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|---|---|--|--|-------------------------|
| Title: Prisons & Courts Bill: Reform to statutory declarations in the County Court IA No: MoJ009/2017 RPC Reference No: N/A. Lead department or agency: Ministry of Justice Other departments or agencies: HM Courts and Tribunals Service | Impact Assessment (IA) | | | |
| | Date: 22/02/2017 | | | |
| | Stage: Final | | | |
| | Source of intervention: Domestic | | | |
| | Type of measure: Primary legislation | | | |
| | Contact for enquiries: Joe Murphy Joe.Murphy@justice.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 (EANDCB in 2014 prices) | One-In, Three-Out | Business Impact Target Status |
| £10.6 to £30M | N/A | N/A | Not in scope | Qualifying provision |

What is the problem under consideration? Why is government intervention necessary?
 The government is taking forward a radical programme of reform to courts and tribunals including the civil justice system. It aims to support citizens to present their own cases simply and to obtain justice more swiftly; to reduce complexity in language, process and systems; to reduce the costs of the courts and tribunals to taxpayers. There will be a particular focus on making better use of technology to help people resolve disputes. The court reforms aim to provide a simplified process accessible to all court users.

What are the policy objectives and the intended effects?
 Removing our reliance on paper and reducing time burdens on court staff are key to realising our ambition of a streamlined court service. We will replace statutory declarations in county court proceedings relating to traffic enforcement with a witness statement verified by a statement of truth. This reform will replace outdated and currently inconsistent procedures, which are inconvenient for court users and resource intensive to administer, with a more modern approach, capable of digitisation, and which retains a robust penalty where a statement of truth is found to be false.

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

- Option 0: Do nothing. No changes to current statutory declarations process.
- Option 1: Retain statutory declarations and charge a requisite fee for their administration in the county court.
- Option 2: Replace statutory declarations in county court proceedings relating to traffic enforcement only (a county court procedure) with a witness statement verified by a statement of truth.

The government has concluded option 2 is the preferred option.

| | | | | | |
|---|--|--------------|--------------|---------------|--------------|
| Will the policy be reviewed? There is no plan to review the policy. | | | | | |
| Does implementation go beyond minimum EU requirements? | | | No | | |
| Are any of these organisations in scope? | | Micro Yes | Small Yes | Medium Yes | Large Yes |
| 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 Minister:  **Date:** 22/02/2017

Summary: Analysis & Evidence - Policy Option 1

Description. Retain statutory declarations and charge a requisite fee for their administration in the county court.

FULL ECONOMIC ASSESSMENT

| Price Base Year | PV Base Year | Time Period Years | Net Benefit (Present Value (PV)) (£m) | | |
|-----------------|--------------|-------------------|---------------------------------------|-------|--------------------|
| | | | Low: | High: | Best Estimate: £0M |
| 14/15 | 16/17 | 10 | | | |

| COSTS (£m) | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Cost (Present Value) |
|---------------|---|--|----------------------------|
| Low | Optional | Optional | Optional |
| High | Optional | Optional | Optional |
| Best Estimate | 0 | £0.7M | £5M |

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

Court users would have a gross cost of around £0.78m due to the costs incurred in paying the proposed £25 fee to HMCTS from the approximately 31,050 users who make a statutory declaration in a county court. Applying an optimism bias of 15% leads to a figure of £0.67m.

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

There is the potential cost to HMCTS of processing the payments. This includes the administrative costs associated with receiving and processing payments. There is also the possible costs involved with those seeking a fee remission once fees are introduced into county courts. This could also result in a reduction in the estimated fee revenue.

| BENEFITS (£m) | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Benefit (Present Value) |
|---------------|---|--|-------------------------------|
| Low | 0 | | |
| High | 0 | | |
| Best Estimate | 0 | £0.7M | £5M |

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

HMCTS would have a gross benefit of around £0.78m due to the revenue from the approximately 31,050 users who make a statutory declaration in a county court and would be charged a £25 fee to HMCTS for doing so. Applying an optimism bias of 15% leads to a figure of £0.67m.

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

Depending on the fee charged by HMCTS, some county court users might migrate to solicitors to make their statutory declaration leading to an increase in revenue for solicitors.

Key assumptions/sensitivities/risks

There will be 31,050 statutory declarations a year made in a county court (30,000 traffic related and 1,050 non traffic related) with other statutory declarations made at solicitors or in a Magistrates court. It has been assumed that users will not migrate to solicitors from county courts when faced with the introduction of the proposed fee. In reality it is likely that some users would choose to go to solicitors to do their statutory declaration rather than pay £25 to do it in a county court. This would lead to a reduction in the estimated benefits for HMCTS. If the volume of statutory declarations are higher than those assumed in the scenarios then the benefits for HMCTS would be higher and the costs to users would be correspondingly higher.

Discount rate

3.5

BUSINESS ASSESSMENT (Option 1)

| Direct impact on business (Equivalent Annual) £m: | Score for Business Impact Target (qualifying provisions only) £m: | | |
|---|---|---|--|
| 0 | 0 | 0 | |

Summary: Analysis & Evidence - Policy Option 2

Description: Replace statutory declarations in county court proceedings relating to traffic enforcement only with a witness statement verified by a statement of truth.

FULL ECONOMIC ASSESSMENT

| Price Base Year 14/15 | PV Base Year 16/17 | Time Period Years 10 | Net Benefit (Present Value (PV)) (£m) | | |
|--------------------------|-----------------------|-------------------------|---------------------------------------|-------|----------------------------------|
| | | | Low: | High: | Best Estimate: £10.6M to £30M |

| COSTS (£m) | Total Transition (Constant Price) Years | | Average Annual (excl. Transition) (Constant Price) | Total Cost (Present Value) |
|---------------|---|------|--|----------------------------|
| | Low | High | | |
| Low | Optional | | 0 | 0 |
| High | Optional | | £0.07M | £0.5M |
| Best Estimate | | 0 | £0.03M | £0.2M |

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

There would be a loss of income to MOJ from those who pay a £25 fee to do a traffic related statutory declaration in a Magistrates court. This would result in an annual cost to MOJ of approximately £33k given the assumption of approximately 1,300 statutory declarations being made at a Magistrates court (0.4% of non-county court statutory declarations). The costs are reduced to approximately £28k when an optimism bias of 15% is applied.

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

There could be one off IT costs to HMCTS from setting up the systems to deal with new statement of truth forms. There could potentially be a loss of revenue to solicitors from court users if they no longer need to visit solicitors to make a statutory declaration. However it has been assumed that solicitors will use the time currently involved in statutory declarations to undertake other revenue generating work which would result in no net loss in revenue.

| BENEFITS (£m) | Total Transition (Constant Price) Years | | Average Annual (excl. Transition) (Constant Price) | Total Benefit (Present Value) |
|---------------|---|------|--|-------------------------------|
| | Low | High | | |
| Low | 0 | | £1.4M | £10M |
| High | 0 | | £4.4M | £30.4M |
| Best Estimate | 0 | | £1.5M to £4.4M | £10.8M to £30.4M |

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

HMCTS would have benefits of around £130k. The benefit is a result of the reduction in the resource required to carry out the workload involved in dealing with statutory declaration in county courts and Magistrates courts which would then result in reduced admin staff and salaries. Using an optimism bias of 15% the benefits are reduced to approximately £110k. Court users would have benefits of between £1.7m and £5m due to the reduction in fees paid to solicitors when statutory declarations are made at a solicitors' office and in fees paid to HMCTS when statutory declarations are made in a Magistrates court. Using an optimism bias of 15% these figures are reduced to between £1.4m and £4.2m.

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

Court users could benefit from a reduction in travel costs as there would be a much reduced need to visit solicitors' offices for Magistrates courts to make statutory declarations.

Key assumptions/sensitivities/risks

Due to uncertainties around key variables such as the fees paid to solicitors, and the volume of statutory declarations made in Magistrates' courts, different scenarios were considered in this analysis. Statutory declarations made at a Magistrates' court are assumed to make up 0.4% of all those made outside a county court. If this number were less than this assumed 0.4%, user benefits would decrease but the loss of MOJ fee income and HMCTS admin costs would also decrease. So the HMCTS net benefits position would be better than the position indicated above. The proposed changes should not make it easier to challenge penalty notices and should not encourage vexatious challenges. To mitigate this risk, we will retain a robust penalty where a statement of truth is found to be false.

Discount rate

3.5

BUSINESS ASSESSMENT (Option 2)

| | | | |
|---|---|---|--|
| Direct impact on business (Equivalent Annual) £m: | Score for Business Impact Target (qualifying provisions only) £m: N/A | | |
| 0 | 0 | 0 | |

Evidence Base (for summary sheets)

A. Background

Civil Justice and the Civil Courts

1. The civil justice system exists to provide an effective means of resolving disputes that delivers the legal security that businesses need in order to invest, regulators need to oversee markets, and citizens need to enforce their rights and that guarantees that authorities obey the rule of law.
2. Currently the civil courts are responsible for handling civil disputes and issues across two main branches of operation: the County Court and the High Court. Both deal with a wide variety of cases, including money claims, consumer complaints, housing disputes, international business disputes, and patent and contract law. In respect of civil claims, over 98% are handled by the County Court¹.

Court reform

3. The Government is investing over £1 billion to transform the courts and tribunals system. We will deliver a service that is just, proportionate, accessible to all and works better for everyone, from judges and legal professionals, to witnesses, litigants and victims of crime. This measure is part of a wider legislative package that underpins the court reform programme and collectively contributes to benefits of £252 million per annum at steady state from 2023-24. While most of the measures in the Bill produce significant direct savings, some do not. However, the measures are interdependent and all contribute to wider, indirect savings by streamlining processes, enabling more flexibility in judicial deployment, digitalisation, effective deployment and utilisation of our staff and estates. In short, each measure is vital for us to deliver the reform programme and associated savings as planned.

Statutory declarations

4. A statutory declaration is a formal document under which a person (the declarant) makes a statement or declares something to be true by virtue of and under the provisions of the Statutory Declarations Act 1835. They are used when no other evidence is available. They are not administered under oath and are therefore different, from, by way of example, an affidavit.
5. In addition to the 1835 Act, there are many statutes and legislative provisions which require statements about particular matters to be verified by statutory declaration, including the Insolvency Act 1986², the Registration of Births and Deaths Act 1953³ and the Gender Recognition Act 2004⁴, the vast majority of which do not concern county court proceedings.
6. The effect of a statutory declaration in court proceedings would be to void the original proceedings and so allow the individual to contest proceedings. There are sanctions for lying in a statutory declaration, which is an offence under the Perjury Act 1911. In the County Court, statutory declarations may be made by making a counter appointment and attending the court at a pre-arranged time. On arrival, a County Court officer (authorised by a judge of the County Court) will go through the relevant documents with the customer and witness the customer signing the declaration.
7. HMCTS is not a monopoly provider of statutory declarations. They can also be made in the presence of various approved professionals including solicitors holding a current practising certificate. Court users, therefore, have access to this service on most High Streets with solicitors and other professionals typically charging a fee of between £5 and £15 for each statutory declaration witnessed.

¹ This is based on 1.62m claims being issued by County Courts in 2014 compared to fewer than 25,000 proceedings started in 2014 across the Queen's Bench and Chancery Divisions in the High Court. Source: MoJ Civil Justice Statistics Quarterly.

² C. 45. See, for example, paragraph 18 of Schedule B1.

³ C. 20. See, for example, section 10.

⁴ C. 7. See, for example, section 3

8. One of the proposed changes made in the civil system by the "Access to Justice" Woolf reforms in April 1999 was the introduction of the statement of truth in an attempt to replace the outdated affidavits procedure. The proposal was that all claims, including defences, should have an attached undertaking known as a statement of truth from the issuer or legal representative, that they believe the information and evidence provided to be true and if found later not to be, they could potentially be held in contempt or more likely have a costs order made against them. However, affidavits are still used particularly where legislation older than the Woolf reforms has not been amended.
9. The vast majority of statutory declarations made at the County Court relate to Traffic Enforcement Centre proceedings (a County Court procedure). This Impact Assessment (IA) therefore considers the impact of replacing statutory declarations with a witness statement verified by a witness statement in the county court for traffic enforcement.

B. Policy Rationale and Objectives

10. The conventional economic rationale for government intervention is based on efficiency or equity arguments. Government intervenes if there is a perceived failure in the way a market operates ("market failures") or if it would like to correct existing institutional distortions ("government failures"). Government also intervenes for equity ("fairness") reasons.
11. The proposed reform relates to efficiency: the government would like to correct existing institutional inefficiencies within the court system and to facilitate the increased use of technology. Antiquated processes are costly for both the Government and the users, including businesses.
12. The associated policy objective relates to the use of statutory declarations in Traffic Enforcement Centre proceedings. The continued use of statutory declarations in the traffic enforcement centre is an anachronism and there is no reason why they could not effectively be replaced by a statement of truth which was the intention of the Woolf reforms in April 1999. Statutory declarations are inconvenient for court users and consume scarce court resources that could be used more efficiently. This reform is, therefore, about modernising court processes.

C. Affected Stakeholder Groups, Organisations and Sectors

14. The groups most affected by the options in this IA are as follows:
 - Court Users
 - HMCTS
 - Solicitors and other approved professionals.

D. Description of options considered

15. To meet the policy objectives described above, three options are considered in this IA.
 - **Option 0: Baseline: Make no changes to the circumstances in which a statutory declaration may be made.**
 - **Option 1: Retain the current process but charge an appropriate County Court fee**
 - **Option 2: Replace statutory declarations for use in the County Court relating to traffic enforcement only with a witness statement verified by a statement of truth**

Option 0: Baseline

16. Under this option current processes would be maintained and no changes made to the circumstances in which a statutory declaration may be made. This includes no change to the current

approach where statutory declarations undertaken in the county court do not attract a fee. This would mean that there would still be a reliance on paper and staff time along with the associated costs. The process would also not be aligned with the principles of HMCTS reform, meaning that HMCTS would be operating a system inconsistent with its overall approach

Option 1: Retain the current process but charge an appropriate County Court Fee

17. Under this option, customers could make a statutory declaration at a County Court by making a counter appointment (usually by calling the appropriate Contact Centre) and attending the court at a pre-arranged time. On arrival, a County Court officer (authorised by a Judge) will go through the documents with the customer and witness him/her signing the declaration. Under this option statutory declarations could be maintained but a requisite fee could be charged to compensate HMCTS for the continued provision of this service. County Courts do not, at present, charge for this service unlike the Magistrates Court, where a fee of £25 is charged, and other providers and approved professionals.
18. This option could increase potential income for MoJ assuming current volumes are maintained and there are no other changes to statutory declarations and a fee of £25, equivalent to the magistrates' court, is charged. However, it would still retain a legacy process and would require legislation. We believe that if we have an opportunity to legislate to reform statutory declarations we should make sure that the reforms reflect the principles of court reform and we have concluded that simply charging a fee would not be the right approach.

Option 2: Replace statutory declarations for use in the County Court relating to traffic enforcement only with a witness statement verified by a statement of truth

19. This option would remove statutory declarations made for use in county court proceedings and replace them with a witness statement verified by a statement of truth. Currently a statutory declaration requires the party to attend court or another approved provider to physically make a declaration in front of an authorised member of staff. Conversely a witness statement attracts no fee and is a signed statement with an attached undertaking known as a statement of truth from the issuer or legal representative, that they believe the information and evidence provided to be true. This can be undertaken at the convenience of the court user and can be digitised. However, this approach maintains a robust penalty if the statement is later found not to be true as the party could be held in contempt or, more likely, have a costs order made against them.
20. The vast majority of statutory declarations made at the County Court relate to Traffic Enforcement Centre proceedings (a County Court procedure). Using statements of truth for such offences is the preferred option as it would replace outdated and currently inconsistent procedures, which are inconvenient for court users and resource intensive to administer, with a more modern approach, capable of digitisation, and which retains a robust penalty where a statement of truth is found to be false. The introduction of a statement of truth would enable digitalisation and thus reduce the reliance on court resources and would fit with the principles of HMCTS reform.

E. Cost and Benefit Analysis

21. This IA identifies both monetised and non-monetised impacts on government, HMCTS and court users with the aim of understanding what the overall impact on society might be from implementing the preferred option. Because the 'do nothing' option (Option 0) is being compared to itself, its costs and benefits, and therefore its Net Present Value (NPV), are necessarily zero.
22. According to a recent HMCTS survey, the County Courts deal with an estimated 30,000 traffic related statutory declarations which utilised approximately 4,750 hours of staff time, based on an assumption that it takes a HMCTS member of staff 10 minutes to deal with each statutory declaration in a county court. The staff used were mainly Band Es giving an estimated annual cost of £120k for the handling of statutory declarations made in county courts. There is approximately another £10k spent on handling statutory declarations in Magistrates courts. This data forms the basis of the following analysis.

Option 1: Retain statutory declarations and charge a requisite fee for their administration in the county court.

Costs of Option 1

Monetised

Court Users

23. Court users would each pay £25 to make a statutory declaration in a county court. As we have assumed there will be a future steady state volume of 31,050 statutory declarations a year made in a county court (30,000 traffic related and 1,050 non traffic related) this would result in a total annual cost to court users of approximately £0.78m.

Benefits of Option 1

Monetised

HMCTS

24. HMCTS would receive £25 from each court user who makes a statutory declaration in a county court. As we have assumed there will be a future steady state volume of 31,050 statutory declarations a year made in a county court (30,000 traffic related and 1,050 non traffic related), this would result in a total annual benefit to HMCTS of approximately £0.78m.

Non Monetised

Solicitors

25. There could potentially be benefits to solicitors if some court users decide to make a statutory declaration at a solicitors' office as a result of the introduction of the £25 fee for making a statutory declaration in a county court. This benefit cannot be quantified as it is not possible to determine the numbers who would migrate from a county court to a solicitor's office to make their statutory declaration.

Option 2: Replace statutory declarations in county court proceedings relating to traffic enforcement only (a county court procedure) with a witness statement verified by a statement of truth.

Methodology

26. We have had to use scenarios to estimate the sort of impacts that would result from this option. This is because we do not have robust data on key variables such as the actual fees charged by solicitors to deal with statutory declarations or the percentage of statutory declarations made in a Magistrates court. It was decided that, given the particular sensitivity of the overall costs / benefits to the solicitor fee levels, we would create two scenarios representing two realistic solicitor fee levels. We would then assume that the impacts would lie within the range defined by the two scenarios.

Option 2 Scenario A

27. This scenario assumes in a steady state the annual volume of traffic related statutory declarations would be 360,000 with those made at county courts being 30,000, with 0.4% of traffic related statutory declarations made outside a county court being made in a Magistrates court which equates to approximately 1,300 statutory declarations with the rest made in at a solicitors' office. In this scenario, it is assumed those making statutory declarations at a solicitors' or another approved professional's office would pay a £5 fee.

28. The 0.4% assumption for those outside a county court making a statutory declaration in a Magistrates court is based on HMCTS finance data which looks at fee income from each Magistrates court and

should be considered a reasonable estimate. In the sensitivity analysis section (section F), we consider the consequences if the Magistrates court percentage figure is greater or less than the assumed 0.4%.

Costs of Option 2 Scenario A

Monetised

MOJ

29. There would be loss in revenue for MOJ as users would no longer go to a Magistrates Court to make a statutory declaration where they would pay £25 to HMCTS. In the steady state of this scenario, there would be about 1,300 statutory declarations made at a Magistrates court. Therefore the total reduction in revenue to HMCTS would be 1,300 multiplied by £25 which equals approximately £32.5k.

Solicitors

30. There would be loss in revenue for solicitors as users would no longer go to a solicitors' office to make a statutory declaration. This scenario assumes it costs an average of £5 to make a statutory declaration at a solicitors' office. In the steady state of this scenario, there would be about 328,700 statutory declarations made at a solicitors' office. Therefore the total reduction in revenue to solicitors would be 328,700 statutory declarations multiplied by £5 which equals approximately £1.6m.

31. This cost is not included in the NPV calculations as it is assumed that solicitors and other approved professionals would be able to substitute the time they currently spend on dealing with statutory declarations for work which is the next best alternative. This is a normal assumption in IAs.

Non Monetised

HMCTS

32. There is the potential cost to HMCTS of processing the payments. This could include the administrative work associated with receiving and processing payments. There is also the possible costs involved with those seeking a fee remission once fees are introduced into county courts. This could also result in a reduction in the estimated fee revenue.

Benefits of Option 2 Scenario A

Monetised

Court Users

33. There would be savings for those users who would no longer go to a solicitors' office or a Magistrates court to make a statutory declaration. It costs an average of £5 to make a statutory declaration at a solicitors' office and, in this scenario, there would be a steady state of 328,700 statutory declarations made at a solicitors' office. Therefore the total benefit to users from no longer going to solicitors' offices would be 328,700 multiplied by £5 which equals approximately £1.64m in the steady state.

34. There would also be savings for court users as a result of no longer having to make statutory declarations in a Magistrates court. In this scenario there would be 1,300 statutory declarations no longer made at a Magistrates court. Therefore the total reduction in costs for users in Magistrates court would be 1,300 multiplied by £25 which equals approximately £32.5k.

35. In total users would now save £1.64m in not paying fees to solicitors and £0.03m in not paying fees at Magistrates' courts resulting in total savings of approximately £1.67m.

HMCTS

36. There would be a saving in the administrative work associated with dealing with users coming to a county court or a Magistrates court to make a statutory declaration. In this scenario there would be a total of 30,000 + 1,300 statutory declarations relating to traffic offences made in courts. Assuming these take, on average, 10 minutes each this would result in approximately 5,216 hours of work. Assuming that 1 staff FTE undertakes approximately 990 hours of work a year, this means approximately 5.3 staff FTEs are used to deal with these statutory declarations. Assuming these staff are Band Es earning an average of £24,000, approximately £130k would be saved annually through not dealing with these statutory declarations.

Non Monetised

Court Users

37. There would be a saving both in terms of travel costs and also time for those users who no longer have to go to a county court, a Magistrates court or solicitors' offices to make a statutory declaration.

HMCTS

38. The new statements of truth would be more in line with the wider HMCTS Reform agenda. There could therefore be potential longer term savings as this could benefit from similar process improvements around automation and digitisation as other Reform activities.

Option 2 Scenario B

39. This scenario assumes in a steady state the annual volume of traffic related statutory declarations would be 360,000 with those made at county courts being 30,000, with 0.4% of traffic related statutory declarations made outside a county court being made in a Magistrates court with the rest made in at a solicitors' office. In this scenario, it is assumed those making statutory declarations at a solicitors' or another approved professional's office would pay a £15 fee.

40. As with Scenario A, the 0.4% assumption for those outside a county court making a statutory declaration in a Magistrates court is based on HMCTS finance data which looks at fee income from each Magistrates court and should be considered a reasonable estimate. In the sensitivity analysis section (section F), we consider the consequences if the Magistrates court percentage figure is greater or less than the assumed 0.4%.

Costs of Option 2 Scenario B

Monetised

MOJ

41. There would be loss in revenue for MOJ as users would no longer go to a Magistrates Court to make a statutory declaration where they would pay £25 to HMCTS. In the steady state of this scenario, there would be about 1,300 statutory declarations made at a Magistrates court. Therefore the total reduction in revenue to HMCTS would be 1,300 multiplied by £25 which equals approximately £32.5k.

Solicitors

42. There would be loss in revenue for solicitors as users would no longer go to a solicitors' office to make a statutory declaration. This scenario assumes it costs an average of £15 to make a statutory declaration at a solicitors' office. In the steady state of this scenario, there would be about 328,700 statutory declarations made at a solicitors' office. Therefore the total reduction in revenue to solicitors would be 328,700 statutory declarations multiplied by £15 which equals approximately £4.9m.

43. This cost is not included in the NPV calculations as it is assumed that solicitors and other approved professionals would be able to substitute the time they currently spend on dealing with statutory declarations for work which is the next best alternative. This is a normal assumption in IAs.

Non Monetised

HMCTS

44. There is the potential cost to HMCTS of processing the payments. This could include the administrative work associated with receiving and processing payments. There is also the possible costs involved with those seeking a fee remission once fees are introduced into county courts. This could also result in a reduction in the estimated fee revenue.

Benefits of Option 2 Scenario B

Monetised

Court Users

45. There would be savings for those users who would no longer go to a solicitors' office or a Magistrates court to make a statutory declaration. It costs an average of £15 to make a statutory declaration at a solicitors' office and, in this scenario, there would be a steady state of 328,700 statutory declarations made at a solicitors' office. Therefore the total benefit to users from no longer going to solicitors' offices would be 328,700 multiplied by £15 which equals approximately £4.9m in the steady state.

46. There would also be savings for court users as a result of no longer having to make statutory declarations in a Magistrates court. In this scenario there would be 1,300 statutory declarations no longer made at a Magistrates court. Therefore the total reduction in costs for users in Magistrates court would be 1,300 multiplied by £25 which equals approximately £32.5k.

47. In total users would now save £4.9m in not paying fees to solicitors and £0.03m in not paying fees at Magistrates' courts resulting in total savings of approximately £5m.

HMCTS

48. There would be a saving in the administrative work associated with dealing with users coming to a county court or a Magistrates court to make a statutory declaration. In this scenario there would be a total of 30,000 + 1,300 statutory declarations relating to traffic offences made in courts. Assuming these take, on average, 10 minutes each this would result in approximately 5,216 hours of work. Assuming that 1 staff FTE undertakes approximately 990 hours of work a year, this means approximately 5.3 staff FTEs are used to deal with these statutory declarations. Assuming these staff are Band Es earning an average of £24,000, approximately £130k would be saved annually through not dealing with these statutory declarations.

Non Monetised

Court Users

49. There would be a saving both in terms of travel costs and also time for those users who no longer have to go to a county court, a Magistrates court or solicitors' offices to make a statutory declaration.

HMCTS

The new statements of truth would be more in line with the wider HMCTS Reform agenda. There could therefore be potential longer term savings as this could benefit from similar process improvements around automation and digitisation as other Reform activities

Option 2 – Costs and Benefits Summary

50. Table 1 summarises the impacts of Option 2 under scenarios A and B

Table 1: Summary of Impacts, Option 2, Scenarios A&B

| | Scenario A | | | Scenario B | | |
|---|---|--|--------------|---|--|--------------|
| | Costs | Benefits | Net benefits | Costs | Benefits | Net benefits |
| MOJ | £0.03m (loss of Magistrates fee income) | | -£0.03m | £0.03m (loss of Magistrates fee income) | | -£0.03m |
| HMCTS | | £0.13m (savings from admin staff in county court and Magistrates courts) | £0.13m | | £0.13m (savings from admin staff in county court and Magistrates courts) | £0.13m |
| Users | | £1.7m (savings from not paying fees) | £1.7m | | £5m (savings from not paying fees) | £5m |
| Solicitors | £1.6m (loss of fee income from users) | | -£1.6m | £4.9m (loss of fee income from users) | | -£4.9m |
| <ul style="list-style-type: none"> • Scenario A - £5 fee charged by solicitors, 0.4% of non-county court stat decs made in Magistrates court • Scenario B - £15 fee charged by solicitors, 0.4% of non-county court stat decs made in Magistrates court • The costs and benefits may not match exactly due to rounding • The solicitors' costs won't be included in the present value calculation. • These costs and benefits do not include optimism bias | | | | | | |

F. Assumptions, Risks and Sensitivities

Key assumptions

51. The preceding analysis is based on a number of assumptions. The main ones are as follows:

- All those visiting solicitor' offices to make a statutory declaration would now make statements of truth without visiting a solicitors' office.
- If HMCTS were to charge for dealing with a statutory declaration, the charge would be £25.
- The total number of people wishing to make a statutory declaration would stay the same although the numbers making them at a solicitors' office and in a Magistrates court could change.
- Solicitors would charge between £5 and £15 to witness a statutory declaration.
- There are now a total of 31,050 statutory declarations a year made in a county court (30,000 traffic related and 1,050 non traffic related). These figures are based on a survey of county courts.

- HMCTS would require no new systems will be required to deal with statements of truth.
- Users would not need assistance from county court staff or solicitors to complete a statement of truth.
- The volume of people who need to make a statutory declaration at county court would remain at the levels suggested in the two scenarios.
- The reduction in administrative workload as a result of statutory declarations not being undertaken at county courts would lead to a proportionate decrease in the number of full-time equivalent administrative staff with subsequent proportionate savings in staff salaries.
- The administrative work involved in dealing with statutory declarations in a county court or Magistrates court is now undertaken by Band E staff.
- All people who now go to a Magistrates court to do a statutory declaration would no longer go to a Magistrates court once they have the option of making a statement of truth.
- The costs to HMCTS when users make statutory declarations in Magistrates' courts is the same as the costs when users make statutory declarations in county courts.

Risks

52. There are risks associated with some of these assumptions. The main ones are as follows:

- Some users who visit solicitors' offices to make a statutory declaration would still visit solicitors' offices to make a statement of truth.
- The total number of people wishing to make a statement of truth could be greater than those currently making statutory declarations as the process of making a statement of truth would be easier.
- New systems could be required to process statements of truth which could result in implementation costs to HMCTS.
- The reduction in administrative workload as a result of statutory declarations not being made at a county court could lead to a proportionate decrease in administrative FTEs with subsequent proportionate savings in staff salaries.

Sensitivity Analysis

53. To explore some of these risks further, some of the main assumptions were tested via sensitivity analysis.

54. All HMCTS benefits considered in this IA have been assumed to be broadly proportional to the volume of statutory declarations made in county courts. Therefore, if there were to be 50% more statutory declarations made in county courts than considered in the Option 2 scenarios then all HMCTS benefits would be increased by almost 50%.

55. All MOJ costs in Option 2 have been assumed to be proportional with the percentage of non-county court statutory declarations made in a Magistrates court. If no statutory declarations are made in a Magistrates court then the users net benefit would decrease from £1.44m to £1.42m (scenario A), this is represented as the low benefits estimate in the summary sheet, and £4.28m to £4.27m (scenario B). The change for MOJ costs would be more pronounced with the costs going from £32.5k to zero in both scenarios. These costs are represented as the low costs estimate.

56. Conversely if the percentage of non-county court statutory declarations made in a Magistrates court were to double from 2% to 4%, then user benefits would increase from £1.8m to £1.9m (scenario A) and £5m to £5.1m (scenario B), this is represented as the high benefits estimate. HMCTS costs would double from £0.16m to £0.33m. These costs are represented in the summary sheet as the high cost estimate.
57. All HMCTS benefits considered in this IA have been assumed to be proportional to the time taken to deal with a statutory declaration made in courts. For example, if it required 20 minutes of administrative time instead of the assumed 10 minutes to deal with a statutory declaration in court then there would be double the benefits to HMCTS that currently shown in the IA.
58. All user costs considered in Option 1 are assumed to be proportional to the fee that HMCTS would charge users for a statutory declaration made in court. If they were to charge £10 (40% of the assumed £25 fee), this would mean users costs would decrease from £0.7m to approximately £0.3m which is approximately 40% of the £0.78m figure. It would also result in HMCTS benefits decreasing from £0.78m to £0.3m.

G. Wider Impacts

Direct costs and benefits to Business

59. None.

Small and Micro Business Assessment and mitigating impacts on small and micro businesses

60. There may be some small solicitor firms or other firms with approved professionals who are reliant on the revenue generated from witnessing statutory declarations for a fee. This is only with reference to those statutory declarations that relate to traffic enforcement. However we consider this would be mitigated by the fact that there will be other income generating work for these firms, including their ability to continue witnessing statutory declarations in relation to other proceedings. It is therefore considered that there are unlikely to be losses overall. There will be a post implementation review of the new process within 3-5 years of implementing the measure to assess the impact on small businesses.

One in Three out and Business Impact Target

61. The proposals are not regulatory and do not meet the definition set out under the Small Business Enterprise and Employment Act 2015. The proposal is not in scope of 'One-in, Three-Out'.

Equalities Impact assessment

62. See separate document.

Family Impact Test

63. There is no significant impact on families. They may benefit from their case being allocated to the most appropriate channel within the family jurisdiction. This would occur under all options, including Option 0.