 <b>Regulatory Policy Committee</b>	<b>Opinion</b>	
<b>Impact Assessment (IA)</b>	Review and changes to the Riot (Damages) Act 1886	
<b>Lead Department/Agency</b>	Home Office	
<b>Stage</b>	Final	
<b>IA number</b>	HO0102	
<b>Origin</b>	Domestic	
<b>Expected date of implementation</b>	SNR 10	
<b>Date submitted to RPC</b>	11 September 2014	
<b>RPC Opinion date and reference</b>	1 October 2014	RPC14-HO-2008(2)
<b>Departmental Assessment</b>		
<b>One-in, Two-out status</b>	<b>IN</b>	
<b>Estimate of the Equivalent Annual Net Cost to Business (EANCB)</b>	<b>£2.4 million</b>	
<b>RPC Overall Assessment</b>	<b>GREEN</b>	
<p><b>RPC comments</b></p> <p>The IA is fit for purpose. The IA sets out clearly the expected costs and benefits of the preferred option, although the department should correct some transcription errors prior to publication. On the basis of the evidence presented, the RPC is able to validate the estimated cost to business of £2.4 million each year.</p>		
<p><b>Background (extracts from IA)</b></p> <p><b>What is the problem under consideration? Why is government intervention necessary?</b></p> <p><i>“The Riot (Damages) Act 1886, (‘the Act’), is a piece of legislation which allows uninsured individuals and businesses to claim for the costs of repairing damage to their property and replace goods that have been stolen as a result of a riot. The Act also allows insurers to reclaim most of the costs paid to policy holders incurred because of a riot. Following the riots in the summer of 2011, a number of issues within the Act were highlighted. An independent review made a number of recommendations as to where changes should be made to the legislation. Government intervention is necessary to change the legislation and to update and simplify the processes in the aftermath of riots.”</i></p> <p><b>What are the policy objectives and the intended effects?</b></p> <p><i>“The objectives are to:</i></p> <ul style="list-style-type: none"> <li><i>• produce a modernised piece of legislation to replace the Act and to clarify which losses individuals and businesses can claim for in the event of a riot;</i></li> <li><i>• protect the most vulnerable in society from damages incurred in riots;</i></li> </ul>		

- *discourage greater levels of under insurance;*
- *ensure arrangements are put in place to resolve claims under the Act quickly; and*
- *take account of the affordability of the Act on the public purse.”*

### **Comments on the robustness of the OITO assessment**

The IA says that this is a regulatory proposal that would impose a net cost on business (an 'IN') with an estimated equivalent annual net cost to business of £2.4 million. This is consistent with the current Better Regulation Framework Manual (paragraph 1.9.10) and, based on the evidence presented, appears to provide a reasonable assessment of the likely impacts.

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

The proposals increase the scope of regulation on business. Therefore a SaMBA is required.

The SaMBA provides a clear quantitative analysis of the proportion of affected businesses that are likely to be categorised as small or micro businesses, and the impacts of the options on such businesses. The SaMBA section demonstrates that the overall burdens on small and micro businesses are unlikely to be disproportionate. The Department also explain that the proposal would not be affordable if small and micro businesses were completely exempted from the costly elements of the proposal.

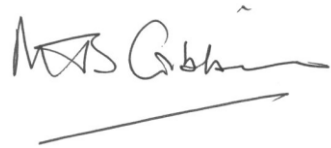
### **Quality of the analysis and evidence presented in the IA**

The proposal will amend the rules on public service liabilities for damages from riots. The new law will implement recommendations from the independent review following the 2011 riots. The proposal will introduce a maximum limit (£1 million per claim) for public liability for damages incurred during riots. The IA estimates that this will cost business £3.6 million each year. It will also lead to the creation of a riot claims bureau to handle loss adjustment in the event of a riot, estimated to cost business £0.06 million each year. The proposals are intended to reduce the cost to government that would arise, in the event of a riot, from under-insurance of private property.

Some elements of the updated legislation will benefit business, including a change to 'new-for-old' payments to reflect replacement values better, estimated to benefit business by £1.05 million each year, and extending time periods for claims, estimated to save business £0.27 million each year.

The IA includes detailed breakdowns of the costs and benefits of the individual measures, as well as comprehensive annexes of how the costs have been calculated. However, while the department has calculated the cost to business correctly using the detailed figures, there are some transcription errors that it should correct prior to publication, for example the costs to businesses recorded in the summary sheet for the preferred option and Table 10.

**Signed**

A handwritten signature in black ink, appearing to read "Michael Gibbons". The signature is written in a cursive style with a long horizontal stroke at the end. There is a small mark above the letter 'i' in "Gibbons".

**Michael Gibbons, Chairman**