off waste production during dilapidations and disposals at some buildings. On balance, it seems appropriate to record a 'moderately positive' SD impact. The impact will be reviewed again after the consultation period has closed.

Annex B: Post Implementation Review (PIR) Plan

Basis of the review:

To evaluate the successful implementation and impact of the proposals on the provision of criminal court services in London

Review objective:

The Post Implementation Review will assess the impact of the reduced court and tribunal estate on HMCTS operating costs and the performance of courts and tribunals and hence the impact on court users, partners and stakeholders in the wider criminal justice system.

Review approach and rationale:

The approach of the Post Implementation Review will be to review HMCTS performance, using established management information products in order to understand the impact of the changes in court and tribunal provision.

A review is expected to be carried out in 2019/20 to enable an effective assessment of the impact of the court provisions.

The objective of the proposals is to reshape HMCTS estate in line with the National Estates Principles published in the consultation document. These principles are intended to deliver an efficient and flexible estate which meets the current and future needs of HMCTS.

Baseline:

Pre-implementation performance baseline will be 2014/15 workload and performance data reported by HMCTS

Success criteria:

The objective of the proposals is to reduce the operating costs of HMCTS, in line with the projections in the IA, whilst maintaining customer service performance. Following delivery of the project, we would expect to see an increase in the utilisation and efficiency of the magistrates' court estate in London.

Monitoring information arrangements:

Established performance reporting mechanisms and financial controls will be used to establish that costs have reduced as projected in the Impact Assessment whilst customer service performance has been maintained.