

Impact Assessment, The Home Office

Title: Criminal Justice Bill: Pillar 2, "Protecting the public from serious and organised crime"

Date: November 2023

IA No: IA HO 0470 **RPC Reference No:** N/A

Stage: FINAL

Other departments or agencies: MoJ, HMT

Intervention: Domestic

Measure: Primary legislation

Enquiries:

crimeandjusticebillteam@homeoffice.gov.uk

RPC Opinion: RPC Opinion Status

Business Impact Target: Non qualifying provision

Cost of Preferred (or more likely) Option (in 2024/25 prices)

Net Present Social Value NPSV (£m)	354.6	Business Net Present Value BNPV (£m)	-0.5	Net cost to business per year EANDCB (£m)	0.01
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What is the problem under consideration? Why is government intervention necessary?

The Crime Survey for England and Wales shows overall crime, on a like for like basis, has decreased by 56 per cent since 2010. But with over 3.5 million fraud offences in the year ending March 2023, more needs to be done to protect the public from economic crime, deal with serious and organised crime and strengthen the statutory framework used to strip criminals of their proceeds of crime. Government intervention is required to legislate to protect the public from harm and support and strengthen the Criminal Justice System (CJS).

What is the strategic objective? What are the main policy objectives and intended effects?

The Policy Objectives of this Bill, include:

- 1) Enabling law enforcement agencies to respond to changing technology deployed by criminals.
- 2) Equipping law enforcement agencies with the necessary powers to address emerging crime types and threats.
- 3) Enhancing the management of offenders.
- 4) Strengthening public confidence in policing.

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

Option 1: 'Do nothing': No changes are made to law enforcement and criminal justice processes. This does not meet the government's objectives.

Option 2: Full implementation, in which all measures outlined in Table 1 (see page 3) are introduced. **This is the government's preferred objective as it meets strategic and policy objectives.**

Main assumptions/sensitivities and economic/analytical risks

Discount rate (%)

3.5

Assumptions around the future volumes of crime are made to monetise impacts. Assumptions around the proportion of suspended funds being illicit also drive a large proportion of the benefits. Future volumes of criminal activity and anti-social behaviour are highly uncertain. Thus, the future Law Enforcement and CJS costs associated with the measures in this bill are uncertain.

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

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: _____ Chris Philp _____ Date: _____ 14/12/2023 _____

Summary: Analysis & Evidence

Policy Option 2

Description: Full implementation, in which all measures outlined in Table 1 (see page 3) are introduced.

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2024/25	PV Base	2024/25	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	173.9	High:	426.0	Best:	354.6	Best BNPV	-0.5	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	18.8	56.5	75.3	7.0	0.1
High	29.2	111.5	140.7	13.8	1.9
Best Estimate	23.9	71.3	95.2	8.9	0.7

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

Total costs are between £75.3 million and £140.7 million, with a central estimate of £95.2 million. The main transition cost are prison construction costs, generating a central estimate of £20.1 million. The main ongoing costs are His Majesties Prison and Probation Services (HMPPS) costs, generating a central estimate of £35.9 million. Private sector costs are between £0.1 million and £1.9 million with a central estimate of £0.7 million.

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

Several non-monetised costs have been identified due to uncertainty and an absence of data. These costs arise primarily from uncertain volumes of organisations or individuals affected, or where it has not been possible to quantify behavioural effects resulting from the measure.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	NA	249.2	249.2	28.8	0.1
High	NA	566.7	566.7	65.4	0.1
Best Estimate	NA	449.7	449.7	52.1	0.1

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

Total monetised benefits are between £249.2 million and £566.7 million, with a central estimate of £449.7 million. Of the monetised benefits, the Suspended Accounts Scheme account for between £213.7 and £408.3 million with a central estimate of £354.5 million.

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

There are a range of intended benefits that have not been monetised due to uncertainty and a lack of data on the quantifiable impacts of the measures. These benefits include; a reduction in serious crime and theft; and a reduction in cyber crime and fraud.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:									
Cost, £m	0.01	Benefit, £m	NA	Net, £m	-0.01				
Score for Business Impact Target (qualifying provisions only) £m:									
Is this measure likely to impact on trade and investment?									
N									
Are any of these organisations in scope?		Micro	Y	Small	Y	Medium	Y	Large	Y
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded:	NA	Non-Traded:	NA		

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 2)

Are all relevant Specific Impacts included?	Y	Are there any impacts on particular groups?	Y
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Evidence Base (for summary sheets)

- The measures assessed in this impact assessment (IA): (Pillar 2, IA, HO 0470, “Protecting the public from violence and intimidation”) are listed below in Table 1.

Table 1: Measures included in Pillar 1: IA HO 0470 “Protection the public from violence and intimidation”

Proposal	Measures included
Subscriber Identity Module (SIM) farms	<ul style="list-style-type: none"> Legislate to introduce a criminal offence to supply or possess a SIM farm, subject to certain exemptions.
Suspension of Internet Domain Names and Internet Protocol (IP) Addresses	<ul style="list-style-type: none"> Introduce a new power to enable HM Courts and Tribunal Service to provide a court order to suspend domain names and IP addresses to ensure that law enforcement agencies can effectively suspend domain names and IP addresses when they enable crime such as fraud, scamming or malware distribution.
Suspended Accounts Scheme	<ul style="list-style-type: none"> Introduce a voluntary scheme to facilitate the transfer of funds representing the amounts of the balances of suspected criminal accounts to HM Government to fund projects to deal with economic crime.
Reform of the Confiscation Regime	<ul style="list-style-type: none"> Reform the Confiscation Regime in the Proceeds of Crime Act 2002 (POCA 2002) to deliver a more efficient, realistic and fair enforcement of confiscation orders.
Articles used in Serious Crime and vehicle theft	<ul style="list-style-type: none"> Introduce four new criminal offences where a person possesses, makes, adapts, imports, supplies or offers to supply specified articles where there are reasonable grounds to suspect that they will be used in serious crime or vehicle theft.
Serious Crime Prevention Orders (SCPOs)	<ul style="list-style-type: none"> Add to the list of organisations who can apply to the High Court for an SCPO. Enable the Crown Court to make an SCPO on acquittal. Provide the courts with an express power to impose electronic monitoring as a condition of an SCPO. Provide that all SCPOs automatically impose a prescribed set of notification requirements.
Reform of the Identification Doctrine (IDD)	<ul style="list-style-type: none"> Create a statutory model for the IDD for all crimes to provide legislative certainty, ensuring senior management are in scope of the regime.

A. Strategic objective and overview

A.1 Strategic objective

Ban the supply or possession of devices known as ‘SIM farms’ in the UK

- Fraud represents a significant threat to the UK economy, consumers, and society, with over 3.5 million offences, making up more than 40 per cent of all estimated crime¹ in the year ending March 2023.

¹ Crime Survey for England and Wales: March 2023: <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/crimeinenglandandwalesappendixtables>

3. The Government's Fraud Strategy² includes a commitment to block frauds by making difficult for criminals to operate at scale and without detection, through restricting criminals from abusing technology to do so.
4. To achieve this, the government is bringing forward new legislation. The proposals form part of wider work to secure telecommunications networks, including the Telecommunications Fraud Sector Charter and Ofcom's strengthened rules and guidance for providers to identify and block calls with 'spoofed' numbers.
5. According to the August 2022 Ofcom Scams Survey³, in the period June to August 2022, three-quarters of people in the UK (estimated 40.8 million adults) said they had received a suspicious message. An estimated 700,000 became victims of this kind of fraud.
6. The strategic objective of this measure is to reduce the volume and scale of fraudulent calls and texts reaching consumers in the UK, and the financial and emotional impact of the resulting frauds.

Suspension of Internet Domain Names and Internet Protocol Addresses

7. The overriding strategic objective of the provision is to reduce a range of crimes such as fraud and associated scams, as well as computer misuse offences. This includes crime in the UK, and crime originating abroad which has an impact in the UK.
8. This activity is consistent with the government's overall approach, but specifically contributes to three main strategic objectives.
 - 1) The Home Office Outcome Delivery Plan (ODP) priority outcome to reduce crime⁴.
 - 2) HM Government's Cyber Security Strategy⁵.
 - 3) HM Government's Fraud Strategy, specifically Pillar 2: Block Fraud⁶

Suspended Accounts

9. To facilitate the transfer of funds representing the amounts of the balances of suspected criminal accounts, currently out of reach to government, to support the sustainable resourcing of combatting economic crime, delivering HM Government's ambition to cut fraud and reduce money laundering.

Reform the confiscation regime in the Proceeds of Crime Act 2002

10. The strategic objective is to the most significant reforms to the confiscation regime contained in POCA 2002 since the Act was first introduced. The measures will help ensure that criminals do not benefit financially or materially from their crimes and will prevent assets being exploited to potentially fund further criminality. Reform will ensure that the process for depriving criminals of their benefit from crime is simplified and efficient and leads to orders being made that are realistic and proportionate to what defendants are able to pay. Powers will also be introduced to improve the enforceability of confiscation orders. This will improve the recovery rate of assets, which will subsequently lead to more funds being successfully returned to victims; and more funds for public services to deal with crime. Reform of the confiscation regime will contribute to critical Economic

² Tackling fraud and rebuilding trust (publishing.service.gov.uk): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1154660/Fraud_Strategy_2023.pdf - Page 31

³ Ofcom Scams Survey: August 2022: https://www.ofcom.org.uk/data/assets/pdf_file/0029/247493/ofcom-cli-and-scams-research-august-2022-slides.pdf

⁴ Home Office Outcome Delivery Plan: www.gov.uk/government/publications/home-office-outcome-delivery-plan

⁵ Government Cyber Security Strategy: 2022 to 2030 - GOV.UK (www.gov.uk): <https://www.gov.uk/government/publications/government-cyber-security-strategy-2022-to-2030>

⁶ See footnote 2

Crime Plan 2⁷ and Fraud Strategy objectives⁸ to reduce money laundering and recover more assets year-on-year; cut fraud and rebuild trust in the public sector response.

New offences to criminalise the possession, making, adaptation, supply, and offering to supply of articles for use in serious crime and vehicle theft.

11. The measures proposed in this IA to criminalise the making, adaptation, import, supply, offer to supply, and possession of articles for use in serious crime and vehicle theft will target the enablers and facilitators who are exploiting an evolving technological landscape to support and profit from serious crime. It is essential that law enforcement have the tools to frustrate the activities of the largest and most harmful criminal groups operating in and against the UK and to keep pace as criminal tactics evolve. This will also support a number of over-arching government strategic objectives, such as:

- The Home Office Outcome Delivery Plan priority outcomes to reduce crime (ODP1), reduce homeland security risks (ODP2) and to protect the vulnerable from organised immigration crime (ODP4)⁹;
- The government's manifesto¹⁰ and 2021 Integrated Review of Security, Defence, Development and Foreign Policy¹¹ commitment to strengthen the National Crime Agency (NCA) so that it can deal with the multiple threats the UK currently faces;
- The 2023 Integrated Review Refresh committed to bolstering the response to the most pressing serious and organised crime threats currently faced by the UK.¹²

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

12. The measures proposed in relation to Serious Crime Prevention Orders (SCPOs) are to improve the application process, ensure greater consistency SCPOs and improve the ongoing monitoring and enforcement of SCPOs, to better disrupt serious and organised criminals and to reduce serious crime. This will help to deliver on a number of over-arching government strategic objectives, such as:

- ¹³;
- The Home Office Outcome Delivery Plan priority outcomes to reduce crime (ODP1) and to protect the vulnerable from organised immigration crime (ODP4)¹⁴;

⁷ Economic crime plan 2023 to 2026 - GOV.UK (www.gov.uk), <https://www.gov.uk/government/publications/fraud-strategy>

⁸ Fraud Strategy - GOV.UK (www.gov.uk), <https://www.gov.uk/government/publications/economic-crime-plan-2023-to-2026>

⁹ Home Office, Home Office Outcome Delivery Plan: 2021 to 2022, July 2021: <https://www.gov.uk/government/publications/home-office-outcome-delivery-plan/home-office-outcome-delivery-plan-2021-to-2022>

¹⁰ The Conservative and Unionist Party Manifesto 2019: https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5dda924905da587992a064ba_Conservative%202019%20Manifesto.pdf – see page 19.

¹¹ Cabinet Office, Global Britain in an Competitive Age: The Integrated Review of Security, Defence, Development and Foreign Policy, March 2021:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/975077/Global_Britain_in_a_Competitive_Age_the_Integrated_Review_of_Security_Defence_Development_and_Foreign_Policy.pdf - see second bullet on page 83.

¹² Cabinet Office, Integrated Review Refresh 2023: Responding to a more contested and volatile world:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1143306/11857435_NS_IR_Refresh_2023_Supply_AllPages_Revision_6_WEB_PDF.pdf - see page 6. Cabinet Office, Integrated Review Refresh 2023: Responding to a more contested and volatile world:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1143306/11857435_NS_IR_Refresh_2023_Supply_AllPages_Revision_6_WEB_PDF.pdf - see page 6.

¹³ Home Office, About Us, see: <https://www.gov.uk/government/organisations/home-office/about#priorities>

¹⁴ Home Office Outcome Delivery Plan: 2021 to 2022, July 2021: see: <https://www.gov.uk/government/publications/home-office-outcome-delivery-plan/home-office-outcome-delivery-plan-2021-to-2022>

- The government’s manifesto¹⁵ and 2021 Integrated Review of Security, Defence, Development and Foreign Policy (the Integrated Review)¹⁶ commitment to strengthen the NCA so that it can address the multiple threats the UK currently faces;
13. The Integrated Review committed to bolstering the response to the most pressing serious and organised crime threats currently faced by the UK¹⁷. It also made a commitment to increase regional and local policing capacity¹⁸, including through a Home Office pilot to test a regional, multi-agency approach to the ongoing management of individuals subject to an SCPO¹⁹. This pilot has now completed and officials are considering next steps.

Reform to the Identification Doctrine

14. The strategic objective is to formulate in legislation a legal test to attribute acts of criminal conduct to corporates, as entities in their own right. Criminal activity can be enabled and perpetuated by corporations, as it is by individuals. The current ability in common law to hold organisations criminally responsible in recent years has raised concern that parts of the law are not fit for purpose. This has hindered the successful prosecution of corporations. In 2023, the government introduced reform of the IDD for economic crimes. A wider reform of criminal law is now required to improve the challenges that exist in holding large business with complex governance and decision-making structures to account for all crimes.

A.2 Background

Ban the supply or possession of devices known as ‘SIM farms’ in the UK

15. SIM Farms are devices that are capable of using five or more removable physical SIM cards simultaneously or interchangeably, for the purpose of making telephone calls or sending Short Message Service (SMS) text messages. Whilst SIM farms can be used for legitimate purposes such as to improve the quality of a data connection, they are frequently used by fraudsters to send out large volumes of texts or calls.
16. The Home Office proposed definition of ‘SIM farm’ would capture SIM gateway devices which convert fixed-line internet or public switched telephone network communications, which can contain five or more SIM cards. It would apply to self-use gateways, Commercial Multi-User Gateways (COMUGs) and Commercial Single-User Gateways (COSUGs).
17. There are substantively only four mobile operators in the UK, with all other providers piggybacking off their services. Devices with more than four SIM card slots are accessing at least one network concurrently and are being used differently to most normal connections. Whilst this could be for a legitimate purpose, this is frequently also used by fraudsters to send out large volumes of texts or calls.

Suspension of Internet Domain Names and Internet Protocol Addresses

Domestic position

18. Internet Infrastructure Providers currently processes the majority of requests from the law enforcement consensually since facilitating crime is generally against their terms and conditions. These voluntary arrangements ensure domain names and IP addresses are suspended and it is the

¹⁵ The Conservative and Unionist Party Manifesto 2019: see: https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5dda924905da587992a064ba_Conservative%202019%20Manifesto.pdf – see page 19.

¹⁶ Cabinet Office, Global Britain in an Competitive Age: The Integrated Review of Security, Defence, Development and Foreign Policy (“The Integrated Review”), March 2021: see https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/975077/Global_Britain_in_a_Competitive_Age_the_Integrated_Review_of_Security_Defence_Development_and_Foreign_Policy.pdf - see second bullet on p83.

¹⁷ The Integrated Review, page 82

¹⁸ The Integrated Review, page 83

¹⁹ HM Treasury, Spending Review 2020, November 2020, see: <https://www.gov.uk/government/publications/spending-review-2020-documents/spending-review-2020#shared-outcomes-fund> – see section 9, bullet point 8

strong intention that these voluntary arrangements continue as the first port of call, with a court order only being used in exceptional circumstances.

Overseas

19. While the consensual domestic arrangements work well, they are limited to the small portion of the internet that is located in the UK. The overwhelming majority of internet infrastructure is situated in foreign jurisdictions. In these cases, it is more difficult to suspend domain names and IP addresses. Overseas internet infrastructure providers do not always recognise informal requests without court orders from law enforcement and it is not practical to have consensual relationships with international providers in the same way that law enforcement has domestically.
20. Whilst a UK court order cannot compel foreign entities to act upon it, and there could be jurisdictions which would never cooperate, having a process to obtain a court order to be served overseas would improve current arrangements with likeminded countries. Governance processes at an international level are helpful in supporting international court orders being served and actioned. Existing governance processes will likely be the first port of call for the activity. However, if these processes fail, UK law enforcement could then request action through the Mutual Legal Assistance²⁰ process.

Suspended Accounts

21. Economic Crime Plan 1²¹ committed the Home Office, HM Treasury and the NCA, with support from the private sector, to develop a Sustainable Resourcing Model (SRM) which would draw on funding sources from the public and private sector to fund economic crime reform. Economic Crime Plan 2²², action 41 re-committed the government to “explore a mechanism to enable suspected illicit funds held in suspense accounts to be used in tackling economic crime, while protecting customers’ access to their legitimate funds”.
22. Surveyed financial institutions hold a known minimum of £220 million in suspended accounts with a further £30 to 40 million funds being suspended by entities annually.²³ Surveyed institutions represent only a small portion of the Anti-Money Laundering Regulated sector and the true figure is likely to be higher.
23. UK Finance and the financial sector have defined suspended accounts as: “*Funds that are not subject to restraint by law enforcement or a court order but are otherwise restricted by a financial sector firm due to concerns of activity suggestive of unlawful conduct. These funds cannot be accessed by the customer without them further satisfying the firm as to their legal entitlement to deal with those funds and are usually restricted within a customer’s account or moved and held in central accounts*”²⁴. This unutilised frozen money, absent any mechanism for release will remain frozen indefinitely. Government intervention in the form of the proposed suspended accounts scheme, which reimburses entities for customer claims up to a reclaim cap (to be determined by government based on reclaim data provided by industry), is required to encourage entities to release these funds.
24. The source of suspended accounts, and their owners, is often unknown for a variety of reasons, including techniques used by criminals to obscure their origin. These monies are frozen by private sector entities on the basis of suspicion. Securing a criminal justice outcome for every frozen account is difficult and impractical; the costs to law enforcement of doing so in many instances will exceed the value of the account. Implementing a process to recover the funds that does not require law enforcement intervention will deliver efficiencies to the system, whilst continuing to provide additional

²⁰ The Mutual Legal Assistance is a treaty agreement between two or more countries for the purpose of gathering and exchanging information in an effort to enforce public or criminal laws.

²¹ Economic crime plan 2019 to 2022 - GOV.UK: <https://www.gov.uk/government/publications/economic-crime-plan-2019-to-2022>

²² Economic crime plan 2023 to 2026 - GOV.UK: <https://www.gov.uk/government/publications/economic-crime-plan-2023-to-2026>

²³ Based on an industry survey commissioned by the Home Office and issued by UK Finance in August 2022.

²⁴ Definition agreed between UK Finance and the suspended funds working group

revenue to fund economic crime reform, delivering HM Government's ambition to cut fraud and reduce money laundering.

25. Failing to create a mechanism to use these funds would be a missed opportunity to invest sustainably in economic crime capabilities using suspected criminal funds currently out of reach for government.
26. Moreover, releasing suspended accounts would hold a strong public narrative of spending suspected criminal funds to fight crime, which may otherwise need to be funded by taxpayers, and overall is a positive action to take.
27. Funds are likely to be available from 2025/26 at the earliest due to the requirement for enabling legislation and the development of scheme rules as well as implementation. This allows time for collective agreement of both public and private projects/programmes to combat economic crime which deliver greatest impact and value for money.

Reform the confiscation regime in the Proceeds of Crime Act 2002

Review of the law

28. In 2018, the Home Office commissioned the Law Commission of England and Wales to review the entirety of the post-conviction confiscation regime - the statutory framework for stripping convicted criminals of the proceeds of their crimes, contained in Part 2 of POCA 2002. A terms of reference for this review was agreed between the Law Commission and government to make proposals aimed at clarifying, simplifying and modernising the confiscation regime in England and Wales.
29. The review sought to analyse and address the most pressing problems with the law on confiscation including:
 - the irregular compensation of victims;
 - the frequent imposition of unrealistic orders;
 - the ineffective incentives and sanctions of the confiscation regime;
 - the interplay between civil and criminal investigations under POCA 2002, the complexity of the relevant legislative provisions and related case law;
 - the role of restraint and the insufficient enforcement powers of Magistrates' Courts and Crown Courts.
30. The Law Commission explored and assessed a range of solutions to these problems to consider alternatives to the current value-based regime²⁵, options for a specialist forum for confiscation proceedings and new ways of preventing the dissipation of assets.
31. In November 2022, after a period of consultation running from 17 September 2020 to 18 December 2020²⁶ and receiving over 100 responses, the Law Commission published its report²⁷. It makes 119 recommendations for reform, and alterations to the existing legislative framework. This included legislative and non-legislative recommendations to improve the system end-to-end from pre-confiscation order matters, to the making and enforcement of orders.
32. The Home Office also consulted widely with stakeholders to determine which of the Law Commission's recommendations should be progressed. This has informed the drafting of the measures that will be introduced in the Crime and Justice Bill.

²⁵ Value-based confiscation: a confiscation measure by which a court imposes an order corresponding to the value of proceeds or instrumentalities of a crime, enforceable against any property of the individual, Revision of the EU rules on asset recovery and confiscation (europa.eu):

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/739373/EPRS_BRI\(2023\)739373_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/739373/EPRS_BRI(2023)739373_EN.pdf)

²⁶ Confiscation of the proceeds of crime after conviction: a consultation paper (cloud-platform-e218f50a4812967ba1215eaecede923f.s3.amazonaws.com)

²⁷ Confiscation under Part 2 of the Proceeds of Crime Act 2002 - Law Commission:

<https://www.lawcom.gov.uk/project/confiscation-under-part-2-of-the-proceeds-of-crime-act-2002/>

Current confiscation regime and measures for reform

33. There are separate confiscation regimes in England and Wales, Scotland, and Northern Ireland. These are contained in Parts 2, 3 and 4 of POCA 2002 respectively. Each part extends only to the respective jurisdiction.
34. Confiscation orders are applied for and granted in the Crown Court following a defendant's conviction of a criminal offence. They are intended to deprive criminals of their benefit from crime and are made personally against a defendant; requiring them to pay a sum of money equivalent to their benefit from crime. The defendant is not obliged to realise any particular asset to satisfy the order, providing the sum of money is paid. When a court imposes a confiscation order, it also sets a term of imprisonment that a defendant must serve if the confiscation order is not paid as ordered. Once the "time to pay" period prescribed by the Crown Court expires, cases are remitted to the Magistrates' Court for enforcement.
35. To support the enforcement of confiscation orders, powers exist to enable the restraint of identifiable assets to prevent their dissipation pending the making and enforcement of a confiscation order. In recognition that some assets may depreciate or require special care (for example, storage or safekeeping) additional powers provide for the appointment of a management receiver to oversee and deal with the defendant's assets while they are in the temporary custody of the state, pending the making of a final order.
36. The current enforcement levers have been the subject of extensive criticism. The National Audit Office, the Public Accounts Committee, and the Home Affairs Select Committee identified problems with the enforcement of confiscation orders.²⁸ Confiscation proceedings are susceptible to "drift", which has meant that some cases have been progressing through the CJS for upwards of 15 years. Delays making and enforcing confiscation orders have contributed to a perception of unfairness on behalf of defendants and third parties as enforcement proceedings are often protracted and appeals are frequently drawn out. In March 2023, the outstanding confiscation debt stood at £2,510 million, which has contributed to the perception that the regime is ineffective.²⁹
37. To address these issues, the measures that the government is seeking to introduce contribute to a greater emphasis on confiscation in the CJS earlier than is currently the established standard and encourages defendants to engage with the process at an earlier stage.
38. The measures for reform will:
 - Simplify confiscation proceedings by introducing an Early Resolution of Confiscation (EROC) hearing. This will be a forum to narrow the issues in dispute and fast-track agreed orders, which will ultimately save court time.
 - Ensure that the test to calculate a defendant's benefit from crime is realistic, as opposed to treating all funds passing through the hands of a defendant as their overall benefit from crime, which the current test does. For example, a money mule may take temporary possession of funds in a chain of money laundering. Despite the money mule only temporarily obtaining these funds, they are treated as their overall benefit from crime, which leads to inflated confiscation orders that are unrealistic to enforce. Reframing the calculation of benefit test will contribute to realistic orders being made and greater defendant compliance, which will subsequently improve asset returns.

²⁸ Confiscation-Book (nao.org.uk): <https://www.nao.org.uk/wp-content/uploads/2013/12/10318-001-Confiscation-Book.pdf>,
Confiscation orders: progress review (parliament.uk):

<https://publications.parliament.uk/pa/cm201617/cmselect/cmpublic/124/124.pdf>

Proceeds of crime (parliament.uk): <https://publications.parliament.uk/pa/cm201617/cmselect/cmhaff/25/25.pdf>

²⁹ HMCTS Trust Statement 2022-23 (publishing.service.gov.uk):

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1172415/HM_Courts_Tribunals_Service_Trust_Statement_2022-23.pdf

- Improve enforcement by introducing “Confiscation enforcement plans”, to be imposed by the court when a confiscation order is made, to detail the orders the enforcing court can make in the event the defendant defaults on the payment of their confiscation order.
 - Extend the enforcement powers of the Magistrates’ Court to the Crown Court. The courts will have powers to transfer proceedings between them based on the facts of each case. This will address the drift that frequently occurs in payment of orders and will simplify the enforcement process. Place confiscation assistance orders on statutory footing to further improve enforcement by providing for the appointment of an appropriately qualified person to assist a defendant with satisfying their confiscation order. This practice has already been successfully trialled in Project Mariner, which was set up in 2021 with funding from the Asset Recovery Incentivisation Scheme Top-Slice.³⁰ Qualified members of the police and prison staff worked to assist serving defendants with their confiscation orders. The total recovered over the two-year duration of the project between 2021 and the end of the financial year in 2023 was £1.2 million. Due to the project’s success, funding was received to establish a network of staff to cover all regions in the UK. Placing confiscation assistance orders in legislation will remove barriers to the effective enforcement of confiscation orders and will contribute to a greater recovery of funds
 - Enable the provisional discharge of outstanding confiscation orders with no realistic prospect of recovery in the immediate term, such as instances where a defendant has no realisable assets available to satisfy the order. Powers to provisionally discharge a confiscation order in these instances will limit resources spent on futile attempts to enforce historical orders and could permit such orders to be treated differently when accounting the total confiscation order debt. No enforcement action could be taken to recover sums under the confiscation order, but this would not bluntly write off the debt. The discharge would be provisional so that money could still be recovered in time if an order was revoked.
 - Ensure that the restraint of identifiable assets takes place earlier in the confiscation process, which will enable orders to be more easily enforceable against those identifiable assets. This includes placing the “risk of dissipation” test on statutory footing, which is currently applied by courts, but not explicitly mentioned in Part 2 of POCA 2002. Additionally, a non-exhaustive list of factors the courts should consider when hearing applications for restraint will provide the courts with guidance.
 - Consolidate existing appeal rights for confiscation into POCA 2002 to ensure that the law is clear, transparent, and easily accessible.
39. Overall, these measures are expected to increase the amount of criminal assets recovered by government by between £25.23 million and £126.15 million, with a central estimate £75.69 million, based on Law Commission assumptions built on consultation with confiscation lawyers to estimate the likely impact on asset recovery of the measures. (Table 18, Section E).
40. Victims and third-party interests will be better prioritised, and the reforms will improve the rate of recovery, which will lead to greater returns for victims and for reinvestment in public services to effectively deal with crime.

³⁰ The Asset Recovery Incentivisation Scheme (“ARIS”) was introduced in 2006 to allow a proportion of the proceeds of crime recovered under POCA 2002 to be redistributed to agencies involved in the asset recovery process. The objective of the scheme is to provide operational partners with incentives to pursue asset recovery as a contribution to the overall aims of cutting crime and delivering justice. It divides net receipts from asset recovery between operational partners and HM Government. A proportion of the ARIS receipts make up a “top-slice” pot, a funding stream which provides investment for innovative projects that trial new approaches to support the development and delivery of a more effective and efficient asset recovery regime. Funding allocations are agreed between ministers in the Home Office, Ministry of Justice and Attorney General’s Office, reflecting the ambition to support innovation across the criminal justice system.

New offences to criminalise the possession, making, adaptation, supply, and offering to supply of articles for use in serious crime and vehicle theft.

41. Law enforcement partners have raised concerns that there are limited legal options at present to address the rapidly evolving tools which serious organised criminals are using to facilitate serious crime.
42. Examples of such articles include vehicle concealments used to conceal and transport illicit goods, templates for 3D printed firearms components, pill presses used in the supply of illegal drugs, and electronic devices used in vehicle theft.
43. Law enforcement practitioners consider that it is not always possible to pursue individuals who make, adapt, import, supply, offer to supply, or possess such articles for use in serious crime under existing legislation, due to the difficulties in proving that the individual has the relevant state of mind to commit an offence. For instance, Part 2 of the SCA 2007³¹ created a number of offences targeting acts that encourage or assist crime, however these offences require that it is proven that the accused believed or intended that an offence be committed – this can be difficult to do where suppliers keep a deliberate distance from the crimes they are facilitating. The government’s assessment is that this leaves a gap in the legal framework.
44. The government is committed to protecting the public and equipping law enforcement agencies with the tools and powers needed to reduce serious and organised crime. The harm caused by serious and organised crime, including through drugs and firearms trafficking, child sexual abuse and exploitation, modern slavery, organised immigration crime, cyber-crime, money laundering and fraud is significant and ongoing.
45. The proposals considered in this IA seek to improve law enforcement’s ability to target those who facilitate serious criminality, leading to a reduction in offending, and ultimately a reduction in the economic and social costs of serious crime.
46. Vehicles are predominantly stolen using electronic devices to gain entry and start the vehicle, and this crime is predominantly committed by organised crime groups. These devices include signal jammers, signal amplifiers, devices used to access a vehicle’s ‘CAN bus’ (wiring system³²). From April 2019 to March 2020, offender manipulated signal from remote locking device was 36 per cent of vehicle thefts³³.
47. There is a demand for stolen vehicles, which means this is a highly attractive and lucrative area for criminals to gain profit from selling stolen vehicles and vehicle parts. Particular makes and models are targeted due to their resale value, or stolen to order. Organised criminals find ways to overcome security measures, even in the latest vehicle models, by exploiting vulnerabilities in vehicles and new technologies. Where a vehicle is stolen for sale in the UK its identity will be changed. Stolen vehicles are also shipped abroad – these processes involve organised crime networks. Profit from the theft of vehicles is used to fund other serious and organised crime.
48. The Home Office’s (2019) Understanding Organised Crime paper estimated the social and economic cost of Serious Organised Acquisitive Crime to be £1.5 billion in financial year 2015 to 2016³⁴. Organised vehicle crime accounts for £850 million of this figure in financial year 2015 to 2016.

³¹ Part 2: SCA 2007 - <https://www.legislation.gov.uk/ukpga/2007/27/part/2>

³² The CAN bus is the vehicle’s wiring system that allows interconnection between the vehicle’s systems. When the device is attached to the wiring of the CAN bus system the electronic functions of the vehicle can be accessed and manipulated, for example the vehicle can be unlocked and the ignition started.

³³ Crime Survey for England and Wales - Nature of crime: vehicle-related theft, year ending March 2020, table 3b (GOV.UK): <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/natureofcrimevehiclerelatedtheft>

³⁴ Understanding organised crime April 2015 to March 2016 second edition (GOV.UK):

<https://www.gov.uk/government/publications/understanding-organised-crime-april-2015-to-march-2016>

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

49. SCPOs are provided for under Part 1 of the SCA 2007³⁵. SCPOs are civil preventative orders which impose tailored prohibitions, restrictions and requirements on a person³⁶ for a period of up to five years to prevent or disrupt their involvement in serious crime. The terms of an SCPO might relate to, for example, business and financial dealings, use of premises or items, provision of goods or services, employment of staff, association with individuals, means of communication, or travel³⁷. Breach of an SCPO is a criminal offence carrying a maximum penalty of five years' imprisonment.
50. An SCPO can be made either by the Crown Court following a conviction or by the High Court in the absence of a conviction. Either court may only make an SCPO if it has reasonable grounds to believe that an order would protect the public by preventing, restricting or disrupting the individual's involvement in serious crime.
51. In England and Wales, an application for an SCPO can only be made by the Crown Prosecution Service (CPS), the Serious Fraud Office (SFO) or, in terrorism-related cases only, the police³⁸.
52. The harm caused by serious and organised crime (SOC), including through drugs and firearms trafficking, child sexual abuse and exploitation, modern slavery, organised immigration crime, cyber-crime, money laundering and fraud is significant and ongoing. Any improvements to the SCPO regime may help to deal with a wide range of threat types and harms, which will positively affect the organisations, businesses, communities and individuals currently impacted by SOC, and may help to reduce the economic and social costs of SOC.
53. The main stakeholders who will be affected by these proposed measures are the agencies responsible for applying for, monitoring and enforcing SCPOs. Any improvements to the processes for obtaining an SCPO, and the monitoring and enforcement of SCPOs once they are in place, will help to ensure that these agencies have the right tools in the right scenarios to effectively manage the risk to the public posed by dangerous individuals involved in serious crime.

Reform to the Identification Doctrine

Corporate liability

54. Under the common law, a corporation is considered to have a distinct legal personality from its owners or officers and is considered a separate non-natural "legal person" in itself. As such, corporations are liable for their actions and can be subject to both criminal and civil penalties if they fall foul of the law. The current common law has enabled the prosecution of corporations for committing offences. In the year to September 2020, there were over 5,000 convictions of non-natural persons, representing around 0.6 per cent of all convictions³⁹. However, this is primarily due to breach of regulations, particularly for environmental, trading or health and safety offences. The law is less adequate at holding corporates liable for serious offences requiring proof of "fault" on behalf of the corporate, such as intentional wrongdoing or dishonesty.
55. In 2023, the government introduced reform of the IDD for economic crimes that required urgent attention in the Economic Crime and Corporate Transparency Act 2023 (ECCT 2023). This introduced a reformed IDD for economic crimes, due to the scope of that Act. This was only the first

³⁵ SCA 2007: <https://www.legislation.gov.uk/ukpga/2007/27/part/1>

³⁶ "Person" includes bodies corporate, partnerships and unincorporated associations as well as individuals.

³⁷ Other examples of suggested provisions which an SCPO may impose are published in the CPS SCPO Precedent Library: https://www.cps.gov.uk/sites/default/files/documents/legal_guidance/SCPO-precedent-library.pdf

³⁸ Schedule 12 of the Counter-Terrorism and Sentencing Act 2021 enables the police to apply to the High Court for an SCPO in terrorism-related cases, alongside mandatory consultation with the prosecuting authority: <https://www.legislation.gov.uk/ukpga/2021/11/contents?schedule-12-paragraph-4-2-b>

³⁹ <https://www.lawcom.gov.uk/project/corporate-criminal-liability/> (page 1) - Ministry of Justice, Criminal Justice system statistics quarterly, September 2020, Table Q5.1. The need for caution arises because, according to the Ministry of Justice, ambiguity in the status of small business owners can lead to individual defendants being recorded as corporations, and, by implication, vice versa (for instance, some corporations were recorded as having received sentences only available to natural persons, such as community or custodial sentences. Figures up to September 2020, as opposed to more recent figures, have been used because of the disruption caused to prosecutions due to COVID-19.

stage of reform - as committed to in the Economic Crime Plan 2⁴⁰ and the Fraud Strategy⁴¹. Further reform of the IDD is required for all criminal offences. Criminal offences cover any offence with a mens rea “criminal intention” component where any mental state is required, such as intentional wrongdoing or dishonesty.

Review of the law

56. In recent years, the problems with criminal corporate liability laws have been subject to extensive debate. Government committed to looking at the rules on establishing corporate liability in the UK Anti-Corruption Plan in 2015⁴². In 2017, the Ministry of Justice launched a Call for Evidence⁴³ to seek views from industry and the public on the case for change.
57. The Call for Evidence produced a list of options for reforming corporate liability. Government then commissioned the Law Commission in 2020 to examine the issue and publish a paper providing an assessment of different options to reform corporate criminal liability. In June 2022, the Law Commission published their options paper on Corporate Criminal Liability⁴⁴ setting out ten options ranging from civil penalties to criminal prosecutions.

Identification Doctrine

58. The IDD is the legal test in deciding whether the actions and mind of a natural person⁴⁵ can be regarded as those of a legal person⁴⁶, in this instance a corporation. The current law requires that the natural person be senior enough to be considered the “directing mind and will” of the corporation itself. If the person(s) identified as the “directing mind and will” of the corporation commits a criminal offence acting in that capacity, that offence, including the guilty mind to commit the offence, is considered that of the corporation. The corporation will be prosecuted as if they were the individual identified as the “directing mind.”
59. Prosecuting authorities generally seek to identify someone with the status, for example, of a director, who has committed the criminal offence and there would be reasonable grounds for such individuals to have the necessary authority to constitute the directing mind and will of the organisation. This legal principle has developed over time in case law since *Tesco Supermarkets Ltd v Nattrass*: HL 31 March 1971.
60. In recent years, concern has been expressed that a principle devised in the 1970s does not adequately deal with misconduct carried out by and on behalf of modern-day corporations. This is because:
 - a) It is too narrow – only a small number of persons are considered the “directing mind and will” of a corporation.
 - b) It does not reflect the reality of decision-making in complex corporations – decision-making can be dispersed across multiple directing minds leading different areas of a corporation.
 - c) It makes it too difficult to convict corporations for offences committed for their benefit – corporates are gaining financially from economic crimes and should be prosecuted accordingly.

⁴⁰ Economic Crime Plan 2 (www.gov.uk): <https://www.gov.uk/government/publications/economic-crime-plan-2023-to-2026>

⁴¹ The Fraud Strategy (www.gov.uk): <https://www.gov.uk/government/publications/fraud-strategy>

⁴² UK anti-corruption plan - GOV.UK: <https://www.gov.uk/government/publications/uk-anti-corruption-plan>

⁴³ Corporate liability for economic crime: call for evidence - Ministry of Justice - Citizen Space: <https://consult.justice.gov.uk/digital-communications/corporate-liability-for-economic-crime/#:~:text=The%20call%20for%20evidence%20is,in%20the%20name%20of%20companies>.

⁴⁴ Corporate liability for economic crime: call for evidence - Ministry of Justice - Citizen Space: <https://consult.justice.gov.uk/digital-communications/corporate-liability-for-economic-crime/#:~:text=The%20call%20for%20evidence%20is,in%20the%20name%20of%20companies>.

⁴⁵ A living human being

⁴⁶ An entity or body which has an existence separate and distinct from the persons (legal or natural) comprising that entity or body.

- d) There is an inequitable disparity between small and large companies – the “directing mind and will” is easier to identify in small organisation that may have one to two directors controlling the business.
- e) It does not always bring certainty – the current law has developed through the courts and has not got legislation underpinning it.
- f) It does not incentivise good corporate governance and may disincentivise it – a corporate could escape liability under the common law by making their governance artificially difficult to determine a singular “directing mind and will”.

Economic Crime and Corporate Transparency Act 2023

- 61. Corporate liability for economic crimes required urgent attention. In 2023, the government introduced reform of the IDD for economic crimes in ECCT 2023. The reform placed the IDD on a statutory footing (for economic crimes), providing certainty that senior managers are in scope to better capture large ownership structures. A test to define senior management was introduced that replicates the definition of “senior manager” in the Corporate Manslaughter and Corporate Homicide Act 2007⁴⁷. This model now looks at what the senior manager’s roles and responsibilities are within the organisation – the level of managerial influence they might exert – rather than their job title. This has the advantage of providing greater clarity on the parameters of the legal test and enable prosecutions to progress in more cases where senior level employees, who do exert decision-making power, are found to be involved in the offending.
- 62. The offence must be committed by a senior manager with actual or apparent authority to commit the offence. This means that their relevant conduct must be conduct granted under the authority of a corporation. This does not mean that the senior manager must have been authorised to carry out a criminal offence - it would be enough that the act was of a type that the senior manager was authorised to undertake or which would ordinarily be undertaken by a person in that position.

Reforming the IDD for all ‘mens rea’⁴⁸ offences

- 63. At present, the IDD for non-economic crimes still lacks certainty. The common law is difficult to apply to the makeup of modern-day companies, particularly those that have a decentralised corporate knowledge and decision making across multiple arms of the company with different functions.
- 64. This reform will apply the same change in legislation introduced in ECCT 2023 to all non-economic crime offences, holding a corporation liable for a criminal offence if it is committed by a senior manager. This will ensure that corporates are better held to account for all crimes and better reflects the development of the common law model that made no distinction that the IDD was an economic crime regime.
- 65. If a corporation is successfully prosecuted under the offence, it will receive a criminal conviction and fine, in addition to any sentences imposed on individuals involved in the offending. The criminal conviction can impact on other parties, including investors, other employees, and even customers.
- 66. Any decision to pursue a case must be made in accordance with the Code for Crown Prosecutors: is there enough evidence against the defendant? And is it in the public interest to prosecute?⁴⁹ The CPS has published legal guidance on how this extends to corporate prosecutions through the IDD.⁵⁰

⁴⁷ Corporate Manslaughter and Corporate Homicide Act 2007 (legislation.gov.uk): <https://www.legislation.gov.uk/ukpga/2007/19/contents>

⁴⁸ *Mens rea* refers to criminal intent

⁴⁹ The Code for Crown Prosecutors 2018: <https://www.cps.gov.uk/publication/code-crown-prosecutors>

⁵⁰ Corporate Prosecutions | The Crown Prosecution Service: <https://www.cps.gov.uk/legal-guidance/corporate-prosecutions>

A.3 Groups affected

Ban the supply or possession of devices known as 'SIM farms' in the UK

Businesses

- a. Businesses impacted by scam texts/calls
- b. Legitimate Distributors, Suppliers and Users
- c. Mobile Network Operators

Individuals

- d. Family, friends, and colleagues of perpetrators
- e. Family, friends, and colleagues of victims
- f. General public in the UK
- g. Perpetrators

Public Sector

- h. Criminal Justice System (CJS)
- i. Crown Prosecution Service (CPS)
- j. Devolved Administrations (DA)
- k. Government departments
- l. HM Courts and Tribunal Services (HMCTS) (including equivalents in Scotland and Northern Ireland)
- m. Law Enforcement Agencies (LEAs) across the UK and members of these agencies
- n. UK intelligence agencies and members of the UK intelligence agencies

Suspension of Internet Domain Names and Internet Protocol Addresses

67. The main groups effected will be individuals and private institutions, these will be both in the UK and abroad. There will be a minor impact on public bodies such as the NCA.
68. Individuals who could have been a victim of a crime due to interaction with a domain name or IP address will be positively impacted by no longer being able to contact that domain or IP address. Conversely, individuals who register domain names or IP addresses with the intention of using it for criminality will be affected as the domain name or IP address will be suspended.
69. Private institutions may be affected as it is possible for the orders to be served on international internet infrastructure organisations.
70. Public bodies will have small efficiency savings in law enforcement, who will more easily be able to ensure a safer internet environment through a reduction in domain names or IP addresses linked to criminality.
71. Individual internet users will benefit from the reduced risk of online harm.

Suspended Accounts

72. Groups impacted by the policy include:
 - a. Volunteer participants in the Suspended Accounts Scheme (primarily the financial sector).
 - b. Beneficiaries of economic crime reform (that is, the general public, law enforcement and business).
73. The Home Office has performed an equality impact assessment which concluded that the policy will not disproportionately impact protected groups.

Reform the confiscation regime in the Proceeds of Crime Act 2002

74. The policy will affect the following groups:

- Law enforcement agencies, regulators and other public bodies enabled to use POCA 2002 powers.
- His Majesty's Courts and Tribunals Service (HMCTS)
- Prosecuting authorities
- Legal practitioners – solicitors and the private Bar
- The Judiciary
- Magistrates
- The Home Office and other government departments, such as the Ministry of Justice (as unenforced confiscation order debt falls under its accounting structures).
- Victims of crime
- Financial Investigators
- Private enforcement and asset management receivers.

New offences to criminalise the possession, making, adaptation, supply, and offering to supply of articles for use in serious crime and vehicle theft.

- Members of the public involved in serious crime.
- Organisations, business, communities and individuals affected by serious crime.
- Business and individuals who legitimately make, modify, import, supply, possess, or are otherwise involved in the use of articles which may be captured by this offence.
- Police
- National Crime Agency (NCA)
- Regional Organised Crime Units (ROCU)
- His Majesty's Revenue and Customs (HMRC)
- Crown Prosecution Service (CPS)
- Serious Fraud Office (SFO)
- His Majesty's Courts and Tribunals Service (HMCTS)
- Legal Aid Agency (LAA)
- His Majesty's Prisons and Probation Service (HMPPS)

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

75. Currently, SCPOs are available UK-wide. However, the proposals in this consultation apply to England and Wales only. The following groups might be affected by the proposals:

- Members of the public involved in serious crime.
- Organisations, businesses, communities and individuals impacted by serious crime.
- Defendants subject to an SCPO
- Police.
- British Transport Police (BTP)
- Ministry of Defence Police (MDP)
- National Crime Agency (NCA)
- His Majesty's Revenue and Customs (HMRC)
- Crown Prosecution Service (CPS)
- Serious Fraud Office (SFO)
- His Majesty's Courts and Tribunals Service (HMCTS)
- Legal Aid Agency (LAA)
- His Majesty's Prisons and Probation Service (HMPPS)

Reform to the Identification Doctrine

76. The main groups affected by the measures are:

- Corporations and partnerships with employees.
- Senior managers who fit the new test based on their roles and responsibilities within the prosecuting company.
- Victims of crime committed by organisations.
- Investors, employees and customer of these organisations.
- Prosecution agencies, such as the Crown Prosecution Service (CPS) and the Serious Fraud Office (SFO)
- HM Courts and Tribunal Service (HMCTS)
- Lawyers and legal academics

A.4 Consultation

Ban the supply or possession of devices known as ‘SIM farms’ in the UK

- a. Department for Business and Trade (DBT)
- b. Department for Culture, Media, and Sport (DCMS)
- c. Department for Science, Innovation and Technology (DSIT)
- d. Department for Transport (DfT)
- e. Devolved Governments and Territorial Offices (DGTO)
- f. HM Revenue & Customs (HMRC)
- g. Home Office (HO)
- h. National Crime Agency (NCA)

Other stakeholders

- i. Telecommunications Operators
- j. Broadcast and programme making industry
- k. Cyber security companies
- l. Law enforcement
- m. Application to Person (A2P) service providers
- n. Manufacturers of multi-SIM devices
- o. Suppliers of multi-SIM devices
- p. Non-governmental organisations (NGOs) such as victim support groups
- q. Members of the public

Public consultation

77. On 3 May 2023, the government launched a consultation⁵¹ on proposals to ban SIM farms in the UK and sought views on their definition and potential legitimate uses. The consultation also sought views on other technologies used by fraudsters and asked whether the Home Secretary ought to be able to update the list of banned articles in the future.
78. Responses to the consultation support the government's approach to addressing the issue of SIM farm equipment being used to perpetrate fraud. Respondents agreed that the ban would raise the barriers to entry for those engaging in illegal activities, making it more difficult for them to obtain and exploit SIM farms for fraud. They raised concerns that the wide definition of SIM farms, as set out in the consultation, risked affecting legitimate purposes of the technology. The majority of respondents noted they did not object to the Home Secretary extending the ban to further articles in the future, subject to very clear parameters for the exercise of the Home Secretary's powers such as consultation with relevant stakeholders.

Suspension of Internet Domain Names and Internet Protocol Addresses

⁵¹Preventing the use of SIM farms for fraud: consultation – GOV.UK: <https://www.gov.uk/government/consultations/preventing-the-use-of-sim-farms-for-fraud/preventing-the-use-of-sim-farms-for-fraud-consultation-accessible#consultation-the-threat-to-the-uk-public-from-sim-farms-and-similar-technologies>

Within government

79. Relevant government departments such as the NCA and National Cyber Security Centre (NCSC), are all aware of the changes and were invited to comment on the consultation when it went live. Since then, the Home Office held working groups with operational colleagues to help shape the power. There has been close working with the NCA throughout the development of the power.

Public consultation

80. **A public consultation**⁵² took place on the power from 7 Feb 2023 to 6 April 2023. The consultation received a range of returns from individuals, private institutions and public bodies.

81. There was broad support for a new power to allow law enforcement agencies such as the NCA and the police, to take down domains and IP addresses, especially in the event of non-compliance with the current voluntary arrangement. Several respondents supported the Home Office view that voluntary agreements should be used as a first port of call and this power should only be used as a last resort.

82. Returns featured a range of subject areas including:

- Thresholds for the power
- Organisations with access to the power
- Protection of the current voluntary regime
- What the term “suspension” should mean in terms of legal control and ownership
- Practical process for the orders
- Emergency interim orders
- Opportunities to extend the timeframe of the orders

83. Refer to the published consultation⁵³ for a full breakdown of the results.

Suspended Accounts

Within government

84. The Home Office has included a number of government departments in a targeted consultation exercise: HMT, Cabinet Office, HMRC, DWP, DBT, DCMS.

85. In addition the Home Office have also included the following government organisations / law enforcement bodies in the targeted consultation exercise: Financial Conduct Authority (FCA), Serious Fraud Office (SFO), Financial Ombudsman, City of London Police, NCA, National Trading Standards, and Reclaim Fund Limited (RFL).

Public consultation

86. A targeted consultation exercise ran between 24 July 2023 and 15 September 2023 which was sent to a selected group of participants across the Anti-Money Laundering Regulated Sector.

87. Feedback from the targeted consultation has had a minor effect on legislative plans. Detail identified through the targeted consultation has been identified for consideration in the scheme’s rules and guidance.

88. The Home Office plan for the operation of the scheme (for example, requirements of participants who join the scheme) to be set out in regulations, as opposed to primary legislation. This will need

⁵² Consultation Outcome: Review of the Computer Misuse Act 1990 <https://www.gov.uk/government/consultations/review-of-the-computer-misuse-act-1990>

⁵³ Consultation Outcome: Review of the Computer Misuse Act 1990 <https://www.gov.uk/government/consultations/review-of-the-computer-misuse-act-1990>

to be negotiated and agreed with stakeholders in advance of the scheme being set up and going live.

Reform the confiscation regime in the Proceeds of Crime Act 2002

Within government

- His Majesty's Revenue and Customs (HMRC)
- Ministry of Justice (MoJ)
- Judicial Office (JO)
- Judicial College (JC)
- Criminal Procedure Rule Committee (CPRC)
- His Majesty's Courts and Tribunals Service (HMCTS)
- Serious Fraud Office
- Crown Prosecution Service (CPS)
- Attorney General's Office (AGO)
- National Crime Agency (NCA)
- Environment Agency (EA)
- Financial Conduct Authority
- Devolved Governments

Consultation

89. Over the last five years, reforms to the confiscation regime have been subject to extensive consultation.

Law Commission public consultation

90. The Law Commission's review of the confiscation regime began in November 2018 with a fact-finding exercise to identify the most pressing problems with the regime. In November 2022, the Law Commission published its final report making 119 recommendations for an optimal confiscation regime.⁵⁴ This preceded a three-month public consultation period commencing in September 2020 where the Law Commission invited responses to the provisional confiscation proposals made in its consultation paper.⁵⁵ 99 consultation responses were received from stakeholders in all aspects of criminal practice including defence, prosecution and judiciary; those in investigative and prosecution agencies such as CPS, SFO in addition to operational stakeholders such as HMCTS. The Law Commission also consulted those with personal experiences of confiscation proceedings, either directly or through a family member. This engagement with a wide range of stakeholders informed the final recommendations made in the report for a revised confiscation regime. Evidence of the consultation responses can be found in the consultation paper and final report.

Home Office targeted consultation

91. As the commissioning Department of the Law Commission report, the Home Office was required under statutory obligation to provide a response within one year of publication indicating which recommendations it will progress, and those it will reject. To inform this response, the Home Office consulted widely across government, law enforcement, civil society, private receivers, legal practitioners, and academia. This engagement informed the government response to the Law

⁵⁴ Confiscation under Part 2 of the Proceeds of Crime Act 2002 - Law Commission: <https://www.lawcom.gov.uk/project/confiscation-under-part-2-of-the-proceeds-of-crime-act-2002/>

⁵⁵ Confiscation of the proceeds of crime after conviction: a consultation paper: https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jsxou24uy7q/uploads/2020/09/6.6837_LC_Confiscation-consultation-paper_FINAL_180920_WEB3.pdf

Commission, which was published on the 25 October 2023,⁵⁶ and the reforms to the confiscation regime that will be introduced in the Crime and Justice Bill.

New offences to criminalise the possession, making, adaptation, supply, and offering to supply of articles for use in serious crime and vehicle theft.

Within government

92. The Home Office has engaged extensively with law enforcement agencies and criminal justice partners. The Home Office has also engaged with other government departments on these measures, as well as the Devolved Governments. The Home Secretary has written to ministerial counterparts in the following departments on these proposals: Ministry of Justice, HM Treasury, Foreign, Commonwealth and Development Office, Ministry of Defence, the Cabinet Office, former Department for Business, Energy and Industrial Strategy, Department for Culture, Media and Sport, Department for Levelling Up, Housing and Communities, Department for Health and Social Care, Department for Environment, Food and Rural Affairs, Department for Work and Pensions, Department for Education, Department for Transport, and the Attorney General's Office. Upon publication of the public consultation, the Home Secretary also wrote to ministerial counterparts in the Welsh and Scottish Governments, and to the Permanent Secretary in the Northern Ireland Executive.
93. The proposal in relation to vehicle theft devices has been discussed with law enforcement agencies and critical stakeholders including the National Police Chief Council's (NPCC) lead for vehicle crime and the NPCC's National Vehicle Crime Working Group, which includes specialist police vehicle crime examiners, Thatcham Research, vehicle manufacturers, Ofcom and the Office of the Police Chief Scientific Adviser.

Public consultation

94. On 24th January 2023, the government launched an eight-week public consultation to gauge the views of the public, law enforcement agencies, and other organisations on the design of the proposals in for the new criminal offences in relation to serious crime. The government made use of a number of different media channels to encourage as many people as possible to make their views known. Ministers and senior officials wrote to over 35 organisations directly inviting them to provide input and attended stakeholder engagement events, where views were invited from various experts within their fields. The government response to the consultation⁵⁷ was published on 14 November. There were 57 responses to the consultation, with respondents from, amongst others, the general public and industry partners. The majority of respondents were broadly supportive of the proposals, in particular law enforcement agencies who would be directly involved in enforcing these measures. The public consultation did not include vehicle theft devices, although these devices were mentioned by some respondents to the consultation and put forwarded as a suggested article to be included as part of these criminal offences. Criminal offences to make, modify, import, supply or possess for use in vehicle theft are included in the Bill post consultation, after further discussion with law enforcement agencies and key stakeholders, including with vehicle manufacturers.

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

Within government

⁵⁶ Government response to the Law Commission's review of confiscation - GOV.UK: <https://www.gov.uk/government/publications/government-response-to-the-law-commissions-review-of-confiscation/government-response-to-the-law-commissions-review-of-confiscation#part-7-preserving-the-value-of-the-assets>

⁵⁷ Summary of consultation responses and conclusion: <https://www.gov.uk/government/consultations/strengthening-the-law-enforcement-response-to-serious-and-organised-crime/outcome/summary-of-consultation-responses-and-conclusion-accessible>

95. The Home Office has engaged extensively with law enforcement agencies and criminal justice partners. The Home Office has also engaged with other government departments on these measures, as well as the Devolved Governments. The Home Secretary has written to her ministerial counterparts in the following departments on these proposals: Ministry of Justice, HM Treasury, Foreign, Commonwealth and Development Office, Ministry of Defence, the Cabinet Office, former Department for Business, Energy and Industrial Strategy, Department for Culture, Media and Sport, Department for Levelling Up, Housing and Communities, Department for Health and Social Care, Department for Environment, Food and Rural Affairs, Department for Work and Pensions, Department for Education, Department for Transport, and the Attorney General's Office. The Home Secretary also issued letters to her ministerial counterparts in the Welsh and Scottish Governments, and to the Permanent Secretary in the Northern Ireland Executive.

Public consultation

96. On 24th January 2023, the government launched an eight week public consultation⁵⁸ to gauge the views of the public, law enforcement agencies, and other organisations on the design of the proposals in this IA. The Home Office made use of a number of different media to encourage as many people as possible to make their views known. Over 35 organisations were written to, directly inviting them to provide input and attend stakeholder engagement events, where views were invited from various experts within their fields. The government response to the consultation was published on 14 November. There were 57 responses to the consultation, with respondents from, amongst others, the general public and industry partners. The majority of respondents were supportive of the proposals, in particular law enforcement agencies who would be directly involved in enforcing these measures.

Reform to the Identification Doctrine

Consultation within government

97. The following government departments and agencies were consulted during the development of this policy:

- Department for Business and Trade (DBT)
- HM Revenue and Customs (HMRC)
- HM Treasury (HMT)
- Ministry of Justice (MoJ)
- Serious Fraud Office (SFO)
- Crown Prosecution Service (CPS)
- Attorney General's Office (AGO)
- Cabinet Office (CO)
- Department for Education (DfE)
- Department for Health and Social Care (DHSC)
- The Charity Commission
- Department for Levelling Up, Housing, and Communities (DLUHC)

98. Supporting operational partners and executive bodies with a role in the government's crime agenda, such as NCA.

Public consultation

99. The question of how to apply the core requirements of a criminal offence to a corporate defendant has been subject to extensive consultation.

Ministry of Justice Call for Evidence 2017

⁵⁸ Summary of consultation responses and conclusion:

<https://www.gov.uk/government/consultations/strengthening-the-law-enforcement-response-to-serious-and-organised-crime/outcome/summary-of-consultation-responses-and-conclusion-accessible>

100. Ministry of Justice launched a Call for Evidence⁵⁹ on corporate liability between January and March 2017 as to whether there should be a change to the existing laws. The Ministry of Justice Call for Evidence determined that a significant majority of respondents (75.9 per cent) agreed that the IDD inhibits holding companies to account for crimes committed in or on their behalf, with many noting the difficulties particularly presented by large and multinational companies. Most respondents (61.8 per cent) expressed the view that deficiencies in the IDD could not be effectively remedied by legislative or non-legislative means, other than the creation of a new offence.
101. The government response to the Call for Evidence, published in 2020, set out five possible options for reform. This included an option to replace the current common law rules – this option envisages legislation that, for example, might establish corporate criminal liability in criminal cases arising from complicity of persons from a much broader range of functions within a corporate management structure than the IDD.

Law Commission discussion paper

102. In June 2021, the Law Commission published a discussion paper considering the present law relating to corporate criminal liability and options for reform.⁶⁰ The discussion paper set out the law relating to several areas of corporate criminal liability, including the IDD reform for all criminal offences. Separately, the Law Commission also assessed the existing “failure to prevent” offences, for bribery and the facilitation of tax evasion, and the possibility of expanding this regime. The Law Commission’s consultation received 45 responses alongside direct engagement with a number of additional stakeholders during the consultation period. The results of the targeted consultation were not made public but some of the findings were included in the Law Commission’s options paper. The Law Commission concluded that reforming the IDD should be considered.

Further consultation

103. The Home Office established a corporate liability working group with other government departments and practitioners in June 2022 to determine the direction of reform and its drafting. The Law Commission have also been engaged extensively on the legislative drafting. Additionally, business sector representatives were engaged for their input on the proposal.

B. Rationale for intervention

Ban the supply or possession of devices known as ‘SIM farms’ in the UK

104. In the year ending March 2022, Action Fraud, the fraud, and cyber-crime reporting service, received victim reports from individuals and businesses representing a financial loss of £4.2 billion⁶¹. It is likely that actual losses are much higher as only 14 per cent of fraud is reported.
105. Wider societal costs are incurred in emotional harms to victims, victim support costs and preventative spend by business. The Home Office estimates that the total cost to society of fraud against individuals in England and Wales was at least £6.8 billion in 2019/20⁶². The Economic Crime Survey reports that in 2020 around one in five businesses had been a victim of fraud in the previous three years (18 per cent)⁶³.

⁵⁹ Corporate liability for economic crime: call for evidence - GOV.UK: <https://www.gov.uk/government/calls-for-evidence/corporate-liability-for-economic-crime-call-for-evidence>

⁶⁰ <https://www.lawcom.gov.uk/law-commission-see-views-on-corporate-criminal-liability/>

⁶¹ Action Fraud. Fraud Crime Trends 2020-21. <https://www.actionfraud.police.uk/data>

⁶² Fraud Strategy: Stopping Scams and Protecting the Public (www.gov.uk): <https://www.gov.uk/government/publications/fraud-strategy>

⁶³ Economic Crime Survey 2020 – GOV.UK: <https://www.gov.uk/government/publications/economic-crime-survey-2020>

106. The government has set out its ambition to deal with fraud in the Fraud Strategy⁶⁴, which includes significant effort to increase the law enforcement response to fraud, to empower victims to protect themselves and to work closely with industry and regulators to prevent the frauds in the first place. The work to address mass scam texting is a key part of this pillar, which also involves legislation to address online fraud and increased regulatory activity by Ofcom to deal with scam calls.
107. The exact link between SIM farms and mass scam texting is not currently known. The proposals aim to make it more difficult for criminals to access and use technologies that enable them to target people at scale and undetected in the UK, like SIM farms. This is not currently possible under the existing Fraud Act 2006⁶⁵.
108. There is a rationale for government intervention based on the following objectives:
 1. To reduce the harms and financial losses to the UK public from mass text and call enabled fraud.
 2. To follow up on the commitments made in the Fraud Strategy and achieve the government's target to reduce fraud by ten per cent by 2025.

Suspension of Internet Domain Names and Internet Protocol Addresses

109. The overall motivation for intervention is to reduce crime in the domain and IP space. Currently, there is a range of crime enabled by cyber activity, this includes fraud and associated scams, as well as computer misuse offences.
110. The main gap in law enforcement process when looking at suspending or preventing criminal activity from domains or IP addresses originates from outside of the UK. Currently, unable to formally request action by entities outside of the UK, and unable to formally request the help of law enforcement agencies in foreign jurisdictions to help with that requested action if necessary. This means law enforcement are unable to effectively operate internationally to suspend domains and IP addresses which are engaging in criminal activity. This frequently means that criminal activity affects UK citizens and business without UK law enforcement being able to appropriately mitigate it.
111. Internet infrastructure hosting companies overseas do not always recognise informal requests from UK law enforcement, and it is not practical to have consensual relationships with every international provider in the same way that law enforcement has domestically. Many organisations internationally require court orders before they will suspend domain names or IP addresses.
112. As a result, there is no formal process for UK law enforcement to effectively work with international partners to suspend criminal domains or IP addresses engaged in criminal activity that cause harm to UK citizens and businesses.
113. Domestically, private industry generally works collaboratively with law enforcement to ensure crime is not being hosted on its platform, as this is generally against an organisation's terms of service. Whilst this collaborative process will continue, it would be helpful for domestic organisations to be able to apply for use of the court order in the minority of cases where they require formal judicial support.
114. The proposed policy of Option 2 will protect those at risk of being a victim of a criminal offence. Unlike many other types of crime, fraud, and computer misuse, by their nature, are often committed anonymously, with the offender often not having a specific target in mind. As such, there tends to be

⁶⁴ Fraud Strategy: Stopping Scams and Protecting the Public (www.gov.uk): <https://www.gov.uk/government/publications/fraud-strategy>

⁶⁵ Fraud Act 2006 <https://www.legislation.gov.uk/ukpga/2006/35/contents>

considerably less variation in victimisation rates across different demographic groups than with other crime types.⁶⁶

115. There is an economic rationale for government intervention, as the issue of suspending international domain names and IP addresses cannot be resolved without intervention using current voluntary relationships. Intervention will reduce harms resulting from offenses enabled by criminal domains, both to individuals and the UK economy as a whole.

Suspended Accounts

116. For the past approximately 15 years, entities in the Anti-Money Laundering Regulated Sector, mainly large retail banks, have been freezing customer accounts where they suspect criminality.⁶⁷ Surveyed financial institutions hold a known minimum of £220 million in suspended accounts with up to £40 million further expected to be frozen each year.⁶⁸ Surveyed institutions represent only a small portion of the Anti-Money Laundering Regulated sector and the true figure is likely to be higher.
117. Whilst left frozen, suspended accounts represent a missed opportunity to invest sustainably in economic crime reform. Positive intervention in the form of a scheme for firms to release these funds, underpinned by legislation, would largely be welcomed by industry.
118. Under Option 1, 'Do nothing', suspended accounts will continue to accumulate. There is a lost opportunity to meaningfully enable sustainable investment in economic crime reform. Potential material value would be left unused and will not contribute to economic growth. As Industry has repeatedly asked the government for a solution to releasing suspended accounts, and is an important partner in the fight against economic crime, taking no action could have an effect on this relationship, and undermine the public-private effort to tackle economic crime.
119. The Home Office has considered a private sector initiative for the release of suspended accounts. However this was deemed unworkable due to the relatively small value of funds realistically releasable through such a scheme (further detail in section D below).
120. Working with UK Finance⁶⁹ and industry representatives, the Home Office has developed a voluntary scheme which would facilitate the transfer of amounts representing the balances of suspended accounts from volunteer financial sector entities and directed towards combatting economic crime. Entities would retain ownership of funds, responsibility for claims, and manage the customer relationship. Valid reclaims for account balances will be met from the Scheme subject to a cap. Entities would meet any amounts above this cap, including any claims for loss, damages, interest, and charges.
121. These suspected criminal accounts, if voluntarily allocated to the government, could be used to fund economic crime priorities, reducing the taxpayer burden of doing so, funding economic crime priorities with criminal funds.

Reform the confiscation regime in the Proceeds of Crime Act 2002

122. Complexities and perceived problems with the confiscation regime have been well documented. Successive reviews of the confiscation regime undertaken by the National Audit Office, the Public

⁶⁶ Nature of fraud and computer misuse in England and Wales - Office for National Statistics (ons.gov.uk): <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/articles/natureoffraudandcomputermisuseinenglandandwales/yearendingmarch2022#characteristics-of-victims>

⁶⁷ In most instances, law enforcement is unable to investigate/obtain recovery of the frozen funds. For example if the amount frozen is below the forfeiture application threshold now (£1000); or for operational/resourcing reasons.

⁶⁸ Figures are approximate based on responses to a Home Office Survey in Sept 2022 from 9 financial entities. As the Scheme is voluntary, and based on experience of the Dormant Assets Scheme, actual receipts could be substantially higher than this amount.

⁶⁹ Homepage | UK Finance: <https://www.ukfinance.org.uk/>

Accounts Committee and the Home Affairs Select Committee expressed concerns regarding the complexity of the regime and identified problems with enforcement.

123. Confiscation cases are among the most litigated areas of jurisprudence. Since the powers in POCA 2002 commenced in 2003, there have been over one hundred appellate⁷⁰ decisions regarding the calculation of benefit alone, which is a single provision within the regime. During the three-year period ending on September 30 2023, 90 appellate decisions on confiscation orders were recorded, together with 19 High Court decisions and 2 decisions of the Crown Court. Extensive litigation in the courts has also been required to clarify points of interpretation due to the complexities of the legislation.
124. The need for review of the confiscation regime has been raised by judges, practitioners, and commentators. In the case of *R v Guraj*⁷¹, the Supreme Court observed that the Law Commission may wish to consider “(1) the best way of providing realistically for the sequencing of sentencing and confiscation and (2) the status of procedural requirements in the Act.” Stakeholders the Law Commission consulted as part of its review, have been nearly unanimous in the view that there are problems with the wording and operation of Part 2 of POCA 2002. One stakeholder, an academic, commented that confiscation proceedings are “lengthy and complex” and another stakeholder commented that it “is a draconian piece of legislation and is in urgent need of reform.”
125. Confiscation orders are usually made by criminal judges in the Crown Court at the conclusion of criminal proceedings. The orders are made in relation to the purported benefit from criminal activity and the value of the defendant’s assets at the time of the order. When the enforcement order is then remitted to the Magistrates Court, very little information is passed on about the criminal matter or the basis for the confiscation order. The lack of efficient mechanisms for calculation and enforcement is a constraint to operation of the confiscation system. Government intervention is required to identify and legislate for an improved procedure. This will improve the availability of confiscation information and ensure information is accurately exchanged between defendants and prosecutors in confiscation hearings. Reforms to the confiscation regime will simplify and speed up the process for making and enforcing confiscation orders. This will ensure that the calculations of the figures that form the basis of a confiscation order are realistic, which will provide greater clarity in the courts relating to the interpretation of the legislation. The current confiscation regime is also often reliant on defendant compliance. Improving the process by which orders are calculated and the mechanisms relating to the restraint and realisation of assets, will reduce this reliance and limit the ability of defendants to frustrate the enforcement process. This will contribute to the swifter resolution of confiscation proceedings in all cases, resulting in capacity and efficiency savings across the whole CJS, in addition to providing faster and greater returns for victims and third parties.

New offences to criminalise the possession, making, adaptation, supply, and offer to supply articles for use in serious crime and vehicle theft.

126. It is the government’s assessment that without intervention law enforcement would continue to be limited in their ability to disrupt individuals who exploit technology, such as such as templates for 3D-printed firearms, vehicle concealments, pill presses or electronic devices, to facilitate serious crime or vehicle theft.
127. Law enforcement agencies have reported that the manufacture and use of sophisticated vehicle concealments is a growing threat. These vehicle concealments are being used to transport illicit commodities such as drugs and firearms. Many law enforcement agencies do not hold records for templates for 3D printed firearm components. It has been reported that it is highly likely that hybrid firearm designs, where 3D printed components are combined with easily accessible metal non-firearms parts, represent the most significant threat from 3D printing technologies in criminal firearms manufacture. Self-loading hybrid weapons, assembled from approximately 80 per cent printed parts,

⁷⁰ Appellate decision refers to the process of changing earlier court decisions

⁷¹ *R v Guraj* (Respondent) - The Supreme Court: <https://www.supremecourt.uk/cases/uksc-2015-0152.html>

have been seized in the UK. As the quality of 3D printed weapons improves, it is highly likely that viable hybrid firearms will increasingly feature in UK criminality⁷². It has also been identified that organised crime groups are using pill presses to manufacture illicit benzodiazepines. Reports of benzodiazepine availability and related harm in England have been increasing in recent years, notably in the North East, North West and South West⁷³.

128. Such crimes are harmful and costly. For instance, the NCA's National Strategic Assessment 2021 states that the illicit drugs costs society over £19 billion, ranging from interrupting supply to providing treatment⁷⁴.
129. Electronic devices used for vehicle theft are currently not illegal to possess. Offenders can be charged with going equipped to commit theft under section 5 of the Theft Act 1968⁷⁵; conspiracy to steal and conspiracy to handle stolen goods. There is no legitimate use for signal jammers by members of the public or businesses. Signal amplifiers/repeaters do have a legitimate use (for example to boost mobile phone signals in buildings and locations where the signal is poor), but legal devices will be compliant with the Electromagnetic Compatibility Regulations 2016⁷⁶, which includes being clearly marked as conforming to the regulations.
130. The government is therefore seeking to create new criminal offences which would criminalise the making, adaptation, import, supply, offering to supply, and possession of articles for use in serious crime and vehicle theft. Creating such offences would disincentivise individuals from being involved in these activities, would provide law enforcement with improved legal powers to disrupt individuals facilitating serious crime and vehicle theft, and reduce the associated societal damage caused by serious crime and vehicle theft. Government intervention is needed to bring forward primary legislation to create these new criminal offences.

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

131. SCPOs are a powerful tool for preventing and disrupting the activities of the highest-harm criminals involved in serious crime. However, the orders are currently not being used to maximum effect. Applications to the High Court for SCPOs have been significantly lower than Parliament anticipated when it passed the SCA 2007.⁷⁷
132. A number of opportunities for improvement in the existing SCPO regime have been identified, including:
 - Applications to the High Court for SCPOs have been significantly lower than Parliament anticipated when it passed the SCA 2007.⁷⁸ Government intervention is necessary to amend primary legislation with the aim of increasing the number of applications made to the High Court where appropriate in the interest of public safety, as organised criminal activity could be prevented through greater use of SCPOs.
 - Monitoring and enforcement of SCPOs is currently inconsistent across different police forces in England and Wales. For example, the 2016 HM Inspectorate of Constabulary and Fire and

⁷² This is an operational assessment provided by law enforcement partners.

⁷³ Public library - UKHSA national - Knowledge Hub (khub.net): See DHART quarterly summary for professionals, May 2021:

⁷⁴ NCA, National Strategic Assessment of Serious and Organised Crime, 2021, <https://nationalcrimeagency.gov.uk/who-we-are/publications/533-national-strategic-assessment-of-serious-and-organised-crime-2021/file>

⁷⁵ UK Public General Acts, Legislation, Theft Act 1968, <https://www.legislation.gov.uk/ukpga/1968/60/section/5>

⁷⁶ United Kingdom, UK Statutory Instruments, The Electromagnetic Compatibility Regulations 2016, <https://www.legislation.gov.uk/uksi/2016/1091/contents>

⁷⁷ The Explanatory Notes to SCA 2007 state that "the main route for making an order will be an application to the High Court". In addition, at Lords Committee Stage of the Serious Crime Bill, Baroness Scotland of Asthal stated that operational stakeholders had indicated that there may be 25 or 30 such orders – see Hansard, Volume 690, 7 March 2007: [https://hansard.parliament.uk/Lords/2007-03-07/debates/07030790000002/SeriousCrimeBill\(HL\)](https://hansard.parliament.uk/Lords/2007-03-07/debates/07030790000002/SeriousCrimeBill(HL))

⁷⁸ The Explanatory Notes to the 2007 Act state that "the main route for making an order will be an application to the High Court". In addition, at Lords Committee Stage of the Serious Crime Bill, Baroness Scotland of Asthal stated that operational stakeholders had indicated that there may be 25 or 30 such orders – see Hansard, Volume 690, 7 March 2007: [https://hansard.parliament.uk/Lords/2007-03-07/debates/07030790000002/SeriousCrimeBill\(HL\)](https://hansard.parliament.uk/Lords/2007-03-07/debates/07030790000002/SeriousCrimeBill(HL))

Rescue Services (HMICFRS) PEEL Police Effectiveness report found that only 13 of the 43 police forces had clear arrangements in place for monitoring SCPOs.⁷⁹ Government intervention will result in an improvement to the monitoring and enforcement of SCPOs by standardising the personal information which LEAs record in relation to individuals subject to an SCPO, leading to improved consistency of case management and information sharing between LEAs, and by enhancing LEA's ability to closely monitor and disrupt the activities of persons subject to an SCPO, which will help to prevent serious crime from taking place.

133. Without any government intervention to amend the current legal regime for SCPOs, the volume of High Court SCPOs may continue to be lower than Parliament anticipated when it passed the SCA 2007 and SCPOs may continue to be inconsistently monitored and enforced across LEAs, meaning that the public may sometimes be left inadequately protected from the threat of serious crime. Government intervention will enforce more consistent monitoring standards for SCPOs and will improve the application process for SCPOs, leading to improved use of SCPOs and a reduction in serious crime.

Reform to the Identification Doctrine

134. The IDD has developed in common law and has been an obstacle to holding large companies⁸⁰ criminally responsible for crimes. This policy places the IDD for all crimes, not just economic crimes, on a statutory footing, extending the common law "directing mind and will" model to include senior management of the corporation.
135. **The rationale for this policy is to address the disparity between small and large organisations.** The current corporate criminal liability model makes it difficult for prosecutors to successfully pinpoint the directing mind and will of a large organisation which could have multiple directing minds across different areas of the business. By contrast, directors in a smaller organisation are closer to the level at which misconduct took place and therefore more likely to have the knowledge needed to satisfy the directing mind and will test, creating an equity failure. For example, by explicitly or implicitly authorising the commission of a criminal offence. The government agrees with the Law Commission's assessment that a rule which impacts disproportionately on smaller companies but fails to deal satisfactorily with similar conduct in larger firms is likely to be seen as unfair. The reforms will address this equity failure and increase confidence in the criminal law.
136. The proposed reform of the IDD is not intended to add to the legal and regulatory burdens which are already imposed on businesses. Breaches of existing obligations would be more effectively sanctioned under the criminal law, resulting in a better-functioning CJS.

C. Policy objective

Ban the supply or possession of devices known as 'SIM farms' in the UK

137. The aim of the proposals is to reduce the volume and scale of fraudulent messages reaching consumers via telecommunications means (that is, calls and texts) by making it more difficult for criminals to access and use SIM farms; and giving law enforcement powers to disrupt criminals who use SIM farms. The proposals are likely to reduce the number of mass scam texts and calls sent to consumers. The Home Office expect this to reduce the number of resulting frauds and the subsequent financial and emotional costs to victims.

⁷⁹ His Majesty's Inspectorate of Constabulary, PEEL: Police Effectiveness 2016, March 2017: <https://www.justiceinspectors.gov.uk/hmicfrs/wp-content/uploads/peel-police-effectiveness-2016.pdf> - see page 112.

⁸⁰ Following the Companies Act 2006 definition – that is they meet two out of the following three criteria: more than 250 employees, more than £36 million turnover, more than £18 million in total assets: <https://www.legislation.gov.uk/ukpga/2006/46/contents>

138. Currently, a SIM farm can be purchased online from online retailers and marketplaces, one platform was found to sell 16 slot SIM farms for £1,156. These are usually manufactured overseas and imported through legitimate retail channels. This legislation should make it extremely difficult to purchase these devices in the UK through legitimate retailers.
139. The proposals are in line with the commitment the Home Office made in the Fraud Strategy to block frauds from reaching people and businesses by making it as difficult as possible for criminals to operate at scale and without detection. They form part of wider work to secure telecommunications networks, including the Telecommunications Fraud Sector Charter⁸¹ and Ofcom's strengthened rules and guidance for providers to identify and block calls with 'spoofed' numbers⁸².

Suspension of Internet Domain Names and Internet Protocol Addresses

140. The overall intended outcome for the provision is to be able to reduce the amount of cyber enabled crime such as fraud, scamming and malware distribution taking place via domain names or IP addresses affecting individuals and businesses in the UK. By providing these provisions, law enforcement will be able to mandate action where needed to stop those activities taking place. This can be measured by the number of successful orders that are provided and executed.
141. This activity is consistent with the governments overall approach, but specifically contributes to three main strategic objectives:
- The Home Office's Outcome Delivery Plan priority of reducing crime⁸³
 - HM Government's Cyber Security Strategy⁸⁴
 - HM Government's Fraud Strategy, specifically Pillar 2: Block Fraud⁸⁵

Suspended Accounts

142. The policy has three key objectives:
- a. Enable financial entities to release amounts representing the balances of suspended accounts in a simple and effective manner;
 - b. Enable the investment of suspended accounts in new and additional economic crime reform projects;
 - c. To protect customers' rights against participating entities.
143. The overarching strategic objective is to support the sustainable resourcing of combatting of economic crime. The indicators of success will be measured by the number of entities who voluntarily join the Scheme, the amounts they transfer, and the benefits realised by new and additional economic crime projects.

Reform the confiscation regime in the Proceeds of Crime Act 2002

144. The policy objective is to provide wholesale reform of the confiscation regime, which has not been significantly amended since it was first introduced over 20 years ago. The measures for reform will

⁸¹ Fraud sector charter: telecommunications - GOV.UK: <https://www.gov.uk/government/publications/joint-fraud-taskforce-telecommunications-charter>

⁸² Guidance on the provision of Calling Line Identification facilities and other related services – Ofcom: <https://www.ofcom.org.uk/phones-telecoms-and-internet/information-for-industry/telecoms-industry-guidance/calling-line-identification>

⁸³ The Home Office's Outcome Delivery Plan priority of reducing crime: <https://www.gov.uk/government/publications/home-office-outcome-delivery-plan/home-office-outcome-delivery-plan-2021-to-2022#reduce-crime>

⁸⁴ HM Government's Cyber Security Strategy: <https://www.gov.uk/government/publications/government-cyber-security-strategy-2022-to-2030>

⁸⁵ HM Government's Fraud Strategy: <https://www.gov.uk/government/publications/fraud-strategy>

ensure that the confiscation regime operates as efficiently as possible by streamlining court processes, creating realistic and enforceable orders, and addressing unpaid confiscation orders. The reforms deliver key Economic Crime Plan 2⁸⁶ and Fraud Strategy objectives to reduce money laundering and increase asset recovery returns to ensure that criminals are deprived of their benefit from crime. A reformed confiscation regime will restore confidence in the public sector response to crime as funds stripped from criminals will be returned to victims and third parties at a swifter rate than the current regime provides for.

New offences to criminalise the possession, making, adaptation, import, supply, and offer to supply articles for use in serious crime and vehicle theft.

145. The policy objective of these proposals is to criminalise the making, modifying, import, supply, offering to supply and possession of articles for use in serious crime and vehicle theft, thereby disrupting the use of such articles in serious crime and vehicle theft.
146. Indicators of success include an increase of convictions for individuals who are involved in the possession or supply of articles for use in serious crime and vehicle theft, leading to a reduction in serious crime offences and vehicle theft being committed, and ultimately a reduction in the economic and social costs of serious crime and vehicle theft.
147. The proposals have been tested at consultation to seek more evidence and the extent to which they can achieve these objectives. The majority of respondents were supportive of the proposals, in particular law enforcement agencies who would be directly involved in enforcing these measures. The proposal to include electronic devices used in vehicle theft has been tested in discussions with police vehicle crime specialists and Ofcom, to ensure the proposed offence covers what is needed for law enforcement and does not conflict with Ofcom's regulatory role.
148. The primary policy objective of the proposal to include electronic devices used in vehicle theft will help to reduce vehicle theft, a critical component of neighbourhood crime. Tackling neighbourhood crime (defined as domestic burglary, vehicle-related theft, theft from the person and robbery) is an important government priority, and a commitment in the government's Beating Crime Plan⁸⁷. The largest component of neighbourhood crime is vehicle-related theft (theft of and from a vehicle, and attempted thefts), with 726,000 incidents in the year ending March 2023, as measured by the Crime Survey for England and Wales⁸⁸. This represents just under half of all neighbourhood crime.

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

149. The two overarching policy objectives of the proposals on SCPOs in this consultation are to improve the application process for SCPOs and to improve the ongoing monitoring and enforcement of SCPOs by law enforcement agencies, to better disrupt serious and organised criminals and to reduce serious crime. The timeframe for both of these policy objectives to be achieved would be following a familiarisation period for frontline practitioners, during which any legislative changes would be fully embedded.

Improve the application process for SCPOs

150. This policy objective includes making it easier for the frontline agencies (for example, those leading the investigation into the conduct which gave rise to the need for an SCPO, but not to any criminal proceedings) to apply to the High Court for an SCPO. A measure of success against this objective would be an increase in the number of applications made to the High Court for an SCPO.

⁸⁶ Economic Crime Plan 2 2023-26 (publishing.service.gov.uk): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147515/6.8300_HO_Economic_Crime_Plan_2_v6_Web.pdf

⁸⁷ Home Office, Beating Crime Plan, <https://www.gov.uk/government/publications/beating-crime-plan>

⁸⁸ See footnote 9.

151. This policy objective also includes streamlining the process for obtaining an SCPO following an acquittal for a serious offence by the Crown Court, so that SCPOs are more easily available to frontline practitioners in these circumstances as appropriate. A measure of success against this objective would be an increase in the number of applications made for an SCPO following acquittal for a serious offence by the Crown Court.
152. It is anticipated that improving the application process for SCPOs will lead to a reduction in serious crime as it will lead to greater use of SCPOs. In turn the Home Office anticipates that the greater number of SCPOs will prevent future serious crime through placing restrictions on those likely to commit serious offences.

Improve the ongoing monitoring and enforcement of SCPOs

153. This policy objective includes increasing LEAs' ability to closely and proactively monitor the activities of the highest-harm serious and organised criminals, and to provide robust evidence to the court in the event that the conditions of the SCPO are breached. A measure of success against this objective would be an increase in the number of breaches of an SCPO which are detected and responded to by LEAs, as well as an increase in the number of prosecutions taken forward for breach of an SCPO.
154. This policy objective also includes ensuring greater consistency in the way individuals subject to an SCPO are managed and risk assessed by LEAs by standardising the information which they record in relation to the subject of an SCPO. A measure of success against this objective would be that all LEAs with ownership of monitoring and enforcing SCPOs record the same basic information in relation to the subject of an SCPO.
155. It is anticipated that by improving the ongoing monitoring and enforcement of SCPOs will lead to a reduction in serious crime as it will have a deterrent effect on individuals subject to an SCPO from breaching their order, and also will lead to increased detection of breaches and prosecutions for a breach.

Reform to the Identification Doctrine

156. The intended outcome of these measures is to ensure fair and proportionate liability is placed on corporates for wrongdoing, committed by senior management and other employees, regardless of size. This reform has the following objectives:
 1. **Deter instances where corporations are used as vehicles for corrupt senior actors to conduct criminal activity:** Extending the circumstances under which a corporation is prosecuted in its own right for the actions of their senior management, and subsequently fined, increases the costs to conduct crime, providing a clear message that corporates cannot be used to enable crime and go unpunished.
 2. **Better enable prosecutions of corporate defendants:** large companies tend to have complex governance and management with various teams and subsidiaries that control different aspects of business. *SFO v Barclays* set a very high bar for prosecutors to prove "directing mind and will" of the company. The SFO argued that Barclays PLC and its subsidiary Barclays Bank PLC, through its Chief Executive, Chief Finance Officer and three others, had conspired to commit fraud by false representation during a capital raising exercise in the early stages of the financial crisis of 2008. The High Court rejected that these persons sufficiently met the test for directing mind and will to attribute liability. The extension of the rule to a defined class of senior management would reflect how decision-making is often dispersed across multiple controlling minds, mitigating the ability to artificially transfer, remove or create titles to escape liability.
 3. **Provide legislative certainty:** the current common law model lacks certainty beyond the general principle that the individual must be its "directing mind and will" at the relevant time. This has resulted in mixed success of prosecutions. Placing the IDD on a statutory footing for

all crimes will provide legislative certainty which circumstances the IDD applies in. This will better enable the prosecution of corporates for criminal acts.

D. Options considered and implementation

Ban the supply or possession of devices known as ‘SIM farms’ in the UK

157. To meet the policy objective, there were two options considered:

- **Option 1: ‘Do nothing’** - does not meet the government’s objectives.
- **Option 2: Ban the supply, distribution, and use of SIM farms**, with some exemptions. **This is the government’s preferred option as it meets the strategic and policy objectives.**

Option 1: ‘Do nothing’

158. Option 1 entails no government intervention. SIM farms would not be regulated, and their status would remain unchanged. Their supply would continue unrestricted, criminals would continue to have easy access to these devices and police would have no new powers to prevent this. Costs and benefits for the other option assessed in this Impact Assessment are measured relative to the ‘Do-nothing’ position (which represents the counterfactual in this analysis). Option 1 does not meet the government’s objectives.

Option 2: Ban the supply, distribution, and use of SIM farms, with some exemptions

159. Option 2 bans the supply and use of SIM farms with some exemptions for legitimate use. Exemptions will likely include:

- Multi-SIM devices/SIM gateways, used in video production for delivering live news, events, sports, weather and traffic reports and other location-based news stories, Facebook Live and YouTube Live streaming;
- SIM gateways used only to transmit and receive voice communications over Internet Protocol (IP) networks, such as the Internet, and are not capable of sending texts or making calls or sending texts over radio frequencies. These are also known as Voice over Internet Protocol gateways and include services such as Skype, Google Talk and Microsoft Teams.
- Use of SIM farms to facilitate video transmission from security cameras; by transport providers to offer Wi-Fi on trains, trams, buses, coaches or ferries as the users will be moving between different MNOs according to which network has best reception;
- By transport and logistics businesses to track and monitor the location of freight in remote locations where it is difficult to obtain a wired internet connection – including in junction boxes beside railway lines;
- In freight yards; and at airports, and either in fixed installations or attached to mobile vehicles (such as those used to move shipping containers);
- By communications providers who operate under OFCOM’s General Conditions regime 89, to assess and maintain network security and network resilience. It is likely there are further legitimate use cases that were not captured as a result of the consultation and a degree of discretion will be available to investigating authorities to determine whether a use case is exempted.

160. Suppliers to exempted sectors will be required to conduct ‘reasonable checks’ to ensure customers are legally entitled to use these devices.

161. Reasonable customer checks include:

⁸⁹ General Conditions Regime – Ofcom: <https://www.ofcom.org.uk/advice-for-businesses/knowning-your-rights/gen-conditions>

- a) ID verification via checks set out in UK Government guidance
- b) collect physical evidence of the claimed identity (such as an identity document, like a passport) or digital evidence of the claimed identity (such as information from a personal data store)
- c) checking information provided against an authoritative source or other credible verification of legitimate use case.

162. The above are examples of what is considered as ‘reasonable checks’, but the list is not exhaustive.

- a) The supplier will also need to make a record of the transaction and the customer due diligence made.

Non-regulatory options

163. Government, law enforcement and industry have already introduced non-regulatory measures to address criminals abusing calls and texts to target the UK public at scale. In 2019, Ofcom and UK Finance set up the DNO (Do Not Originate) list which records inbound-only telephone numbers that should not be used to call consumers. Additionally, in October 2021, the Government launched the Telecommunications Fraud Sector Charter⁹⁰, a voluntary code of nine actions for telecommunications providers. Actions include work to:

- a) Identify and implement techniques to block scam texts and calls.
- b) Work closely with law enforcement and the financial industry to disrupt frauds and prosecute offenders.

164. Engage with consumer and victim support groups to improve servicesupport to victims of telecoms fraud. Industry initiatives have also looked to protect consumers, legitimate businesses and organisations from messaging scams, through systemsverifying the message header of an SMS.

165. Evidence suggests that the volume and scale of fraudulent messages reaching consumers via telecommunications remain high. Criminals currently do not face any barriers in terms of procuring SIM farms.

Suspension of Internet Domain Names and Internet Protocol Addresses

166. To meet the policy objective, there were two options considered:

- **Option 1: ‘Do nothing’.** The majority of domestic domain and IP address suspensions would be handled under the existing voluntary relationships, but international domain suspensions and a minority of domestic cases would not.
- **Option 2: Introduce a new power to suspend domain names and IP addresses. This is the government’s preferred option as it meets the strategic and policy objectives.**

Option 1 ‘Do nothing’

167. Unactioned requests from law enforcement to suspend criminal domains and IP addresses would remain active allowing the continuation of offences, causing harm to UK citizens and businesses. It would also lead to victims in the UK continuing to face illegal activity and its negative consequences from hostile domains and IP addresses abroad and at home, including financial and other unquantifiable costs. The ‘Do nothing’ option of continuing with the same arrangements has been considered, but it would not address the policy gaps we see in relation to the unactioned international and domestic requests.

Option 2: Introduce a new power to suspend domain names and IP addresses

168. The overall policy objective is to ensure that law enforcement in the UK can effectively suspend domain names and IP addresses both domestically and internationally in all relevant scenarios. The

⁹⁰ Fraud sector charter: telecommunications - GOV.UK: <https://www.gov.uk/government/publications/joint-fraud-taskforce-telecommunications-charter>

implementation of a new court order is considered to be the most viable option. This strengthening of the existing regime will both aid the limited number of domestic cases that need judicial support, as well as scenarios where we need to work with international partners.

169. The provision to achieve this overall policy objective is being introduced via primary legislation. It is predicted that the legislation will receive Royal Assent by the end of 2024.
170. Law enforcement will be responsible for the ongoing operation and enforcement of the new arrangements, along with the appropriate related judicial arrangements. They will also be responsible for the ongoing operational engagement with industry, including the serving and subsequent action of the court order. These law enforcement organisations will include NCA, Police and HMRC.
171. There is no flexibility for experimentation on piloting and trialling. Any training will be provided by the on-going professional development of operational colleagues. We have not identified any issues or potential concerns with the way the provisions would interact with existing legislation and regulatory requirements, and nor did the consultation.

Non-Regulatory options

172. Non regulatory options have been explored fully and deemed insufficient. Domestically, private industry generally works collaboratively with law enforcement to ensure crime is not being hosted on its platform, as generally this is against the organisations terms of service.
173. However, internet infrastructure hosting companies overseas do not always recognise informal requests from UK law enforcement, and it is not practical to have consensual relationships with every international provider in the same way that law enforcement has domestically. Many organisations internationally require court orders before they will suspend domain names or IP addresses.

Suspended Accounts

174. To meet the policy objective, there were two options considered:

- **Option 1: ‘Do nothing’.** Suspended accounts will continue to accumulate.
- **Option 2: Introduce a voluntary scheme to facilitate the transfer of funds representing the amounts of the balances of suspected criminal accounts to HM Government to fund projects to tackle economic crime. This is the government’s preferred option as it meets the strategic and policy objectives.**

Option 1: ‘Do nothing’

175. Under a ‘Do nothing’ option, suspended accounts will continue to accumulate. There is a lost opportunity to meaningfully enable sustainable investment in economic crime reform. Potential funds would be left unused and will not contribute to economic growth. As Industry has repeatedly asked the government for a solution to release suspended accounts, and is an important partner in the fight against economic crime, taking no action could have a negative on effect this relationship, and undermine the public-private effort outlined in the Economic Crime Plan 2⁹¹ to tackle economic crime. Finally, the financial sector has informed the Home Office that there is a regulatory and administrative burden of holding these funds (for example, Financial Conduct Authority (FCA) and Prudent Regulation Authority (PRA) rules), which they would seek to alleviate by participation in the Scheme.

Option 2: Suspended Accounts Scheme

⁹¹ Chapter 1, 1.3., Economic Crime Plan 2 2023-26 (publishing.service.gov.uk): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147515/6.8300_HO_Economic_Crime_Plan_2_v6_Web.pdf

176. Establishing a scheme for financial institutions to transfer amounts representing the value of accounts balances frozen suspected criminal accounts to HM Government, whilst protecting the rights of customers.
177. Working with UK Finance and industry representatives, the Home Office has developed a voluntary scheme which would facilitate the transfer of amounts representing the balances of suspended accounts from volunteer financial sector entities and directed towards projects aimed at combatting economic crime. Entities would retain liability for accounts and manage the customer relationship to ensure that customers' rights against participating entities are protected. Valid reclaims for account balances will be met from the Scheme subject to a cap. Entities would meet any amounts above this cap, including any claims for loss, damages, interest, and charges. The reclaim mechanism reduces the risk that participating entities will have to meet reclaims, which is the main incentive and key difference to a private sector scheme.

Further Options Considered

178. In addition to a voluntary scheme, the Home Office also considered a mandatory scheme. This was rejected due to the excessive administrative and resourcing costs a mandated scheme would place on both government and industry vs the amounts anticipated to be received through the scheme. A mandatory scheme would also introduce unnecessary complexity (for example, arising from rules and regulations changes).
179. Private Sector Scheme - The Home Office has observed a private sector scheme in which a financial sector firm has committed around £7 million of suspended accounts to funding economic crime prevention. To date, this scheme has released a relatively small amount suspended funds deemed to be funds which carry the lowest risk of reclaim and strongest evidence of criminal activity. It is government's view that replication of this private sector scheme does not sufficiently address the issue of funds accumulating. It is also unlikely other financial institutions will replicate this approach without the protections of a formally established HM Government scheme with a reclaim mechanism. No other institution has tried to replicate this scheme to date.
180. Civil Recovery - The Home Office has also followed closely a High Court case in which £54 million of suspended funds were released through a composite order for civil recovery made in favour of the NCA. This route for release remains open to other organisations who hold suspended accounts. However, given the time taken to secure the release of funds, and evidential requirements on the bank in making the application for the order, the Home Office's assessment is that other financial institutions are unlikely to pursue this as an option. Furthermore, if financial sector firms were to take this approach, it would be need to be repeated as funds accumulate in the future, and so is not deemed a sustainable mechanism for dealing with the issue of suspended accounts.

Preferred option and implementation date

181. The Home Office is introducing following measures into the forthcoming Crime and Justice Bill:
 - Provides for the Secretary of State to establish a suspended accounts scheme.
 - Defines the scope of organisations that can participate within this scheme, under the term "financial institution".
 - Defines the term "suspended account".
 - Provides that the Secretary of State will appoint a scheme administrator to facilitate the scheme's operation.
 - Provides through regulation, for provisions to be made for how the transfers between the financial institution and the scheme administrator will operate.
 - Explains the purposes for which money received into the scheme can be used.
 - Provides for the definition of 'economic crime'.
182. Future legislation may be required to enable the administration of the Scheme.

183. It is anticipated that the Scheme will not be up and running until 2025/26 at the earliest. The exact timescale will depend on the passage of legislation and time required to set up the Scheme.
184. There will be no specific enforcement under the Scheme, as the Scheme is voluntary. However, participating entities will need to abide by the Scheme's rules which will be laid in regulations. Scheme participants will also need to follow existing regulations relating to the suspension of accounts in the conduct of their normal business.

Reform the confiscation regime in the Proceeds of Crime Act 2002

185. To meet the policy objective, there were two options considered:

- **Option 1: 'Do nothing'** - do not reform the confiscation regime in the Proceeds of Crime Act 2002. This does not meet the government's objectives.
- **Option 2: Reform the confiscation regime in the Proceeds of Crime Act 2002** to deliver more efficient, realistic, and fair enforcement of confiscation orders. **This is the government's preferred option as it meets the strategic and policy objectives** and a proportionate and cost-effective approach to the problem.

Option 2: Reform the confiscation regime in the Proceeds of Crime Act 2002

186. Option 2 introduces a series of legislative and non-legislative measures that will reform and amend the existing confiscation regime contained in parts 2, 3 and 4 of POCA 2002. The measures will improve the process for making and enforcing confiscation orders, which will lead to more assets being recovered from criminals.

Non regulatory options

187. Non regulatory options were not considered as they are not applicable. The reforms in the IA must be taken forward in legislation, either primary or secondary, as they amend a regime that already exists in law.
188. Reforms are in accordance with Action 16 in the Economic Crime Plan 2: 'Government response to the Law Commission's Review on Confiscation'⁹² and take forward any accepted changes to the POCA 2002 as parliamentary time allows.

Preferred option and implementation date

189. Option 2 is the preferred option as it introduces measures that will ensure that the confiscation regime is clarified, simplified, and modernised and operates as efficiently as possible. A confiscation regime that swiftly recovers criminals' assets and compensates victims of crime is central to the government's ambitions to recover more assets year-on-year and to rebuild trust in the public sector response to fraud, which are two of the key commitments in the Economic Crime Plan 2 and the Fraud Strategy and respectively.
190. A package of secondary legislation will be required to ensure that the measures will be operational when they come into force. This package will be introduced as soon as practical once Royal Assent is achieved.

New offences to criminalise the possession, making, adaptation, import, supply, and offer to supply of articles for use in serious crime and vehicle theft.

191. To meet the policy objective, there were two options considered:

⁹² Government response to the Law Commission's review of confiscation - GOV.UK:
<https://www.gov.uk/government/publications/government-response-to-the-law-commissions-review-of-confiscation/government-response-to-the-law-commissions-review-of-confiscation#part-7-preserving-the-value-of-the-assets>

- **Option 1: ‘Do nothing’.** This option would entail no further government intervention through legislation to introduce the new offences. Costs and benefits for the other options assessed in this IA are measured relative to the ‘Do nothing’ position (that is, the current position represents the counterfactual in this analysis).
- **Option 2: Introduce new criminal offences with a lower state of mind threshold and a specified list of articles. This is the government’s preferred option as it meets the strategic and policy objectives.**

Option 2: Introduce new criminal offences with a lower state of mind threshold and a specified list of articles

192. Supply offences and possession offences set at a very low state of mind threshold, tied to a specific list of articles:
1. Offences of making, adapting, importing, supplying, offering to supply a specified article where a person has reasonable grounds to suspect that it will be used in any serious crime and vehicle theft.
 2. Offences of possessing a specified article where a person intends or, has reasonable grounds to suspect, that it will be used in any serious crime and vehicle theft.
193. These articles will be defined in legislation and will include vehicle concealments, 3D printing firearm templates, and pill presses, all used in serious crime, and electronic devices used to steal vehicles.
194. For these offences the prosecution would need to show that the accused had reasonable grounds to suspect the article they are making, modifying, importing, supplying, offering to supply, or possessing will be used in serious crime. This would be an objective standard of what a reasonable person would have suspected, given the information available to the accused. In some cases, it would potentially criminalise those who did not suspect the articles would be used for serious crime. The justification for criminalising at such a low threshold is that the articles named in legislation are so closely associated with serious crime that it is appropriate to expect those who are involved in making, modifying, importing, supplying, offering to supply, or are found in possession of such things, to at least have a reasonable standard of awareness of signs of criminality. The offence will also apply where the person in possession of the article intends to use it in serious crime themselves.
195. A third option was considered at consultation - new criminal offences with a higher state of mind threshold and no specific list of articles. These offences would have been broader than Option 2, in that they would not specify articles, however this breadth would be balanced with a higher threshold – that the accused reasonably suspects that the article will be used in serious crime. This option was discounted as the higher state of mind threshold would increase the evidential burden on law enforcement partners, and therefore not materially change the status quo.

Non-Regulatory option

196. A non-regulatory option has not been included in this IA. This is because a new offence can only be created through legislative means. A non-regulatory approach (for example, guidance, voluntary arrangements etc.) would not be suitable to address the problem under consideration.

Preferred Option and Implementation Plan

197. Following the government’s consultation exercise, the preferred option is Option 2: new criminal offences with a lower state of mind threshold and a specified list of articles. The specified list will include templates for 3D printed firearms components, vehicle concealments, pill presses and electronic devices used to steal vehicles. Whilst accepting this option is less flexible than an unspecified list, this offence would include a power to add to the list of specified articles under secondary legislation to ensure that the list can be updated as serious crime evolves.
198. This will require primary legislation. The commencement date of this measure would be in accordance with the over-arching Criminal Justice Bill. There are currently no known necessary transition arrangements.

199. Law enforcement and criminal justice officials will be responsible for the ongoing operation and enforcement of the new criminal measures.

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

200. To meet the policy objective, there were two options considered:

- **Option 1: ‘Do nothing’.** This would entail no further government intervention through changes to the legislation for SCPOs under Part 1 of the SCA 2007. SCPOs would continue to be applied for and used under current procedures. Costs and benefits for the other options assessed in this IA are measured relative to the ‘Do-nothing’ position (which represents the counterfactual in this analysis). Option 1 does not meet the government’s objectives.
- **Option 2: Introduced the four policy measures listed below:**
 - Add to the list of organisations who can apply to the High Court for an SCPO.
 - Enable the Crown Court to make an SCPO on acquittal.
 - Provide the courts with an express power to impose electronic monitoring as a condition of an SCPO.
 - Provide that all SCPOs automatically impose a prescribed set of notification requirements.

This is the government’s preferred option as it best meets the strategic and policy objectives.

Option 2

1) Adding to the list of organisations who can apply to the High Court for an SCPO.

201. This proposal is to enable HMRC, the NCA, the police (in cases other than terrorism)⁹³, British Transport Police (BTP), and Ministry of Defence Police (MDP) to apply to the High Court for an SCPO. HMRC, the NCA and the police would be required by law to consult with the CPS regarding their application.

202. An SCPO can be made by the High Court in the absence of a criminal conviction. Under current legislation, the only agencies who can make an application to the High Court for an SCPO are the CPS, the SFO, or, in terrorism-related cases only, the police. If HMRC, the NCA, BTP, MDP, or, in non-terrorism-related cases, the police, want to obtain an SCPO against an individual in the absence of a criminal conviction, they must make a referral to the CPS (or the SFO as appropriate)⁹⁴ to make an application on their behalf.

203. The aim of adding these agencies to the list of parties who can apply to the High Court for an SCPO is to ensure that the frontline agencies leading the investigation into the relevant conduct can apply directly to the High Court themselves where an SCPO is considered appropriate.

204. The Home Office anticipate there will be a reduction in serious crime as this proposal will lead to greater use of non-conviction SCPOs in the High Court. In turn the Home Office anticipate that the greater number of SCPOs will prevent future serious crime through placing restrictions on those likely to commit serious offences.

2) Enable the Crown Court to make an SCPO on acquittal, on application from the CPS or the SFO.

205. Under current legislation, the Crown Court can only make an SCPO when dealing with a person who has been convicted of a serious crime, not where that person has been acquitted. For example, if

⁹³ Section 43 and Schedule 12 of the Counter-Terrorism and Sentencing Act 2021 amended the SCA 2007 to enable the police to apply to the High Court for an SCPO in terrorism-related cases, alongside mandatory consultation with the prosecuting authority: <https://www.legislation.gov.uk/ukpga/2007/27/contents>

⁹⁴ To note: Based on initial internal engagement with the SFO, the SFO has not made an application to the High Court for an SCPO to date.

an individual is acquitted by the Crown Court, but there is still considered to be evidence of a need for an SCPO, the applicant would have to 'start again' with a new application to the High Court. Such cases include circumstances where the individual has been found not guilty of a serious offence by the Crown Court, but there is still evidence that they have been involved in serious crime and there are reasonable grounds to believe that an SCPO would protect the public.

206. This proposal will simplify the existing SCPO process by enabling the Crown Court to make an SCPO on acquittal where appropriate. The Home Office consider that in these circumstances the Crown Court will often be best placed to decide whether to make an SCPO against an individual which it has acquitted, given that it is this court which will have heard the evidence relating to the individual's activity.

207. The Home Office consider this measure will lead to a small increase in the number of SCPOs made, by facilitating greater use of SCPOs following acquittal and making it easier to apply for an SCPO in this scenario. It is anticipated that there will be a reduction in serious crime as the proposal will lead to greater use of SCPOs, and in turn a will prevent future serious crime through placing restrictions on those likely to commit serious offences.

3) Provide the courts with an express power to impose electronic monitoring, or 'tagging', as a condition of an SCPO.

208. Under current legislation, SCPOs can impose any requirements which the court considers appropriate for the purpose of protecting the public by preventing, restricting or disrupting involvement by the person concerned in serious crime. In the absence of an express legislative power to do so, the circumstances in which a court might consider imposing electronic monitoring (EM, or 'tagging') are limited⁹⁵ – that is why the Home Office proposes to provide the courts with an express legislative power to impose EM as a condition of an SCPO.

209. Electronically monitoring those subject to SCPOs could only be used to monitor their compliance with relevant conditions of the SCPO – such as an exclusion zone, a curfew, or travel restrictions.

210. Evidence suggests that currently only a small proportion of SCPOs will impose restrictions which can be monitored through tagging. Where the court is satisfied that imposing EM is a proportionate intervention based on the level of risk posed by the individual (amongst other factors), EM would have a significant beneficial impact on LEAs' ability to closely monitor compliance with the terms of SCPOs, manage the risk posed by the highest risk individuals and to provide robust evidence in the event that the relevant conditions of the SCPO are breached.

211. The Home Office anticipate that increased use of EM will lead to a reduction in serious crime due to improved monitoring and enforcement of SCPOs leading to an enhanced ability to disrupt the activities of persons subject to an SCPO.

4) Provide that all SCPOs automatically impose a prescribed set of notification requirements.

212. The aim of providing that all SCPOs impose a prescribed set of notification requirements is to standardise the personal information which individuals subject to an SCPO are required to notify, and which LEAs then record. This will lead to greater consistency in the way this cohort is managed and may also improve LEAs' ability to proactively manage SCPO cases and to effectively share information with each other – this is particularly important when persons subject to an SCPO move between different geographical or police force areas or between different stages of the CJS, such as between custody and being on licence in the community.

213. The Home Office anticipate there will be a reduction in serious crime due to improved monitoring and enforcement of SCPOs, through improved case management of persons subject to an SCPO and improved recording and sharing of data between LEAs.

⁹⁵ See *R (on the application of Richards) v. Teesside Magistrates' Court and Chief Constable of Cleveland Police* (2015) 179 JP 119: <https://www.bailii.org/ew/cases/EWCA/Civ/2015/7.html>

214. Under this proposal, in addition to any prescribed notification requirements which would be imposed as standard, the court would continue to be able to impose any further, tailored notification requirements depending on the circumstances of each individual case.

Non-regulatory option

215. A non-regulatory option has not been included in this IA. This is because the policy objectives could not be achieved through non-legislative means.

216. It could be argued that, instead of providing in legislation that all SCPOs impose a prescribed set of notification requirements, guidance could be produced advising all applicants for an SCPO to seek a list of suggested notification requirements. This alternative measure would not achieve the main policy objective of ensuring guaranteed consistency across all SCPOs to support the effective management of the orders by LEAs.

Implementation Plan

217. The commencement date of the majority of these measures will be in accordance with the Criminal Justice Bill, approximately two months from Royal Assent. The express power to impose electronic monitoring will be commenced by regulation once Home Office and Ministry of Justice officials have determined its operational readiness.

218. This will involve updating existing primary legislation, namely the SCA 2007, through the Criminal Justice Bill.

219. There will be a need for transition arrangements. Subject to further legal advice, SCPOs that have already commenced will not be affected. The above additional terms of an SCPO will be applied to applications at any stage of the application process including those that have been presented to the courts but have not yet been determined. Similarly, the above additional terms will apply to SCPOs that have been made but have not yet commenced (that is, they are due to commence on or after Royal Assent).

220. Under measure 1 – extending the list of those who can apply for a High Court SCPO, the Home Office will work closely with the CPS, HMRC, the NCA, BTP, MDP and the police to put in place a Memorandum of Understanding setting out a formal framework for this consultation process, to ensure a shared understanding amongst all parties of their roles and responsibilities in the process of applying to the High Court for an SCPO.

221. Under measure 3 – electronic monitoring, the Secretary of State for the Home Department (Home Secretary) must publish regulations which specifies the “responsible person” – detailing who is to be responsible for the physical act of EM. The Secretary of State must also issue a code of practice relating to the processing of data gathered in the course of EM of offenders under EM requirements imposed by SCPOs. The use of EM may be piloted in particular regions prior to full implementation.

Reform the Identification Doctrine

222. To meet the policy objective, there were two options considered:

- **Option 1: ‘Do nothing’:** Do not reform the IDD for all non-economic crime offences does not meet the government’s objectives.
- **Option 2: Reform the IDD. This is the government’s preferred option as it meets the strategic and policy objectives.**

Option 2: Reform the Identification Doctrine

223. Option 2 creates a statutory model for the IDD for all criminal offences to provide legislative certainty and overcome the narrowness of the current case law by ensuring senior management are in scope

of the power. The organisations in scope are corporations⁹⁶, and partnerships⁹⁷. Corporate bodies are separate entities under the law to the natural persons that are associated with it (employees or similar), enabling a chain of attribution from one to another. Partnerships can also be liable for criminal acts as entities in their own right.

224. The new model enables the prosecution of corporations for criminal offences where previous prosecutions have been unavailable. Introducing a standard test based on the Corporate Manslaughter and Corporate Homicide Act 2007⁹⁸ definition, which looks at the relative authority of the person within the organisation, reduces the ability for organisations to transfer or rename specific directing titles to avoid liability. By looking at their decision-making power rather than title, it better ensures complex governance and management structures are in scope of prosecution. This will ensure organisations cannot avoid liability for criminal offences through the use of opaque governance structures.
225. It is intended that these provisions will create a new route to liability additional to the relevant common law principles and provisions upon which the present IDD is founded.

Preferred option and implementation date

226. **Option 2 is the government's preferred option** as it should bring significant benefits, outlined below, compared with **Option 1** 'Do nothing' that does not enhance the common law model. **Option 2** seeks to mitigate the lack of certainty in implementing the doctrine beyond the general principle that the individual must be its "directing mind and will" at the time. It should overcome the narrow interpretation of corporate liability established by case law. Without the reform, the UK could fall behind international standards in the prosecution of corporate criminal activity. In particular, the UK may lack an ability to bring proceedings in high-profile cross-border criminal cases in support of partner agencies, such as the US Department of Justice
227. The measures are expected to be implemented two months after Royal Assent.

E. Appraisal

General assumptions and data for all measures

228. The general assumptions which apply to the appraisal of all measures in this impact assessment are as follows:
- The appraisal period for measuring the impacts of the proposed new legislation is 10 years.
 - The appraisal period starts in 2024/25.
 - A 3.5 per cent annual social discount rate is used⁹⁹.
 - Annual costs and benefits are in 2024/24 prices.
 - Present Values are in 2024/25 prices.
 - All costs and benefits are relative to the 'Do nothing' Option 1.

⁹⁶ 'Corporation' includes a number of legal structures. Two key characteristics of corporations are that they are recognised as a separate legal entity from their owners and that shareholders are not personally liable for any debts or claims against the business.

⁹⁷ A partnership is the merger of several legal entities that pursue a common goal. These legal entities can be natural persons, legal bodies (usually corporations), or other partnerships. Under this legislation, a partnership will be defined as a partnership within the meaning of the Partnership Act 1890; (b) a limited partnership registered under the Limited Partnerships Act 1907; (c) a firm or other entity of a similar character to one within paragraph (a) or (b) formed under the law of a country or territory outside the United Kingdom.

⁹⁸ Corporate Manslaughter and Corporate Homicide Act 2007: <https://www.legislation.gov.uk/ukpga/2007/19/section/1>

⁹⁹ HM Treasury, The Green Book, November 2022, <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

129. There will be set-up familiarisation costs whereby police officers, legal professionals, lawyers, and solicitors (among other stakeholders) will need to become aware of the updated legislation. The specific values will be covered in each subsection.

- The Readingsoft¹⁰⁰ calculator is used in calculating familiarisation costs.
- Labour cost estimates are derived from the Annual Survey of Hours and Earnings (ASHE)¹⁰¹ except for Border Force staff which uses internal staff costs data that already incorporates non-wage labour costs.
- Familiarisation costs are estimated using the formula:
reading time x median wage x number of readers x (1 + (non-wage labour uplift))
- The exception to this is familiarisation costs for Border Force, which use the formula:
reading time x average labour cost x number of readers

E.1 Ban the supply or possession of devices known as ‘SIM farms’ in the UK

General assumptions and data

229. Reading speed scenarios of 200 (low), 300 (central) and 400 words per minute (high) were used to provide a central estimate of 2.5 minutes.

230. Documentation associated with this legislative change¹⁰² are expected to be 500 – 1,000 words.

COSTS

Set-up costs

Private Sector

Familiarisation Costs

231. Minor familiarisation costs to the private sector are expected as distributors, suppliers and users familiarise themselves with the legislation and put in place processes for ‘reasonable checks’ going forwards. An absence of evidence means this has not been quantified.

Reduced Sales

232. A ban on SIM farms will reduce SIM card sales, as criminals can no longer bulk-buy these. This cost to mobile operators is likely to be offset by the benefits of reduced traffic on their networks.

Public Sector

Familiarisation Costs

233. Table 2 displays the Familiarisation Costs.

¹⁰⁰ The speed at which officers are assumed to read the guidance is taken from: <http://www.readingsoft.com/>

¹⁰¹ Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

¹⁰² including the legislative provisions, and Explanatory Notes to any future Act of Parliament

Table 2: Border Force Staff Familiarisation Costs (£, 2024/25 Prices)

	Total Time (hours)	Hourly Earnings	Number of Officers	Total Cost
Low	0.02	24.88	9,989	4,971
Central	0.07	24.88	9,989	17,400
High	0.13	24.88	9,989	32,314

Source: HSAI Analysis

Training Costs

234. The College of Policing ensures that all new legislation is incorporated into the national policing curriculum as a matter of course and falls within existing budgets. The additional public cost of training for this policy is therefore expected to be negligible.

Ongoing and total costs

CJS Costs

235. CJS costs are expected to be negligible as Home Office anticipate there will be a relatively small number of cases per year for use and possession of SIM farms¹⁰³.

236. The offence will carry the potential penalty of an unlimited fine in England or the maximum fine possible in Scotland.

Distributors, Suppliers and Users

237. There may be costs to UK distributors and suppliers of SIM farms if their customers cannot demonstrate a legitimate use for their purchase.

238. Home Office engagement with UK SIM farm distributors has not found evidence to suggest a significant loss of business associated with the legislation, and there is no evidence criminals are purchasing SIM farms from the legitimate UK supply chains.

BENEFITS

Set-up benefits

239. No set-up benefits are expected.

Ongoing and total benefits

Private Sector

240. Use of illegal SIM farms in an area can cause mobile network congestion and signal mast failure. This in turn has caused MNOs to invest in increasing network capacity in these areas. Without the network traffic from illegal SIM farms, MNOs may reduce their infrastructure costs, invest in other areas, or reduce costs to legitimate customers via reduced network overheads.

241. MNOs are expected to avoid costs from identifying / blocking illegitimate SIM cards through a SIM farm ban, as well as the production costs of SIM cards used in illegal devices.

242. Based on the activity undertaken by MNOs to identify and disable SIM cards used in SIM farms, it is expected that the benefits will outweigh any lost revenues.

General public

243. A ban will likely reduce the number of scam texts received by the general public, with a corresponding reduction in fraud and the associated socioeconomic harms, including financial losses and emotional harm to victims.

¹⁰³ This assumption is based on the fact the punishment is a fine and not a prison sentence, and that the policy seeks to ban illegal SIM Farms, rather than giving police new powers to arrest / charge.

244. Beyond the reduction in financial losses, there are also wider harms and costs that may fall:
- Costs in anticipation: These are costs spent in defence from fraud (for example, call blockers to prevent nuisance calls). The scale of impact is expected to be minimal
 - Costs as a consequence: These can include emotional harm to the victim, support costs and potential lost output if the victim took time off work.
 - Costs in response: These include costs of the police response to fraud and any CJS costs.
245. Banning SIM farms could reduce levels of network congestion, and provide a better service to consumers on mobile networks when trying to make legitimate calls and texts.

NPSV, BNPV, EANDCB

246. The NPSV has a range from -£0.00 million, to -£0.03 million (PV), with a central estimate of -£0.02 million (PV) over 10 years.
247. Due to limitations in the available data and evidence, the NPSV only includes familiarisation costs to Border Force. The low, central, and high estimates are driven by assumptions for the time taken to read the new guidance.

Table 3: Summary of costs and benefits in the low, central and high scenarios including net present social value (NPSV) (£m, 2024/25 Prices)

Summary Costs	Low	Central	High
Total Set up Costs	£0.0	£0.02	£0.03
Total Ongoing Costs	N/A	N/A	N/A
Total Costs	£0.0	£0.0	£0.0
Total Benefits	£0.0	£0.0	£0.0
NPSV	£0.0	-£0.02	-£0.03

Source: HSAI Analysis

Value for money (VfM)

248. Since there are no monetisable benefits, no Benefit-Cost Ratio (BCR) has been calculated.
249. Costs of implementing / running this policy to the private sector are expected to be low. The only identified costs to the public sector are familiarisation costs and CJS costs, with CJS costs expected to be negligible.
250. The reduction in volume and harm due to this policy is currently unknown. If the policy is successful in reducing fraud, evidence suggests that the potential benefits may be significant.

Place-based analysis

251. This measure will impact all UK-based companies equally and will follow the geographical distribution of UK businesses.
252. Victims of fraud are spread mostly evenly across the country. According to the Crime Survey for England and Wales, adults in the East of England, Southeast of England and London are most likely to be victims of fraud (8.1 per cent, 8.8 per cent and 7.5 per cent victimised respectively) and adults in the Northeast of England are the least likely to be victims at (3.8 per cent victimised)¹⁰⁴.

Impact on small and micro-businesses

¹⁰⁴ Nature of fraud and computer misuse in England and Wales - Office for National Statistics (ons.gov.uk): <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/articles/natureoffraudandcomputermisuseinenglandandwales/yearendingmarch2022>

253. Home Office anticipates minimal impact on small and micro businesses (SMBs), as legitimate uses of SIM farms by these businesses have been exempted. Where SMBs would need to provide evidence of this use there is expected to have minimal impact.
254. It is possible that not all customers of UK based suppliers and distributors will fall under the proposed exemptions. If this is the case, it is possible that some of these customers are SMBs and may see their revenue fall as they cannot obtain the devices.

E.2 Suspension of Internet Domain Names and Internet Protocol Addresses

General assumptions and data

255. The number of expected suspensions for domain names and IP addresses, domestically and internationally are provided by the NCA, NPCC (National Police Chiefs Council) and HMRC, based on historic case volumes that would have been in scope of the proposed legislation.

Table 4: Expected number of suspension cases in which the power will be used.

	NCA	NPCC	HMRC	FCA	Gambling commission	Total
Domestic domain	3 - 12	0	0	0	0	3 – 12
International domain	9 - 37	400	3 – 5	3	5	420 - 450
Domestic IP address	1	0	0	0	0	1
International IP address	3	0	1	0	0	4

Source: NCA, NPCC, HMRC

256. Law-enforcement agencies, including the NCA, are expected to incur familiarisation costs from reading updated guidance, at a length of approximately 1,000 words (central estimate).
257. NCA has provided time estimates based on their experience of similar procedures.
258. The number of international suspensions has been estimated by NCA, HMRC, and law enforcement agencies, based on historic cases where this power could have been applied, assuming equal time for domestic or international suspensions.
259. Hourly costs are taken from ASHE 14.5a 2022 and uplifted by Eurostat public non-wage costs.
260. It is assumed the time taken for a judge to sign off each suspension will be equal to the time taken for a senior police officer to sign off a suspension, and that courts do not have to sit.

COSTS

Set-up costs

Private Sector

Familiarisation Costs

261. Familiarisation costs to business are not expected as domain and IP address registries perform suspensions as part of their business as usual operations.

Public Sector

Familiarisation Costs

262. Estimated familiarisation costs to the public sector is negligible due to costs only lasting for one year.

Ongoing and total costs

Public sector ongoing costs

263. There will be an opportunity cost to NCA, HMRC, and other law-enforcement agencies who process suspensions, as additional suspensions will require time, summarised in Table 6.

264. NCA estimates each suspension will take two hours, 80 per cent of which is an officer processing, 20 per cent senior officer signoff. The expected number of additional suspensions is between 478 and 517 a year, with a central estimate of 498.

Table 6, Annual Law Enforcement wage costs attributable to increase in suspensions, 2024/25 prices (£)

	Low	Central	High
Time to Process Each Suspension (hr) - Officer	0.8	1.6	2.4
Time to Process Each Suspension (hr) - Manager	0.2	0.4	0.6
Estimated Increase in # of Domain Suspensions TOTAL	428	448	467
Estimated Time to Process Increase in Suspensions (hours)	856	895	934
Wage/hr (£) Officer	24.63	24.63	24.63
Wage/hr (£) Manager	34.48	34.48	34.48
Annual Wage Cost to Process Increase in Suspensions (£)	22,768	23,806	24,843
10-year cost, PV, £m	0.22	0.23	0.24

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding

265. Total public ongoing costs to the NCA, law enforcement and HMRC of the proposal are estimated to lie in a range of **£0.22 to £0.24** million with a central estimate of **£0.23 million**, (PV).
266. Introduction of a power to seize domain names will also incur a cost for judicial signoff of each suspension, reported in Table 7.
267. Hourly cost is calculated from Ministry of Justice: Judicial Salaries by Salary Group (effective 1 April 2022)¹⁰⁵, salary group 7 for District Judge (Magistrates Court), ASHE 14.9a 2022¹⁰⁶: average hours worked by Barristers and Judges, uplifted by Eurostat public non-wage costs.

Table 7: Judicial costs for signing off suspensions, 10 years

	Low	Central	High
Time to sign off each suspension (hours)	0.4	0.4	0.4
Wage/hr (£) Judge	82.50	82.50	82.50
Estimated Increase in # of Domain Suspensions, yearly	428	448	467
Annual Wage Cost to Process Increase in Suspensions (£)	14,100	14,800	15,000
10-year cost, PV	122,000	127,000	133,000

¹⁰⁵ [judicial-salary-schedule-2022-23.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1116006/judicial-salary-schedule-2022-23.pdf) (publishing.service.gov.uk), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1116006/judicial-salary-schedule-2022-23.pdf

¹⁰⁶ Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14 - Office for National Statistics (ons.gov.uk), <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

10-year cost, PV, £m	0.12	0.13	0.13
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Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding.

268. Total public judicial ongoing costs of the proposal are estimated to lie in a range of **£0.12 million to £0.13 million** with a central estimate of **£0.13 million**, (10-year PV).

Table 8: Total public ongoing costs, £m, 10 years

	Low	Central	High
Total ongoing costs, PV, £m	0.32	0.33	0.35

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding.

Private sector ongoing costs

269. Hourly cost is taken from ASHE 14.5a 2022 – cyber security professionals and IT project manager - and uplifted by Eurostat private non-wage costs.
270. Suspensions are estimated to take a total of two hours, split between worker and manager at an average cost of £26.50-£29.27 per hour. Suspensions would range 4 to 13 per year leading to a 10 year PV cost of **£2,000 to £6,000** with a central estimate of **£4,000**.

Table 9, Annual private domain registry and registrar, and IP address provider wage costs attributable to increase in suspensions, 2024/25 prices (£)

	Low	Central	High
Time to Process Each Suspension (hr) – Employee	1.6	1.6	1.6
Time to Process Each Suspension (hr) – Manager	0.4	0.4	0.4
Estimated Increase in # of Domain and IP Suspensions TOTAL	4	9	13
Wage/hr Employee	26.50	26.50	26.50
Wage/hr Manager	29.27	29.27	29.27
Annual Wage Cost to Process Increase in Suspensions	216	460	703
10-year cost, PV	1,863	3,959	6,055
10-year cost, PV, £m	0.00	0.00	0.01

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding

Total Costs

271. Total costs of the scheme are estimated to lie in a range of **£0.32 to £0.35 million** with a central estimate of **£0.33 million** (PV over 10 years).

BENEFITS

Non-monetisable benefits

272. Due to uncertainties in linking the outcome of domain suspensions to reduced criminality, monetised benefits have not been calculated. Beakeven analysis has been performed to give a scale of the number of offences that would have to be avoided for the program to cover its costs.
273. Although the estimated increase in the number offences avoided cannot be reliably estimated, there will be an increase and consequently a monetary benefit in terms of crime avoided.

Breakeven Analysis

274. Home Office has produced breakeven analysis to estimate the number of avoided fraud or Computer Misuse Act 1990 offences required to be avoided to cover the costs outlined above.
275. Unit costs for the consequence of and response to Fraud and Cyber Crime offences are taken from the Home Office, Economic and Social Costs of Crime (2nd Edition) 2018, inflated to 2024/25 values.

Table 10: Number of fraud or cyber crime offences avoided to breakeven over the 10-year appraisal period

	Fraud	Cyber Crime
Low	235	960
Central	245	1000
High	255	1050

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding.

276. For fraud, **245** offences would need to be prevented over the 10-year appraisal period to cover costs in the central case, or 25 avoided cases per year. The number of offences avoided decreases to 235 in the low case and increases to 255 in the high case.
277. For cyber crime, **1000** offences would need to be prevented over the 10-year appraisal period in the central case, or 100 per year. The number of offences avoided decreases to 960 in the low case and increases to 1050 in the high case.

NPSV, BNPV, EANDCB

Table 11, Summary costs, benefits, NPSV, BNPV and EANDCB (£ million PV) 10 years, 2023.

Summary	Low	Central	High
Costs			
Total Set up Costs	0.00	0.00	0.00
Total Ongoing Costs	0.32	0.33	0.35
Total Costs	0.32	0.33	0.35
Benefits	0	0	£0
Ongoing Benefits	0	0	£0
Total Benefits	0	0	£0
NPSV	-0.32	-0.33	-0.35
BNPV	0.0	0.0	-0.1
EANDCB	0.0	0.0	0.0

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding.

Value for money (VfM)

278. Given the expected costs of the measure, the number of crimes need to be prevented for the measure to achieve an economic breakeven point is low, with all crimes above this level a net benefit to UK society.
279. While it is not possible to directly attribute domain and IP suspensions to a reduction in cyber crime and fraud, evidence from the National Cyber Security Centre suggests that domain suspensions have a positive impact on overall internet safety¹⁰⁷.

¹⁰⁷ NCSC Annual Review 2022: https://www.ncsc.gov.uk/files/NCSC_Annual%20Review%202022_Resilience_infographic.pdf

Impact on small and micro-businesses

280. The policy is not assumed to impact legitimate small or micro businesses.

E.3 Suspended Accounts

General assumptions and data

281. Home Office assumes that the staff members will read 5,000 words of materials relating to the operation of the scheme (a range of 3,000 to 7,000, some using a screen, others using paper copies).
282. This DSA proxy assumes that many of the activities undertaken for the expansion of the DSA are similar to those that will be required to set-up the Scheme, in the absence of actual setup costs.
283. It is assumed financial institutions face an ongoing cost related to work transferring suspended accounts to HM Government. This is assumed to require between two and four weeks of work per year, by the same staff members required to familiarise in the first year.
284. It is assumed accounts are illegitimate based on their suspension by regulated financial institutions, and a lack of action by the account holder over the preceding seven years to claim the funds as legitimate.
285. To create a range for the benefit, and capture uncertainty, the stock of suspended accounts within the portion of the banking sector surveys is held constant and the proportion of stock releasable is flexed.
286. For a central estimate it is assumed that 50 per cent of releasable stock (having reached seven year maturity from the point of being frozen) is transferred to the government each year, with a high estimate of 70 per cent and a low estimate of 30 per cent.

COSTS

Set-up costs

Private sector

Familiarisation costs

287. Home Office estimates a range of 2 to 8 members of staff from each bank will need familiarisation, with a central estimate of 5 staff, for a total of between 24 and 96 with a central estimate of 60.

Table 12, Familiarisation costs to banking sector, £ million 2024/25 prices (wage £, hrs, volumes, wpm), 2023

Estimate	Number of readers	Number of words	Reading speed (wpm)	Average Familiarisation Time (hours)	Hourly Cost (£)	Total Cost (£)
Low	24	3,000	200	4.3	14.91	1,500
Central	60	5,000	300	20.5	16.72	20,600
High	96	7,000	700	50.0	19.69	94,500

Source: ASHE 14.5a 2022, Eurostat, engagement with banking sector, HO estimates, Readingsoft.

288. Estimated familiarisation costs to the banking sector lie in a range of **£1,500 to £95,000**, with a central estimate of **£20,000**.

Public sector

289. Costs reported by Reclaim Funds Limited (RFL) for the expansion of the Dormant Assets Scheme (DAS) in the 12 months ending March 2023 are used as a proxy for setup costs for the Scheme.

290. The RFL set up costs for the DAS were **£3.2 million** in 2024/25 prices. Using this as the central estimate, and applying sensitivity of 30 per cent in either direction gives lower and upper estimates of **£2.3 million** and **£4.2 million** respectively, which represent setup costs incurred in year one only.

Ongoing costs

Private sector

291. Total private sector ongoing costs of the scheme are estimated to lie in a range of **£0.0 to £0.5 million** with a central estimate of **£0.2 million (PV)**.

Table 13, Ongoing costs to banking sector, £ million 2024/25 prices (wage £, hrs, volumes), 2023.

Estimate	Volume of Staff	Hourly cost (£)	Time (hours)	Total Cost per year (£)
Low	24	14.91	16	5,700
Central	60	16.72	24	24,100
High	96	19.69	32	60,500

Source: ASHE 14.5a 2022, engagement with banking sector, Home Office Internal Analysis, 2022. Figures may not sum due to rounding

Public sector

292. The running costs of the DAS have been used as a proxy; this scheme cost £4.8 million to run during 2022/23. This has been used as the upper cost estimate for the Suspended Accounts Scheme, as DAS has a much larger scope.

293. DAS had £149.1 million in transfers (in 2024/25 prices), compared to the estimated Scheme flow of £34.2 million, or 22.9 per cent of DAS. The central estimate of £1.1 million per year is estimated by taking 22.9 per cent of the high estimate, so it is the same proportion. The low estimate is £0.8 million per year, which is the central estimate reduced by a further 30 per cent. Although it is not possible to perfectly proxy the costs, this is an appropriate assumption to make to estimate the costs due to the similarities between the two schemes.

294. Total public sector ongoing costs of the scheme are estimated to lie in a range of **£5.8 to £36.4 million** with a central estimate of **£8.4 million**, (10-year PV)

Total costs

295. Total costs of the scheme are estimated to lie in a range of **£8.2 to £41.2 million** with a central estimate of **£11.8 million (PV over 10 years)**.

BENEFITS

Ongoing benefits

296. As suspended accounts are unused by financial institutions, and the welfare impacts on criminals are not considered, funds transferred to HM Government are considered a 100 per cent benefit. Since the specific use of these funds is not determined, any onward benefit from use of these funds has not been estimated.

297. Data used to estimate benefits is sourced from a Home Office commissioned UK Finance survey, distributed by UK Finance in August 2022.¹⁰⁸

298. Engagement with the financial sector suggests that as of August 2022 surveyed financial institutions held £219.4 million of suspended funds, £228.5 million in 2024/25 prices.

299. It is assumed that the flow of suspended accounts is between £18.8 million and £40.1 million per year, with the central estimate being £35.6 million. These figures are estimated using the stock and

¹⁰⁸Based on an industry survey commissioned by the Home Office and issued by UK Finance in August 2022. .

flow data provided by surveyed financial institutions in their August 2022 survey responses, inflated to 2024/25 prices.

Table 14, benefits of released funds as a result of the scheme, £ million 2024/25 prices, 2023.

Estimate	Stock as of 2022	Releasable Stock as of 2022	Flow	Average Annual Benefit	Total Benefit (10-year PV)
Low	228.5	125.3	18.8	24.7	213.7
Central	228.5	125.3	35.6	41.0	354.5
High	228.5	125.3	40.1	46.9	408.3

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding

Total benefits

300. Total benefits from the scheme are estimated to lie in a range of **£213.7 to £408.3 million** with a central estimate of **£354.5 million** (PV over 10 years).

NPSV, BNPV, EANDCB

Table 15, Summary costs, benefits, NPSV, BNPV and EANDCB (£ million PV) 10 years, 2023.

Summary	Low	Central	High
Costs			
Total Set up Costs	2.3	3.2	4.3
Total Ongoing Costs	6.1	8.9	36.9
Total Costs	8.4	12.1	41.2
Benefits			
Ongoing Benefits	213.7	354.5	408.3
Total Benefits	213.7	354.5	408.3
NPSV	205.3	342.4	367.1
BNPV	0.0	-0.2	-0.7
EANDCB	0.0	0.0	0.0

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding

Value for money (VfM)

301. The proposed policy offers good value for money, especially from an economic and efficiency perspective. The benefits outweigh the costs and provide a strong NPSV of £342.4 million, with a BNPV of £0.0 million.

302. The benefits of the policy will accrue to the public sector, with the suspended funds being released to the government. The majority of the costs will be borne by the public sector, with there also being some relatively small private sector set up costs.

303. The private sector may incur processing costs of releasing the funds through the scheme. These however have not been monetised as they are entirely voluntary and it is a business decision to release the suspended funds.

Impact on small and micro-businesses

304. While small and micro-businesses are not exempt from the policy, the policy is entirely voluntary and nothing additional will be imposed on them.

E.4 Reform the confiscation regime in the Proceeds of Crime Act 2002

General assumptions and data

305. The assessment primarily uses data obtained from the Law Commission on the Liverpool Crown Court covering the period September 2015 to August 2016, as this court is considered the most representative for POCA 2002 hearings. The cost figures are inflated to 2024/25 prices.

306. The benefits are obtained from the end of year report for the pilot for a project to manage confiscation assistance order, from Law Commission consultation with lawyers experienced in confiscation and asset recovery statistics between 2017 and 2022.¹⁰⁹

307. Assumptions include:

- The introduction of EROC will reduce the number of Crown Court hearings and reduce the length of Crown Court hearings which do proceed.
- High value confiscation orders (£50,000 or more) are treated as complex cases, and treated differently below.
- Uplifts are applied to all compensation orders with 2 per cent in the low case, 6 per cent in the central case, and 10 per cent in the high case based upon the likely scale of impact. These are based on Law Commission assumptions of the likely magnitude of impact of measures on a representative sample of confiscation cases.¹¹⁰
- The average number of hearings is based on the average number of outstanding confiscation orders valued at more than £50,000. This is based on Home Office asset recovery statistics.
- Optimism bias of 20 per cent is applied for court costs

308. For the cost from lengthier crown court cases, these additional assumptions have been set:

- Additional one-hour long hearings required: 2 hours in the central case, with a range of 1 to 3 hours in low and high estimates respectively, based on Law Commission assumptions.
- Percentage of cases with longer hearings: 25 per cent in the central case, with a range of 15 per cent to 35 per cent in the low and high cases, based on Law Commission assumptions.

309. For the cost from an increased number of crown court cases, these additional assumptions have been set:

- Additional one-hour long hearings required: three hours in the central case, with a range of two to five hours in low and high estimates respectively. This is based on Law Commission assumptions.
- Percentage of cases with longer hearings: 50 per cent in the central case, with a range of 40 per cent to 60 per cent in the low and high cases. Based of Law Commission assumptions.
- These exceed the assumptions listed in the lengthier Crown Court proceedings section as it is assumed that a larger proportion of complex cases in the Magistrates Court will be transferred to the Crown Court, than complex cases within the Crown Court will take longer as the baseline for ability to deal with complex cases in the Magistrates Court is lower.

310. For the benefits from increased recoverable debt, these assumptions have been set:

¹⁰⁹ Asset recovery statistical bulletin: financial years ending 2017 to 2022 - GOV.UK:

<https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2017-to-2022>

¹¹⁰ [Confiscation-Impact-Assessment-Final-Doc.pdf](https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jxou24uy7q/uploads/2022/11/Confiscation-Impact-Assessment-Final-Doc.pdf), [https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-](https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jxou24uy7q/uploads/2022/11/Confiscation-Impact-Assessment-Final-Doc.pdf)

[11jxou24uy7q/uploads/2022/11/Confiscation-Impact-Assessment-Final-Doc.pdf](https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jxou24uy7q/uploads/2022/11/Confiscation-Impact-Assessment-Final-Doc.pdf)

- Assumptions are based upon forensic identification and discussion of all policy proposals between the Law Commission and external partners, including lawyers experienced in confiscation cases.
- Expected benefits are predicted to occur from greater resolution of complex confiscation cases which are valued at at least £50,000.
- The uplifts to current confiscation levels of 2 per cent in the low case, 6 per cent in the central case, and 10 per cent in the high case are used to model the increased potential confiscation potential as a result of the policy.
- Data is sourced from the Home Office's asset recovery statistical bulletin¹¹¹.

311. For the benefits from reduced prison places, these assumptions have been set:

- Assumptions for confiscation assistance orders are based on 2022/23 results of Project Mariner, a Home Office pilot project to create specific posts for staff to manage the confiscation orders of serving prisoners
- In the low case, confiscation assistance orders continue as they have during the Project Mariner pilot, with two full time equivalent posts over three of five prison areas.
- In the central case, the number of posts expands to the level of initially allocated bids of the pilot. This will consist of five full time equivalent posts over five prison areas.
- In the high case, the number of posts expands to twice the level of initially allocated bids of the pilot. This will consist of ten full time equivalent posts over the five prison areas.
- All prison places reduced are assumed to be in their respective appraisal year, for example: the 14 years of default sentences avoided by the project are assumed, for calculation purposes to take the form of 14 single year default sentences avoided in that year.
- This is expected to be an underestimate as confiscation assistance is just one part of the strategy to optimise enforcement; true reductions in prison places are expected to exceed the central case.
- The cost of a prison place is taken from Ministry of Justice published data¹¹²

COSTS

Set-up costs

Familiarisation costs

312. Relating to the reforms, the requirements such as new forms and guidance will be online. **The associated familiarisation costs are expected to be negligible due to the compact nature of the reform.**

Virtual hearings

313. The impact of COVID-19 on the court system and increased uptake of virtual hearings mean costs incurred from the proposal may be lower, although admin support would still be required in facilitating hearings. **Across the appraisal period, the costs associated are expected to be negligible.**

Ongoing and total costs

Public sector

¹¹¹ Asset recovery statistical bulletin: financial years ending 2017 to 2022 - GOV.UK: <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2017-to-2022/asset-recovery-statistical-bulletin-financial-years-ending-2017-to-2022#about-these-statistics>

¹¹² Costs per prison place and costs per prisoner 2021 to 2022 summary (publishing.service.gov.uk), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1140557/costs-per-place-and-costs-per-prisoner-2021-to-2022-summary.pdf

Lengthier Crown Court proceedings

314. It is proposed that the determination of third-party interests (including appeals) should occur early in the process. Front-loading the system will mean longer hearings but with better recovery.

Table 16: Cost of lengthier Crown Court proceedings, £s

	Low estimate	Central estimate	High estimate
Average No. of outstanding confiscation orders valued >£50k	507	507	507
Percentage with longer hearings	15%	25%	35%
Average hourly Crown Court sitting cost, 2024/25 prices	395	395	395
Additional No of hearings @ 1 hour	1	2	3
Optimism Bias	20%	20%	20%
Total cost	36,041	120,138	252,289

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding

315. The total estimated annual cost of lengthier court proceedings as a result of the proposal is **£0.12 million** in the central estimate, with high and low estimates of **£0.25 million** and **£0.04 million** respectively.
316. The total estimated present value cost over the 10-year appraisal period of lengthier court proceedings is **£1.03 million** in the central estimate, with high and low estimates of **£2.17 million** and **£0.31 million** respectively.

Increased number of Crown Court cases

317. The proposal calls for more complex cases including those involving third party interests to remain within the Crown Court. More Crown Court resources will be required to facilitate these hearings. The total annual cost is calculated by multiplying the number of cases with longer hearings and the additional costs which result from cases remaining in the Crown Court opposed to the Magistrates Court.

Table 17: Cost of increased number of Crown Court cases, £s

	Low estimate	Central estimate	High estimate
Average No. of hearings	507	507	507
Percentage with longer hearings	40%	50%	60%
Average hourly Crown Court sitting cost, 2024/25 prices	395	395	395
Average hourly Magistrates cost, 2024/25 prices	288	288	288
Additional No of hearings @ 1 hour	2	3	5
Optimism Bias	20%	20%	20%
Total cost	51,907	97,325	194,651

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding

318. The total estimated annual cost of increased number of court cases as a result of the proposal is **£0.1 million** in the central estimate, with high and low estimates of **£0.19 million** and **£0.05 million** respectively.

319. The total estimated present value cost over the 10-year appraisal period of increased number of court cases is **£0.84 million** in the central estimate, with high and low estimates of **£1.68 million** and **£0.45 million** respectively.

BENEFITS

Set-up benefits

320. There are no set up benefits as a result of the policy.

Ongoing and total benefits (Private and Public)

Increased recoverable debt

321. The amount of debt recoverable is estimated to increase from the increased number of restraint orders granted early in the process. Other factors such as enhanced management of confiscation cases will further increase returns.

322. Other policy proposals impose an incentive towards regularised payments. The court requirement for defendants to provide a full statement of their financial circumstances provides fuller information on which the Judge can base an order; and changes in lifestyle assumptions will increase the number of offenders in the potential asset pool.

Table 18: Increased recoverable confiscation, £ millions

	Low estimate	Central estimate	High estimate
Average yearly confiscation receipts 2017/18 – 2022/23, £m	146.55	146.55	146.55
Annual increase in percentage recovered	2%	6%	10%
Annual increase in recovery, £m	2.93	8.79	14.66
Total increased recovery, £m, 10 year PV	25.23	75.69	126.15

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding

323. The total estimated annual benefit of increased recoverable debt as a result of the proposal is **£8.8 million** in the central estimate, with high and low estimates of **£14.7 million** and **£2.9 million** respectively.

324. The total estimated present value benefit over the 10-year appraisal period of increased recoverable debt is **£75.7 million** in the central estimate, with high and low estimates of **£126.2 million** and **£25.2 million** respectively.

325. Total public benefits from the scheme are estimated to lie in a range of **£31.4 million** to **£150.1 million** with a central estimate of **£89.0 million**.

Non-monetised Benefits

Reduced number of Crown Court hearings

326. The early resolution process of confiscation could reduce the number of Crown Court hearings as settlements can be negotiated early. This benefit has been explored but following Law Commission consultation with lawyers it is deemed to be unquantifiable. As enforcement hearings will also be occurring within the Crown Court, this increase is expected to balance any reduction in confiscation hearings. The impact of fewer court cases was assessed and deemed negligible (see Risks, paragraph 449).

Quicker redress of confiscation to victims

327. Through the Early Resolution process of the reform, not only are more funds expected to be confiscated, but this will occur at a faster rate. This efficient process will maintain confidence in the government and legal system as victims' losses are minimised or reversed and they feel a sense of

justice. These benefits are unmonetized because they focus on feelings and are difficult to analytically measure with confidence.

Increased victim compensation

328. Offenders will be paying more in compensation than without the policy. If defendants accumulate assets after the original compensation order was made and victims have not been fully compensated, applications can be made to increase the compensation order to include the new assets. This benefit is included within the increased recoverable debt outlined in ongoing and total benefits; however it has not been possible, due to insufficient evidence of the split between receipts to government and redress to victims to calculate the value of increased victim compensation.

Disincentivising future crime

329. Due to the increased compensation and faster redress processes, the legal system will be viewed by the public and criminals as more legitimate. This is expected to have a knock-on effect in preventing further crime as rulings have higher recovery rates, reducing perceived benefits of criminal activity and disincentivising further crime. There is insufficient evidence as to the strength of this effect therefore it has not been possible to quantify or monetise.

NPSV, BNPV, EANDCB

Table 19, Summary costs, benefits, NPSV, BNPV and EANDCB (£ million PV) 10 years, 2024/25.

Summary	Low	Central	High
Costs			
Total Set up Costs	0	0	0
Total Ongoing Costs	0.8	1.9	3.8
Total Costs	0.8	1.9	3.8
Benefits			
Ongoing Benefits	31.4	89.0	150.1
Total Benefits	31.4	89.0	150.1
NPSV	30.7	87.2	146.3
BNPV	0.0	0.0	0.0
EANDCB	0.0	0.0	0.0

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding

Value for money (VfM)

330. The proposed policy offers good value for money, especially from an economic and efficiency perspective, as the expected benefits greatly outweigh the costs.

331. The benefits of the policy will accrue to the public sector, as efficiency gains in the court processes for confiscation allow for greater confiscation of criminal assets recovered through the Asset Recovery Incentivisation Scheme (ARIS)¹¹³ system accruing to the Home Office, His Majesty's Treasury and POCA 2002 Agencies, and to victims through reimbursement.

332. The justice system will incur greater costs in terms of longer Crown Court hearings and the movement of cases from the Magistrates Court to the Crown Court, however these costs are much smaller in magnitude than benefits.

¹¹³ The objective of the Scheme is to provide operational partners with incentives to pursue asset recovery as a contribution to the overall aims of cutting crime and delivering justice. It divides net receipts from asset recovery between the Home Office and operational partners, ARIS Review Report (parliament.uk): https://data.parliament.uk/DepositedPapers/Files/DEP2015-0223/ARIS_Review_Report_unmarked.pdf

333. Sensitivity analysis has been undertaken to evaluate the impact of changes in the proposed costs and benefits. Table 20 highlights the impact of 50 per cent and 100 per cent increases in the proposed policy costs and of a reduction of 50 per cent for model benefits. Even in the most penalised case, the policy would achieve an NPSV of £40.8 million.

Table 20, Sensitivity analysis, Central NPSV, £ millions

Benefit Reduction	Cost Increase	Central NPSV
-	50%	86.24
-	100%	85.30
50%	-	42.65
50%	50%	41.72
50%	100%	40.78

Source: Home Office Internal Analysis, 2022. Figures may not sum due to rounding

Impact on small and micro-businesses

334. While small and micro-businesses could be included in the remit of this policy, they are unlikely directly impacted due to the compact nature of the reform. Small law offices either specialise in confiscation or do not include it in their operations because of its complex nature, meaning their will either be low familiarisation costs or none.

E.5 New offences to criminalise the making, adapt, import, supply, offer to supply and possession of articles for use in serious crime and vehicle theft.

General assumptions and data

335. This appraisal relies on data from Police recorded crime and outcomes data¹¹⁴, CJS statistics quarterly (June 2022)¹¹⁵, and GDP deflators at market prices (June 2023)¹¹⁶. References to additional data used to base assumptions are detailed in the relevant sections of the document.

336. The proposal is assumed to undergo a phased implementation as law enforcement agencies familiarise themselves with the new offences that have become available to use. The volume of offences is therefore reduced to 25 per cent in year one (2024/25) and 50 per cent in year two (2025/26). Implementation of the proposal is assumed to be fully operational by year three (2026/27). Volumes of offences from this year onwards are referred to as the steady state.

337. Assumption based scenarios (low, high, and best estimate) have been developed. Where only one figure is stated, the same assumption feeds into all three scenarios.

338. Volumes of offences and criminal justice outcomes have been calculated separately for offences involving electronic devices and other articles. Offences for other articles may capture electronic devices (as these can often be concealed articles), so some offences may be double counted..

Assumptions for offences relating to electronic devices used in vehicle theft

339. Table 21 sets out the approach to calculating the volume of offences relating to electronic devices used in vehicle theft. Table 22 sets out how these offences feed through the CJS in terms of out of court disposals, charges, and custodial sentences / prison places. The table only includes criminal justice outcomes which will add non-negligible costs to the CJS.

¹¹⁴ Home Office, Police recorded crime and outcomes open data tables, January 2023:

<https://www.gov.uk/government/statistics/police-recorded-crime-open-data-tables>

¹¹⁵ Ministry of Justice, Criminal Justice System statistics quarterly: June 2022, December 2022:

<https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-june-2022>

¹¹⁶ HM Treasury, GDP deflators at market prices, and money GDP, June 2023: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-june-2023-quarterly-national-accounts>

340. An equal weighting of the outcomes for Home Office offence codes 05344 (Making, adapting, supplying, or offering to supply articles for use in Fraud) and 06801 (Participating in the criminal activities of an organised crime group) were used to estimate how police and courts will deal with the offences relating to the manufacture, modification, and supply of electronic devices.
341. Outcomes for Home Office offence code 05343 (Possessing articles for use in Fraud) were used to estimate how police and courts will deal with the offences relating to possession of electronic devices.
342. The average custodial sentence lengths (ACSL) for these offence codes were also applied to the respective offence type. Both outcomes and ACSL were based on an average of the five years up to June 2022, using the Ministry of Justice's Outcomes by Offence data tool.¹¹⁷ The calculation for impact on prison places in the steady state assumes that offenders will serve, on average, half of their custodial sentence length.

Table 21: Offences relating to electronic devices used in vehicle theft – key assumptions

Assumption (steady state, annual)	Value	Source / methodology
Expected volume of new offences...	Low: 200 Best: 300 High: 400	The estimate is based on prevalence of electronic devices detected in police forces who have high levels of monitoring, which is then extrapolated across the 43 police force areas in England and Wales, based on their percentage share of vehicle related crime. The number of offences may be higher if police increase activity to detect electronic compromising devices as a result of new legislation, but robust data on the presence of electronic devices is not available. A range has been developed to reflect uncertainty.
...of which related to possession	Low: 180 Best: 270 High: 360	Stakeholder engagement suggests it is highly likely that the vast majority of these devices are manufactured and supplied from abroad, and the majority of domestic online suppliers have been removed from the market as there is already existing restrictions around the sale of these devices mean many have already been removed from the market. The 90:10 split in offences is therefore based on the assumption that the split in possession to manufacture offences would be greater than the equivalent offence for fraud articles (74:26 ¹¹⁸).
...of which related to manufacture, modification and supply	Low: 20 Best: 30 High: 40	
Percentage of offenders who are 18+	100%	While data does not exist to confirm this, stakeholders from law enforcement have suggested that vehicle theft with electronic devices is most commonly perpetrated by adult offenders.

Source: Home Office estimates, 2023

¹¹⁷ Ministry of Justice, Criminal Justice System statistics quarterly: June 2022, December 2022, <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-june-2022>

¹¹⁸ Calculated from Ministry of Justice, Criminal Justice System statistics quarterly: June 2022 data

Table 22: Criminal justice outcomes for offences relating to electronic devices used in vehicle theft – key assumptions

Assumption (steady state, annual)	Low	Best	High
Out of court disposals (OOCs) – possession only	10	15	20
Charges (Charge rate) - possession	44 (24%)	66 (24%)	88 (24%)
Charges (Charge rate) - manufacture, modification, and supply	7 (37%)	11 (37%)	15 (37%)
Percentage of cases going to the Crown Court - possession	15%	15%	15%
Percentage of cases going to the Crown Court - manufacture, modification, and supply ¹¹⁹	45%	45%	45%
Conviction rate - possession	90%	90%	90%
Conviction rate - manufacture, modification, and supply	93%	93%	93%
Custodial sentences (as a percentage of sentence outcomes) - possession	8 (20%)	12 (20%)	16 (20%)
Custodial sentences (as a percentage of sentence outcomes) - manufacture, modification, and supply	2 (32%)	3 (32%)	4 (32%)
Average Custodial Sentence Length (ACSL) - possession	9 months	9 months	9 months
Average Custodial Sentence Length (ACSL) - manufacture, modification, and supply	30 months	30 months	30 months
Prison places (total)	6	9	12

Source: Home Office estimates, 2023

Assumptions for offences relating to other articles for use in organised crime

343. Table 23 sets out the approach to calculating the volume of offences relating to other articles for use in organised crime. Table 24 sets out how these offences feed through the CJS in terms of out of court disposals, charges, and custodial sentences / prison places. The table only includes criminal justice outcomes which will add non-negligible costs to the CJS.
344. An equal weighting of the outcomes for each of the relevant offences listed above (Home Office offence codes 05343, 05344 and 06801) were used to estimate how police and courts will deal with the offences relating to other types of articles.
345. It is assumed that offenders will be sentenced to 17 months in prison and will serve 50 per cent of this sentence in prison (8.3 months). The average custodial sentence length (over the 5 years up to June 2022) for convictions of the two offences under section 6 and 7 of the Fraud Act 2006 (Home Office offence codes 05343 and 05344) were used as a proxy. A weighted average (by volume/number of convictions) was calculated. Given this IA has been unable to disaggregate between the possession and supply / manufacture offences involving other articles, taking a weighted average between the two offences under section 6 and 7 of the Fraud Act 2006 is a proportionate step to account for the fact that those convicted of the more serious offence (making/supply/trafficking) will likely face a longer custodial sentence. The calculation for impact on prison places in the steady state assumes that offenders will serve, on average, half of their custodial sentence length.

¹¹⁹ Home Office offence code 06801 (participation in the criminal activities of an organised crime group), was excluded from the average due to a lack of relevant proceedings related to the offence.

Table 23: Offences relating to other articles for use in organised crime – key assumptions

Assumption (steady state, annual)	Value	Source / methodology
Expected volume of new offences	Low: 1,015 Best: 1,185 High: 1,355	The estimated volume of offences per year were calculated by taking an approximate estimate of the number of vehicle concealments that are currently recovered by the NCA and Police of 338 annually ¹²⁰ . This was then added to the average number of prosecutions for existing offences under section 6 of the Fraud Act 2006 as a proxy, which is 849 ¹²¹ . To reflect the uncertainty around whether the articles under this policy are less or more common than the fraud proxy, a low, central, and high estimate were taken at 80 per cent, 100 per cent, and 120 per cent of the proxy figure respectively. Due to significant uncertainty and limited data, it has not been possible to separate out the volume of offences between an offence of making, adapting, supplying, offering to supply a specified article, versus only possessing a specified article.
Percentage of offenders who are 18+	99%	Using available evidence, it is assumed that the vast majority of charges are for adult offenders ¹²² .

Table 24: Criminal justice outcomes for offences relating to other articles for use in organised crime – key assumptions

Assumption (steady state, annual)	Low	Best	High
Out of court disposals (OOCs) – possession only	25	29	33
Charges (Charge rate)	336 (33%)	393 (33%)	449 (33%)
Percentage of cases going to the Crown Court	54%	54%	54%
Conviction rate - adults	92%	92%	92%
Conviction rate - children	83%	83%	83%
Custodial sentences (as a percentage of sentence outcomes) – adults ¹²³	86 (28%)	100 (28%)	115 (28%)
Average Custodial Sentence Length (ACSL) – adults	17 months	17 months	17 months
Prison places	60	70	80

Source: Home Office Analysis, 2023

¹²⁰ This number is likely a large underestimate as this only includes encrypted devices and vehicle concealments, and it is not currently an offence to possess such articles for the use in serious crime. This figure also excludes the London Region, Scotland and Northern Ireland. The estimate for vehicle hides excludes discovery of hides by uniform policing. Therefore this figure is purely indicative.

¹²¹ Ministry of Justice, Criminal Justice System statistics quarterly: June 2022, Outcomes by offence data tool: June 2022, <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-june-2022>

¹²² Using a five year sum of those proceeded against, split by age, with an equal weighting for the following HO offence codes: 05343, 05344, 06801. Ministry of Justice, Criminal Justice System statistics quarterly: June 2022, Outcomes by offence data tool: June 2022. Available here: <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-june-2022>

¹²³ The majority of children convicted for the offence are expected to be dealt either a community sentence by the courts, or a conditional discharge.

346. The familiarisation cost estimates have been calculated based on the headcount set out in Table 24 and assumptions set out in Table 25.

Table 25: Assumptions underpinning familiarisation costs

Assumption	Value	Source / methodology
Length of documentation	4,200	The estimate has been made by reference to the possession and supply fraud offences in the Fraud Act 2006 ¹²⁴ and the list of 'serious offences' in Schedule 1 to the SCA 2007 ¹²⁵
Median hourly wages	Senior Police Officers: £29.48 ROCU Officer: £29.48 NCA Officer: £34.13 Solicitors: £27.35 Barristers: £29.94	ASHE survey 2022. ¹²⁶ Adjusted to account for non-wage labour costs (22 per cent for public sector workers and 17 per cent for private sector workers). ¹²⁷
Reading speed (words per minute)	Low: 700 Best: 300 High: 240	Readingsoft calculator ¹²⁸

Source: Home Office estimates, 2023

COSTS

Monetised costs

Set-up costs

Familiarisation costs (Private and Public Sector)

347. One-off familiarisation costs for legal professionals are expected as the change in legislation will mean that lawyers, solicitors, and other legal professionals will have to familiarise themselves with how the new legislation affects decisions during charges, court proceedings, prosecutions, convictions, and sentencing.
348. There will also be set-up familiarisation costs whereby police officers, ROCU officers and NCA officers will need to familiarise themselves with the new legislation.
349. **Total familiarisation costs are expected to be between £0.01 million and £0.16 million, with a best estimate of £0.06 million.**

Table 26: Estimated familiarisation costs, £m, 2024/25

Scenario	Public Sector	Private Sector	Total Cost
Low	0.00	0.01	0.01
Central	0.00	0.05	0.06
High	0.01	0.15	0.16

Source: Home Office estimates, 2023.

Prison places

350. To account for the current low prison capacity, a set up cost of £250,000 is estimated to account for the building of each new prison place¹²⁹. These costs only apply in year one of the appraisal period as a prison place can be reused in future years. Based on the prison place estimates, the total

¹²⁴ The National Archives, Fraud Act 2006: <https://www.legislation.gov.uk/ukpga/2006/35/contents>

¹²⁵ The National Archives, SCA 2007: <https://www.legislation.gov.uk/ukpga/2007/27/contents>

¹²⁶ Annual Survey of Hours and Earnings (ASHE), 2022:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashetable14>

¹²⁷ Office of National Statistics, Index of Labour Costs per Hour, seasonally adjusted, 2020,

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/indexoflabourcostsperhourilchseasonallyadjusted>

¹²⁸ Readingsoft.com, 2021, see: <http://www.readingsoft.com/>

¹²⁹ Estimate provided by the Ministry of Justice, 2023.

number of additional prison places required is between 66 and 92, with a best estimate of 79. **The set-up costs of additional prison places needed is between 16.36 million and 22.79 million, with a best estimate of £19.58 million.**

Ongoing costs

Private sector

351. Ongoing costs to the private sector are expected to be minimal.

Public sector

Out of Court Disposal (OOCs) costs

352. It is estimated to cost police forces £156 per offender (2024/25 prices) to issue a community resolution¹³⁰. It is estimated to cost police forces £344 per offender (2024/25 prices) to issue a conditional caution¹³¹.

353. The additional cost of issuing an OOC is estimated to **range between £0.07 million and £0.11 million (PV), with a central estimate of £0.09 million (PV)** over the appraisal period.

Police station legal aid costs

354. The IA accounts for the increased pressure on police station legal aid, which is offered to those arrested and questioned at a police station. In the absence of available evidence, it is assumed that for all crime outcomes (excluding no further action) an arrest is made. Additionally, it is assumed there is a take up rate for police station legal aid of 60 per cent¹³².

355. Police station legal aid costs are estimated to range between **£0.54 million and £0.77 million (PV)**, with a central estimate of **£0.65 million (PV)** over 10 years.

Court costs

356. There will be additional costs to the courts following the increase in charges in Option 2, compared to Option 1.

357. Additional costs to the Magistrates' courts are estimated to be between **£1.21 million and £1.79 million (PV)**, with a central estimate of **£1.50 million (PV)** over 10 years.

358. Additional costs to the Crown court are estimated to be between **£8.79 million and £12.04 million (PV)**, with a central estimate of **£10.41 million (PV)** over 10 years.

359. Total additional court costs are estimated to be between **£10.00 million and £13.83 million (PV)**, with a central estimate of **£11.91 million (PV)** over 10 years.

Legal aid costs

360. There will be additional costs to the LAA following the increase in charges under **Option 2**. It is estimated that 100 per cent of those proceeded against in the Crown Court will be eligible for the support and all will take up the offer of legal aid. It is estimated that 55 per cent will be eligible and will take up legal aid in the Magistrates' court. These estimates have been internally provided by the MoJ.

361. Additional Magistrates legal aid costs are estimated to be between **£0.40 million and £0.60 million (PV)**, with a central estimate of **£0.50 million (PV)** over 10 years.

¹³⁰ Ministry of Justice, Adult Out of Court Disposal Pilot Evaluation Final Report, 2018, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718947/adult-out-of-court-disposal-pilot-evaluation.pdf

¹³¹ Ministry of Justice, Adult Out of Court Disposal Pilot Evaluation Final Report, 2018, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718947/adult-out-of-court-disposal-pilot-evaluation.pdf

¹³² Estimate provided by Ministry of Justice, 2023.

362. Additional Crown legal aid costs are estimated to be between **£7.91 million and £10.84 million (PV)**, with a central estimate of **£9.38 million (PV)** over 10 years.
363. Total legal aid costs are therefore estimated to be between **£8.32 million and £11.44 million (PV)**, with a central estimate of **£9.88 million (PV)** over 10 years.

Prison costs

364. There will be an additional cost to the prison service, as those convicted of the offence in **Option 2** are issued an immediate custodial sentence.
365. The average custodial sentence length (over the 5 years up to June 2022) for convictions of offences under section 6 and 7 of the Fraud Act 2006 were used as a proxy¹³³. A weighted average (by volume/number of convictions) was calculated. Given this IA has been unable to disaggregate between the two proposed offences in Option 2, taking a weighted average between the two Fraud Act 2016 offences is a proportionate step to account for the fact that those convicted of the more serious offence (making/supply/trafficking) will likely face a longer custodial sentence.
366. Based on the prison place estimates set out in Table 22 and Table 24, the ongoing costs of additional prison places are estimated to be between **£30.01 million and £41.80 million (PV)**, with a best estimate of **£35.90 million (PV)** over 10 years.

Total ongoing costs

367. Ongoing costs in total are estimated to be between **£48.94 million and £67.94 million (PV)**, with a central estimate of **£58.44 million (PV) over the 10-year appraisal period**.

Total monetised costs

368. Monetised costs in total are estimated to be between **£65.31 million and £90.89 million (PV)**, with a central estimate of **£78.07 million (PV) over the 10-year appraisal period**.

Non-monetised costs

369. **Option 2** makes reference to the availability to law enforcement of civil seizure and forfeiture powers alongside the proposed criminal offences. This IA has been unable to monetise the ongoing costs associated with the use of civil seizure and forfeiture powers. These costs are likely to impact police/NCA/law enforcement and the courts.
370. The consultation IA¹³⁴ references the potential impact of legitimate firms who produce and sell specific articles that as a result of the proposal may be deterred from doing so. This impact could extend to individuals who legitimately purchase these items that may be deterred from purchasing them.
371. Responses from the consultation have not returned any suggestions as to the size of the legitimate market and the impact the proposals may have. No businesses voiced concerns about the potential impact the proposals would have on their operations, costs, and revenue. The non-monetised costs to businesses who produce and sell specific articles is therefore assumed to be negligible.

BENEFITS

Set-up benefits

372. This IA does not anticipate any set-up benefits to the private or public sector

Ongoing benefits

373. Ongoing benefits in total are estimated to be between **£4.13 million and £8.24 million (PV)** with a central estimate of **£6.19 million (PV) over the 10-year appraisal period**.

¹³³ Ministry of Justice, Criminal Justice System statistics quarterly: June 2022, December 2022, <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-june-2022>

¹³⁴ Possession Offence Consultation IA: <https://www.gov.uk/government/consultations/strengthening-the-law-enforcement-response-to-serious-and-organised-crime/possession-offence-impact-assessment-accessible>

Monetised benefits

Reduction in vehicle theft

374. For every theft prevented under Option 2, there will be benefits associated with a reduction in the economic and social costs of vehicle theft. Home Office analysts have assumed that each additional charge under Option 2 leads to one theft of vehicle prevented. This approach assumes that each confiscation of an electronic device would on average lead to one less vehicle theft.
375. Based on CJS charge assumptions set out in Table 22, **52 to 103 'theft of vehicle' offences will be prevented with a central estimate of 77** from year three (2026/27), equal to the number of charges per year. This figure may be an underestimate of the number of vehicle thefts prevented as it is based on the number of electronic devices identified in a small number of police forces each year, and extrapolated nationally. This measure, along with increasing awareness of devices, may lead to an increase in the number of seizures and charges over time. The benefits also assume a phased implementation; 25 per cent of the benefits are realised in year one (2024/25) and 50 per cent in year two (2025/26).
376. Home Office estimates indicate that each vehicle theft has an economic and social cost of £10,860¹³⁵ in 2024/25 prices (excluding costs in anticipation of crime¹³⁶). This unit cost is applied to the number of 'theft of vehicle' offences prevented to provide total monetised benefits of between **£4.13 million and £8.24 million (PV)**, with a central estimate of **£6.19 million (PV) over the 10-year appraisal period**.

Non-monetised benefits

Reduced serious organised crime

377. Law enforcement agencies report that they are increasingly encountering individuals possessing or providing lawful items, but where there is a strong suspicion that these items are being used for the purpose of serious crime. It can be difficult to prove that those who possess or provide these articles have the required state of mind to prosecute them under existing offences, such as the offences of encouraging or assisting under Part 2 of the SCA 2007.
378. If these new offences provide law enforcement with further capability to disrupt and incapacitate individuals believed to be involved in serious crime, this should reduce serious crime overall. The extent to which serious crime would be reduced as a result of these offences is uncertain.

Benefit 3: Deterrence effect

379. Criminals may be deterred from conducting the following activities if this offence is created: making, adapting, importing, supplying, offering to supply and possessing articles for use in serious crime. Any reduction in making, adapting and supplying the articles would result in fewer articles available for serious criminals to commit the offence. This may lead to fewer serious crimes that are facilitated by using these articles and reduced costs to both the police and CJS. It has not been possible to quantify the impact of the deterrence effect due to an absence of data.

NPSV, BNPV, and EANDCB

380. Total costs, (set up and ongoing costs) are estimated to be between **£65.31 million and £90.89 million (PV)**, with a central estimate of **£78.07 million (PV) over the 10-year appraisal period**. These are formed of set-up costs to the public sector (police, ROCUs, and the NCA) and legal businesses in terms of familiarisation, along with the set-up costs associated with the requirement of additional prison places. Ongoing costs to the police and CJS have also been monetised. Total

¹³⁵ Home Office Economic and Social Costs of Crime, second edition (2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf

¹³⁶ Reduction in costs in anticipation are excluded from total benefit, as the marginal impact on crime reduction is unlikely to have a notable impact on defensive expenditure or insurance administration costs.

monetised benefits are estimated to be **between £4.13 million and £8.24 million**, with a central estimate of **£6.19 million**, excluding benefits associated with reductions in SOC or deterrence effect.

381. The NPSV has a range from **-£82.65 million, to -£61.18 million (PV)**, with a central estimate of **-£71.88 million (PV)** over 10 years. This does not reflect the full value for money of this policy as only benefits associated with banning electronic devices used in vehicle theft have been monetised. The benefits associated with banning other articles used in Serious and Organised Crime are not monetised. When only considering parts of the measure where all key costs and benefits have been monetised (banning electronic devices used in vehicle theft), the NPSV is between -£2.83 million and -£1.34 million, with a best estimate of -£2.04 million. This figure still excludes any deterrence effect from banning electronic devices used in vehicle theft.

Table 27: Option 2 summary table, costs, benefits, NPSV, BNPV and EANDCB, £ million, 2024/25.

Summary	Low	Central	High
Costs			
Total Set up Costs	16.4	19.6	23.0
Total Ongoing Costs	48.9	58.4	67.9
Total Costs	65.3	78.1	90.9
...of which familiarisation	0.01	0.06	0.16
...of which attributable to banning electronic devices used in vehicle theft	5.45	8.18	10.91
...of which attributable to banning other articles	59.84	69.83	79.82
Benefits			
Ongoing Benefits	4.1	6.2	8.2
...of which attributable to banning electronic devices used in vehicle theft	4.1	6.2	8.2
...of which attributable to banning other articles	Not monetised	Not monetised	Not monetised
Total Benefits*	4.1	6.2	8.2
NPSV*	-61.2	-71.9	-82.6
...NPSV (electronic devices only)	-1.34	-2.04	-2.83
BNPV	0.06	0.06	-0.01
EANDCB	0.001	0.005	0.015

Source: Home Office estimates, 2023.

* Benefits and Net Present Social Values do not include benefits associated with reduced serious organised crime. This table therefore underestimates the value for money of the combined measures. A separate NPSV covering just costs and benefits associated with electronic devices has been provided.

Impact on small and micro-businesses and medium-sized businesses

382. At the consultation stage, the argument was made that under **Option 2** there could be an impact on small and micro firms that make, adapt, supply, or offer to supply the specific articles listed, as they may be deterred from doing so. It is unclear how many firms legitimately provide these items currently and what proportion of these firms would be small or micro based firms. However, providing an exemption to small and micro firms would not allow this option to meet policy objectives.
383. The consultation has not returned any responses from businesses voicing concerns about the potential impact the proposals would have on their operations, costs, and revenue. On the balance of evidence, the impact on small and micro-businesses and medium-sized businesses is assumed to be negligible.

E.6 Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

General assumptions and data

384. It is assumed that the steady state for additional custodial sentences is not reached until year two of the appraisal period, the total expected additional prison place capacity will not be required until 2025/26.
385. It is assumed that half of those convicted of a breach will receive a custodial sentence and half would receive a community sentence.
386. The maximum custodial sentence length for a breach is five years and it is assumed that the average custodial sentence length will be 2.5 years, half of which will be served in custody.
387. It is assumed that in the initial year following royal assent (2024/25) the increase in breach hearings and convictions will be half of that in following years.

COSTS

Set-up costs

Private sector

Familiarisation costs

388. There will be familiarisation costs associated with solicitors and barristers reading guidance on the new legislation.

Table 28: Familiarisation Costs for solicitors and barristers, high, central and low estimates, 2024/25 prices

	Reading Time (hours)	Number of Readers	Labour Cost (£ per hour)	Total Cost (£)
Solicitors Low	0.1	2,940	33.15	5,848
Solicitors Central	0.2	5,880	33.15	42,883
Solicitors High	0.5	8,820	33.15	154,963
Barristers Low	0.1	673	36.29	1,464
Barristers Central	0.2	1,345	36.29	10,739
Barristers High	0.5	2,018	36.29	38,808

Source: internal Home Office calculations

Table 29: Total familiarisation costs, high, central and low estimates, £ millions, 2024/25 prices

	Total Cost
Low	0.0
Central	0.1
High	0.2

Source: internal Home Office calculations

Public sector

Prison place setup costs

389. Between zero and three additional prison places per year will be required, with a central estimate of two. There will be additional setup costs associated with these prison places. At £250,000 per prison place, the estimated setup costs for prison places are between £0 and £0.8 million per year, with a central estimate of £0.5 million.
390. The total set up costs due to familiarisation costs and prison set up costs are between **£0.0 million** and **£1.0 million**, with a central estimate of **£0.6 million**.

Ongoing costs

Private sector

391. It is expected there are no private sector ongoing costs

Public sector

Court Costs and Legal Aid

392. Ongoing costs are obtained by estimating the additional number of breach hearings and convictions that are predicted to be associated with the legislation.
393. It is estimated that there will be an increase in the number of SCPOs of between **6 and 14 with a central estimate of 10 per year**. This estimate was obtained through discussions with the NCA and HMRC.
394. It is also estimated that there will be an increase in the proportion of SCPOs with electronic monitoring as a condition, between **1 and 2 per cent** with a central estimate of **1.5 per cent**.¹³⁷
395. It is estimated that there will be an increase in the number of breach hearings from additional SCPOs of between **two and five, with a central estimate of three per year**. This estimate was obtained by multiplying the estimated additional SCPOs by the historical breach rate for SCPOs since 2017 of 34 per cent.
396. It is also estimated due to increased use of electronic monitoring, there will be an increase in the number of breach hearings of **between 0.4 and 0.8**, with a central estimate of **0.6 per year**. This estimate was obtained by using the historical breach rate of Domestic Abuse Prevention Orders (DAPOs)¹³⁸ with electronic monitoring attached as a condition of 30 per cent as a proxy.
397. This gives an estimated total increase of breach hearings between **two and six** with a central estimate of **four breach hearings per year**.
398. There will be associated HMCTS, CPS and Legal Aid costs associated with an increase of breach hearings.

Prison Costs

¹³⁷ Estimates provided by the Metropolitan Police Service

¹³⁸ Home Office, Impact Assessment for Domestic Abuse Act 2021, May 2021:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1007463/DA_Act_2021_Impact_Assessment.pdf

399. There will also be an increase in HMPPS costs from any increase in breach prosecutions due to increased prison places, post-release licence costs and community sentence costs.
400. It is estimated 87 per cent of breach hearings will result in a conviction. This estimate is obtained from the historical conviction rate of breaches of a criminal behaviour order over the period 2014 to 2019.¹³⁹
401. This results in an estimate of an increase in prison places of **between zero and three** with a central estimate of **two prison places per year**.

Total Ongoing Costs

Table 30: Total ongoing costs in £ million PV, £ million, 2024/25 prices

	Low	Central	High
CPS	0.01	0.06	0.08
HMCTS	0.17	0.31	0.43
Legal Aid	0.01	0.04	0.05
HMPPS Costs	0.21	1.34	1.87
Total	0.39	1.75	2.44

Source: MoJ Management Information

Total costs

402. The combination of familiarisation costs and ongoing costs gives a total cost estimate of between **£0.4 and £3.4 million** with a central estimate of **£2.3 million** (PV, 2024/25 prices).

Table 31: Total Costs in £ million PV, £ million, 2024/25 prices

	Low	Central	High
Total Cost	0.4	2.3	3.4

Source: MoJ Management Information

BENEFITS

Total benefits

403. There is insufficient data with which to construct estimates of the monetary value of the benefits from this legislation. Measures 1 and 2 (expanding the range of organisations that are able to apply for a SCPO and allowing a SCPO application upon acquittal to be made in Crown Court) are designed to streamline the process of applying for SCPOs. This is expected to lead to a modest increase in the use of SCPOs.
404. This increased use of SCPOs can help disrupt and deter serious criminal activity. Measures 3 and 4 (creating an express power for electronic monitoring and standardising the notification requirements for SCPOs) can lead to improved monitoring and enforcement of SCPOs. This improved monitoring and enforcement can also help disrupt and deter serious criminal activity.

NPSV

405. The NPSV of Option 2 is estimated to lie in a range of **-£0.4 to -£3.4 million (PV)** with a central estimate of **-£2.3 million (PV)** over 10 years.

Value for money (VfM)

406. Measures 1 and 2 (expanding the list of organisations who are able to apply for and SCPO and allowing the Crown Court to make an SCPO upon acquittal) meet the first policy objective of improving the application process for SCPOs. These measures may lead to a reduction in serious

¹³⁹ <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-december-2020>

crime if they lead to increased use of SCPOs, and accordingly if SCPOs are effective at preventing future serious crime through placing restrictions on those likely to commit serious offences.

407. Measures 3 and 4 (creating an express power to impose electronic monitoring and standardising the notification requirements for SCPOs) achieves the second policy objective of improving the ongoing monitoring and enforcement of SCPOs. This allows law enforcement to monitor SCPOs more consistently, given that the information which they record will be standardised for all SCPOs. Measures 3 and 4 may lead to a reduction in serious crime if they lead to improved monitoring and enforcement of SCPOs, including increased detection of breaches and more prosecutions being brought forward for a breach. Individuals prosecuted and convicted for a breach will be prevented from carrying out further crime. Better monitoring and enforcement may also act as a deterrent to breach.
408. All costs in this IA accrue to the public sector, and benefits are expected to accrue to both the public sector and individuals, through improved public safety and reduction in serious crime. There is insufficient data with which to monetise the benefits of Option 2, so it is not possible to accurately determine the benefit-cost ratio of the preferred option.

Table 32: Option 2 summary table, costs, benefits, NPSV, BNPV and EANDCB, £ million, 2024/25

Summary	Low	Central	High
Costs			
Total Set up Costs	0.0	0.6	1.0
Total Ongoing Costs	0.4	1.8	2.4
Total Costs	0.4	2.3	3.4
Benefits			
Ongoing Benefits	0	0	0
Total Benefits	0	0	0
NPSV	-0.4	-2.3	-3.4
BNPV	NA	NA	NA
EANDCB	NA	NA	NA

Source: MoJ Management Information

E.7 Reform the Identification Doctrine

General assumptions and data

409. Key data sources used for this analysis:
- Business Population Estimates 2022¹⁴⁰ used to inform numbers of organisations in scope.
 - Annual Survey of Hours and Earnings 2022¹⁴¹ used to inform wage costs.
410. This analysis assumes that company secretaries in large organisations will familiarise themselves with the reform.

¹⁴⁰ Business population estimates for the UK and regions 2022: statistical release - GOV.UK: <https://www.gov.uk/government/statistics/business-population-estimates-2022/business-population-estimates-for-the-uk-and-regions-2022-statistical-release-html>

¹⁴¹ Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14 (ons.gov.uk): <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

411. The length of the legislation and the number of people required to familiarise themselves with it are Home Office estimates. The length is assumed to be 1,000, 2,000 and 3,000 words in the low, central and high scenarios, respectively.

COSTS

Set-up costs

Private sector

Familiarisation costs

412. Company numbers are taken from the Business Population Estimate (BPE) and the staff required to read the guidance is assumed by the Home Office.

Table 33: Organisations in scope of IDD reform

Organisation size	Number of Companies and Partnerships	People required to read
Large	11,038	4
Largest	11,018	5

Source: BPE and Home Office internal assumptions

413. The IDD familiarisation costs are estimated to be between **£0.1 million to £1.0 million**, with a best estimate of **£0.4 million** (2024/25 prices) in year one only. These are presented in Table 34 by organisation size.

Table 34, Total IDD familiarisation costs by organisation size, £ million (2024/25 prices)

Organisation size	Low	Central	High
Large	0.1	0.2	0.5
Largest	0.1	0.2	0.6
Total	0.1	0.4	1.0

Source: Home Office internal estimates, 2023. Figures may not sum due to rounding.

Public sector

414. No public sector set-up costs have been identified

Total set-up costs

415. Total set-up costs are estimated in a range of **£0.1 to £1.0 million**, with a best estimate of **£0.4 million** (2024/25 prices) in year one (see Table 35).

Table 35, Total set-up costs for IDD, £ million (2024/25 prices)

	Low	High	Best
IDD	0.1	1.0	0.4

Source: Home Office internal calculations, 2023.

Ongoing costs

Private sector

416. No ongoing costs have been identified.

417. There are unlikely to be ongoing costs to business because:

- Organisations can already be prosecuted under the common law model, but the reform means a greater number of cases could see a higher likelihood of successful corporate prosecutions.
- The IDD attributes liability to an organisation for an existing criminal offence which organisations should be familiar with on the introduction of that offence into law.

- c. Organisations may incur costs if they choose to put measures in place to increase transparency and control with senior management, such as awareness training, to minimise their liability if criminal conduct takes place. However, there is no requirement in the legislation for them to do so.

Public sector

418. The public sector is expected to incur costs as a result of the legislation enabling a greater number of corporate prosecutions, and therefore increase the burden on law enforcement and the CJS. This cost has not been quantified due to a lack of evidence for the likely scale of the increase. Through consultation with the CPS and SFO, additional court cases are expected to be low and therefore any additional costs are expected to be modest.
419. It is likely that corporate prosecutions will be dealt with by a Deferred Prosecution Agreement and, where corporate prosecution is desirable, the corporation might be tied to the same proceedings as the manager.

Total costs

420. Total costs are estimated in a range of **£0.1 to £1.0 million**, with a best estimate of **£0.4 million** (2024/25 prices) in year one. There are unlikely to be additional ongoing costs.

Benefits

421. There is a general absence of data on the incidence and associated losses of corporate crime, which makes it difficult to quantify benefits for the measures. As a consequence, this IA only provides a qualitative assessment of benefits.
422. This legislation aims to reduce the incidence of corporate criminality through behavioural and cultural changes. This reform will help to enable the prosecution of low incidence, high harm offences.
423. The main benefit is that a clearly formulated legal test for the attribution of crimes will enable corporates to be prosecuted if they break the law. The benefits this will bring are presented below.

Non-monetised benefits

424. This reform is expected to reduce crime as a result of deterrence as the greater risk of prosecution, and the corresponding penalties (detailed below), will impact on the corporates' incentives to commit crimes. The penalties can include:
 - 1) Corporate criminal conviction which will result in a monetary penalty, which is an economic transfer.
 - 2) Criminal convictions can exclude organisations from public procurement processes and domestic and international contracts. This can have negative impacts on investors, other employees, and even customers, should the corporate suffer financially because of the conviction.
 - 3) Beyond a fine, there are other available methods of punishing wrongful corporate behaviour such as granting a Serious Crime Prevention Order, implementing a monitor in a Deferred Prosecution Agreement, seeking a disgorgement of profits, or making a confiscation order to pay back the proceeds of crime. All of these are expected to increase deterrence and therefore result in reduced crime.
425. It is also possible that the proceeds of a fine could be used to pay back victims, lessening the harm experienced.
426. The reform can increase the UK's ability to support international partners. In some cases, it has not been possible for the UK to bring parallel proceedings (for example in support of the US) to address corporate misconduct. The reforms will significantly improve the ability to cooperate with international partners in high-profile cases against global organisations. This may increase international and public confidence in the UK's CJS, and increase deterrence.

Table 36, Summary of monetised costs and benefits, £ million (PV) 2024/25 prices

Description	Low	High	Best
Total set-up cost	0.1	1.0	0.4
Total ongoing cost	0	0	0
Total cost	0.1	1.0	0.4
Benefit			
Total benefit	N/A	N/A	N/A
NPSV	-0.1	-1	-0.4
BNPV	-0.1	-1	-0.4
EANDCB	0.0	0.1	0.0

Source: Home Office and BEIS, own estimates, 2023.

Place based analysis

427. No distributional effects are expected.

Impact on small and micro-businesses

428. Previously, small and micro-organisations were at a disadvantage as they are more likely to have one or a low number of directors with responsibility for and oversight of everything in the corporation that are more easily identifiable to hold the corporate liable. The new model intends to level the playing field by better applying the IDD in instances where a company is large with multiple directing minds across varied business functions.

F. Proportionality

Ban the supply or possession of devices known as ‘SIM farms’ in the UK

- 429. The best available data is used in the analysis, informed by experience and expertise.
- 430. There are a number of significant uncertainties in this analysis, and a number of assumptions have been made based on limited evidence.
- 431. The consultation included a call for evidence, which was designed to develop the evidence base and understanding of impacts going forwards. No evidence from the call for evidence on scale of illegitimate use or harm caused was found.
- 432. External sector roundtables have been undertaken alongside the responses in the consultation to capture legitimate user issues. These have allowed the government to better understand the sectors which may be impacted and how the policy will be practically implemented at a business level.

Suspension of Internet Domain Names and Internet Protocol Addresses

433. This is a final stage IA and therefore the aim of the analysis is to monetise all the impacts possible. To do so, the best available evidence was used.

Suspended Accounts

434. This is a final stage IA and the aim of the analysis was to monetise all the impacts possible. To do so, all findings from the Home Office’s historic engagement with the banking sector was taken into account and all the best available evidence was used.

Reform the confiscation regime in the Proceeds of Crime Act 2002

435. The best available data has been used in the analysis, informed by experience and expertise of those most qualified in the area.
436. There are a number of uncertainties in the analysis, and a number of assumptions have been made based on Law Commission engagement with lawyers knowledgeable in confiscation hearings but are unproven.

New offences to criminalise the possession, making, adaptation, import, supply, and offer to supply of articles for use in serious crime and vehicle theft.

437. The analysis in this IA contains best estimates for the costs and benefits of the proposed legislation. Every effort has been made to ensure the analysis presents the best possible estimate of the likely impact of the options, given the time, resource and data available. These have been quantified where data is available, with risks highlighted in Section G. This is a proportionate effort to appraise the proposed legislation.
438. The estimates provided, and assumptions used, in this IA have been reviewed following consultation responses, ensuring they capture impacts as accurately as possible.

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

439. The best available data is used in the analysis, informed by experience and expertise.

Reform the Identification Doctrine

440. Costs arising from this measure are expected to only fall to familiarisation for companies and partnerships.
441. The legislation is not expected to have any significant impacts on government, businesses or the general public, therefore, the limited level of analysis is proportionate.

G. Risks

Ban the supply or possession of devices known as ‘SIM farms’ in the UK

442. The proposed measures do not appear to pose any large risks; however, the following have been identified as potential problems:
- a. There is a risk that the impact to business would be higher than it has been possible to estimate, due to the limited evidence base. From extensive engagement with legitimate suppliers this risk is expected to be low.
 - b. The proposed ban would limit criminals’ ability to send out mass SMS, however it would not prevent them from doing so completely. It may displace criminals to other methods of committing fraud. The Home Office is aware of several potential ways around the ban which would still enable SMS to be sent out on a large scale.
 - c. Since alternative methods exist including from abroad, this policy does not expect to completely prevent criminal mass SMS but aims to frustrate criminals’ abilities to do so.
 - d. These alternative methods are often more expensive, require more technological knowledge, or are less efficient. The ban can therefore still be expected to reduce the number of scam texts being sent.

- e. The proposed legislation includes a provision that allows the Home Secretary to ban further technologies, to mitigate the risk around displacement.
443. The key analytical risk lies in lack of monetised analysis. Limitations in data and evidence meant this was not possible. Available evidence shows that the scale of the problem, and therefore potential benefits are high:
- According to the August 2022 'Ofcom Scams Survey, in the period June to August 2022¹⁴²ⁱ, an estimated 40.8 million adults in the UK reported they had received a suspicious message.
 - Of these people, an estimated 700,000 followed the scammer's instructions risking victimisation.
 - One police investigation discovered that five SIMs had sent over 900,000 messages in one SIM farm between April and October in one year.
444. This analytical risk is somewhat mitigated by the fact that the magnitude of expected potential benefits show that costs must be significantly higher than expected for VfM to be negative.
445. The goal of the policy is to frustrate criminals' abilities to send mass fraudulent calls and texts, through limiting their ability to access SIM farms, rather than stopping the problem completely.

Suspension of Internet Domain Names and Internet Protocol Addresses

446. There is a risk of displacement, where domain name/ IP addresses seized may lead to harmful domain names/IP addresses being created elsewhere; this is not accounted for in the analysis, however as benefits are not monetised or included in the NPSV to account for reduced crimes, the NSPV would not be impacted if this were the case.

Suspended Accounts

447. The analysis is based on survey responses from the financial sector. However, this data is incomplete and each organisation will have their own appetite for releasing funds as ultimately the Scheme is entirely voluntary. This uncertainty around the amount of funds that will be released is reflected in the economic analysis through the conservative range of estimates for the amount of funds released per year. If these survey results prove to be inaccurate, it could lead to a higher or lower benefit figure depending on the actual engagement from the financial sector.
448. Reclaim Fund Limited's contracting costs for the Dormant Asset Scheme (a similar scheme which recovers dormant accounts to use for good purposes) have been used a proxy to estimate the costs of the Suspended Accounts Scheme. While it is impossible to estimate an exact proxy, this was considered the most appropriate estimate for this analysis due to the similarities in the two schemes. If this assumption proves to be incorrect then the costs of the scheme could be higher and lower than the estimated amount.

Reform the confiscation regime in the Proceeds of Crime Act 2002

449. The introduction of Early Resolution of Cases (EROC) is modelled to improve confiscation rates within this policy. The risk of this not occurring is estimated to be extremely low with evidence obtained by the Law Commission suggesting that settlements are being reached within EROC hearings. However, if these hearings are unsuccessful, this would result in this policy's benefits being overstated.
450. The proposed reduction in court hearings was left unmonetised as any reduction in confiscation hearings induced by the early resolution process is expected to be balanced by more enforcement

¹⁴² Online fraud and scams – Ofcom: <https://www.ofcom.org.uk/research-and-data/online-research/online-fraud-and-scams>

hearings occurring. If the number of court hearings reduced by two per cent to five per cent, this would result in a benefit increase of between £558 and £3,253 a year, undiscounted. As this increase does not impact the policy model outputs across the whole appraisal period, the risk of understated benefits is low. A negligible impact also occurs for a 10 per cent reduction in court hearings.

451. The policy benefits are derived from improved resolution of complex confiscation cases which are valued at least £50,000. There is a risk that some confiscation orders which are valued below the £50,000 threshold could be complex if they involve multiple defendants or third-party interests. If more orders for cases valued below the £50,000 threshold occur, this would reduce the expected benefits of this policy. The risk of the benefits for complex case resolution being overstated within this policy are expected to be low with evidence obtained from the Law Commission suggesting these cases are the most difficult to solve. The Law Commission found that 95 per cent of defendants settled cases when confiscation values were less than £50,000.
452. The increased confiscation potential as a result of the policy is estimated using uplifts of 2 per cent [low], 6 per cent [central], 10 per cent [high]. The uplifts are based upon forensic identification and discussion of all policy proposals between the Law Commission and external partners to assess which the likely impact on recoverable debt, meaning the uplifts are based upon the most reliable data sources available for the IA. The values take a relatively broad range from 2 per cent to 10 per cent. If the uplifts are overly optimistic, the policy benefits could be overstated and the realised benefits could be closer to the lower bound estimate.

New offences to criminalise the making, modification, import, supply, offer to supply and possession of articles for use in serious crime and vehicle theft.

453. **There is significant uncertainty regarding the volume of offences/offenders each year.** These results have been triangulated with other data sources, which suggest these estimates should be considered an upper bound, although there remains a possibility that law enforcement agencies may actively target these devices upon the creation of the new offences. Due to significant uncertainty and limited data, it has not been possible to separate out the volume of offences between an offence of making, modifying, importing, supplying, offering to supply a specified article, versus only possessing a specified article. Another aspect to this risk is that this offence may be subsumed in the courts and treated as a sub-offence (such as drug trafficking or possession of a firearm).
454. **Prevalence of these articles are assumed to remain constant over time.** This assumption however is unlikely to hold. In the case of 3D printing firearm templates, there is a strong expectation that the technology, reliability, and accessibility to 3D firearms/templates is likely to improve over the appraisal period as the technology becomes more mainstream to OCGs. Without reliable volumes for each individual article, it has not been possible to account for this in the analysis. Conversations with NCA subject matter experts suggest the volume of such cases involving 3D printing firearm templates is expected to be low. This means the potential impact of an increase in related offences is expected to be marginal. Increased policing of these articles could shape organised criminal behaviour into adopting the use of other articles for serious organised crime. The volume of offences is therefore also dependent on HM Government taking steps to add to the list of specified articles under secondary legislation, to ensure that the list can be updated as serious crime evolves.
455. **There is uncertainty regarding how law enforcement and the courts will use this offence in practice.** The charge rate of offences going to court has a significant impact on costs. Similarly, the proportion of those convicted where the sentencing outcome is an immediate custodial sentence impacts significantly on prison places and prison-associated set up and ongoing costs. There is also uncertainty surrounding the split in offenders going through either Crown or Magistrates' courts, which has an impact on costs. This has been partially mitigated in the IA with the approach that has been taken to use a weighted average of offences to estimate law enforcement and CJS outcomes.

456. **It has not been possible to monetise all costs associated with this proposal.** This may have an impact on **Option 2's** NPSV. It has not been possible to obtain volume and unit cost estimates for the use of civil seizure and forfeiture powers.

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

457. The estimate of the range of additional SCPOs that will be made on acquittal was decided by experts from the NCA and HMRC. There is a risk that the number of additional SCPO's may be higher than expected. This would lead to increased criminal justice costs due to a higher number of SCPO applications and potentially due to a higher number of breaches of SCPO's. A range of potential additional SCPO's has been employed in this IA to reflect this uncertainty.
458. The estimate of the range of additional SCPOs which employ EM was decided by experts from the MPS. There is a risk that a larger proportion of SCPOs will impose EM than has been anticipated. This could lead to an increase in criminal justice costs due to a higher number of breaches being detected.
459. The breach rates employed in this IA are based on historical breach rates for SCPOs. However, breach rates associated both with additional SCPOs and with the use of EM could be higher than expected. This would lead to increased criminal justice costs, especially if this leads to an increased use of custodial sentences.
460. There is a risk that the implementation of all new SCPOs imposing a prescribed set of notification requirements cannot be absorbed within existing workloads if law enforcement partners do not have existing arrangements already in place for monitoring and enforcing the SCPOs which they already own. This could result in increased costs to law enforcement.

Reform the Identification Doctrine

Economic and analytical risks, and uncertainties

461. As organisations can already be prosecuted for the IDD under common law, extending the principle slightly and codifying it in statute would not attract any new risks. CJS costs have not been estimated due to an absence of evidence on potential volumes. However, following engagement with the CPS and SFO, Home Office expects the number of additional court cases to be low, and therefore CJS costs to be low.

Main assumptions in the analysis

462. The only costs identified are familiarisation costs. The analysis assumes these will be incurred as opportunity costs for the time of company secretaries in large companies.
463. The analysis assumes that SMEs will not take significant steps to familiarise themselves with the legislation as it is highly unlikely they will be directly impacted.

H. Direct costs and benefits to business calculations

Ban the supply or possession of devices known as 'SIM farms' in the UK

464. No direct costs to business have been monetised.

Suspension of Internet Domain Names and Internet Protocol Addresses

465. The majority of domestic suspensions will be dealt with under existing voluntary relationships, however a minority will come into scope of the measure following ministerial consideration.

466. Based on the number of historic cases in which the power would have been used or how many cases have been refused due to lack of judicial backing, the NCA expect between 3 and 12 domestic domain suspensions and 1 domestic IP address suspension, HMRC and NPCC do not expect any domestic domain or IP address suspensions.
467. These cases will impose a cost to UK businesses, domain registries and registrars which will have to suspend domain names, and IP address providers which will have to suspend IP addresses.
468. Present value costs to business over 10 years could fall between **£2,000 (£0.00 million)** in the low case and **£6,000 (£0.00 million)** in the high case with a central estimate of **£4,000 (£0.00 million)**.

Suspended Accounts

469. Total costs to business of the scheme are estimated to lie in a range of **£0.0 to £0.6 million** with a central estimate of **£0.2 million** (PV over 10 years).
470. Monetised costs to business are not included in the EANDCB as entry to the scheme is voluntary. These costs are reflected in the NSPV and BNPV.

Reform the confiscation regime in the Proceeds of Crime Act 2002

471. Within this IA, the direct costs to businesses are likely negligible since the processes by which the policy materialises occurs directly within courts. Therefore, businesses daily operations will not be impacted. Instead, there will likely be some familiarisation costs for courts to change internal processes in line with the changes to confiscation policy. These are explained in the above Costs section and were left non-monetised due to the anticipated compact nature of the reform based upon the data and court intelligence gathered from the Law Commission. Elsewhere, there will likely be costs for corrupt businesses since these are directly affected by the reform, however this IA does not consider welfare effects to criminal businesses, rather the additional benefits are calculated from more efficient court processes being able to confiscate a higher share of assets.
472. This is similar for direct benefits to businesses. Non-corrupt businesses will benefit from these improved confiscation process but is likely a wider benefit since this could improve businesses view of the UK's legal processes.

New offences to criminalise the making, modification, import, supply, offer to supply and possession of articles for use in serious crime and vehicle theft.

473. Total costs to businesses from the scheme are estimated to lie in a range of **£0.01 to £0.15 million** with a central estimate of **£0.05 million**. This stems exclusively from familiarisation costs.

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

474. There are no expected direct costs to businesses from this measure.

Reform the Identification Doctrine

Table 37, Option 2 direct costs and benefits to business £ million (2023 prices), 2022.

Best scenario	BIT scope	Direct / Indirect	Option 2	
Set-up costs		Direct	0.4	
On-going costs		Direct	0.0	
Benefits¹		Indirect	0.0	
NPSV		Indirect	-0.4	
BNPV		Direct	-0.4	
EANDCB	Yes	Direct	0.0	

Source: Home Office, own estimates, 2022.

Note: 1. Qualitative assessment only for benefits. Estimates of NPSV and EANDCB assume that the measure comes into force in 2024 and the costs arise from that point on.

I. Wider impacts

Ban the supply or possession of devices known as ‘SIM farms’ in the UK

475. It is not expected that there will be any wider environmental impacts as a result of this policy.
476. The proposed legislation includes a provision that the Home Secretary is able to ban further technologies via secondary legislation subject to the affirmative procedure in Parliament if certain criteria is met. This aims to ensure the government can act quickly if criminals start to use different methods of communications to send out scam texts or calls, to prevent displacement to other technologies.

Suspension of Internet Domain Names and Internet Protocol Addresses

477. This policy should increase public confidence in the UK’s ability to police online activity and safety abroad.

Suspended Accounts

478. There are no wider impacts expected of this policy.

Reform the confiscation regime in the Proceeds of Crime Act 2002

479. This policy will lead to more successful cases of confiscation and improve public satisfaction rates as victims’ losses are minimised or reversed. This is expected to disincentivise future crime as confiscation hearings have higher recovery rates, meaning criminals recognise the risks of larger compensation payments which were introduced by this policy. As a result, the legal system will be viewed as more legitimate and any reduction in criminal behaviour benefits wider society.

New offences to criminalise the making, modification, import, supply, offer to supply and possession of articles for use in serious crime and vehicle theft.

Operational impact on criminal gangs

480. Increasing the difficulty of supplying and possessing the proposed list of articles used in SOC could impact on the operations of organised crime groups. In turn this could impact the revenues and profits achieved from organised crime.

481. The increased policing of these articles could shape organised criminal behaviour into adopting the use of other articles for serious organised crime. As the nature of serious crime evolves, adding/removing to the list of specified articles will be a requirement to ensure policing of this offence remains fit for purpose.

Other harm reductions

482. The economic and social cost of a homicide is **£4.0 million** (uplifted to 2024/25 prices)¹⁴³. If the intervention is successful in reducing the availability of viable 3D printed firearms, the number of homicides may reduce. It is important to note that this potential impact is expected to be small, as the number of 3D printed firearms as a proportion of the UK's illegal firearms market is understood to be small yet has grown in recent years. This trend is expected to continue as availability and reliability improves over the appraisal period.

483. A lesser availability of benzodiazepines could lead to decreased drug use and a reduction in drug-related harm.¹⁴⁴ However, there could be an unintended consequence whereby domestic production of illicit benzodiazepines could be substituted with an increased importation from foreign suppliers. This would limit any impact on organised crime group and any potential harm reductions.

484. The measures in this intervention may lead to a decrease in other crimes facilitated by signal jammers. For example, signal jammers can be used to block the signal to a vehicle's 'black box' to reduce insurance premiums.

485. The social and economic cost of Serious Organised Acquisitive Crime is estimated to be £1.5 billion in financial year 2015 to 2016¹⁴⁵ with organised vehicle crime accounting for £850 million (57%) of this figure. Over time, 'methods of thefts have continued to evolve, with offenders turning to new technology to facilitate thefts such as electronic compromise thefts often committed by organised crime groups'¹⁴⁶. After 2-wheeled vehicles are removed from the data, 60 per cent of vehicles stolen in London are stolen by means of electronic compromise, by Organised Criminal Groups, and London accounts for one third of national figures.¹⁴⁷ Based on the value of vehicles stolen being £1.3 million per day, this would equate to an estimated £285 million per year in London¹⁴⁸. From April 2019 to March 2020, offender manipulated signal from remote locking device was 36 per cent of vehicle thefts.¹⁴⁹

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

486. There are no wider impacts expected of this policy.

¹⁴³ Home Office, The economic and social costs of crime (2nd Edition), July 2018, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf

¹⁴⁴ The under-18 substance misuse treatment statistics for England in 2018-19 demonstrated a 53% increase in young people reporting a problem with benzodiazepines than reported in 2017/18 and a 3-fold increase against what was reported in 2016/17. Public Health England, Young people's substance misuse treatment statistics 2018 to 2019: report, November 2019, <https://www.gov.uk/government/statistics/substance-misuse-treatment-for-young-people-statistics-2018-to-2019/young-peoples-substance-misuse-treatment-statistics-2018-to-2019-report>. The ACMD also highlights the potential polydrug impacts, as benzodiazepines can be mixed in heroin as 'extenders'. Advisory Council on the Misuse of Drugs, Novel Benzodiazepines: A review of the evidence of use and harms of Novel Benzodiazepines, April 2020, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/881969/ACMD_report_-_a_review_of_the_evidence_of_use_and_harms_of_novel_benzodiazepines.pdf

¹⁴⁵ Home Office, The economic and social costs of crime (2nd Edition), July 2018, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf

¹⁴⁶ National Strategic Assessment 2023, Organised Acquisitive Crime. Available here: <https://nationalcrimeagency.gov.uk/nsa-organised-acquisitive-crime>

¹⁴⁷ Data provided by the Metropolitan Police

¹⁴⁸ National Strategic Assessment 2023 for SOC (GOV.UK): <https://nationalcrimeagency.gov.uk/nsa-organised-acquisitive-crime>

¹⁴⁹ Crime Survey for England and Wales - Nature of crime: vehicle-related theft, year ending March 2020, table 3b (GOV.UK): <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/natureofcrimevehiclerelatedtheft>

Reform the Identification Doctrine

487. There are no wider impacts expected of this policy.

J. Trade Impact

Ban the supply or possession of devices known as ‘SIM farms’ in the UK

488. There may be a small negative trade impact because of the proposed change in legislation which would increase the burden on companies who legitimately import devices into the UK. Companies will be required to evidence they are importing the devices ‘in the course of business’.

Suspension of Internet Domain Names and Internet Protocol Addresses

489. There are no trade impacts expected of this policy

Suspended Accounts

490. There is no trade impact expected of this policy.

Reform the confiscation regime in the Proceeds of Crime Act 2002

491. No trade impact is expected due to this policy.

New offences to criminalise the possession, making, adaptation, supply, and offer to supply of articles for use in serious crime and vehicle theft.

492. The trade impact is expected to be negligible.

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

493. No trade impact is expected due to this policy.

Reform the Identification Doctrine

494. This measure will apply to any corporate body or partnership, whether registered in the UK or under similar arrangements overseas. The senior manager must commit an offence under UK law, but they might not necessarily have a UK branch or subsidiary.

K. Monitoring and evaluation plan

Ban the supply or possession of devices known as ‘SIM farms’ in the UK

495. The Home Office will develop a monitoring and evaluation plan once the legislation and operational delivery have been finalised.

Suspension of Internet Domain Names and Internet Protocol Addresses

496. Monitoring and evaluation will be included in existing processes, including internal operation reporting and cross government strategy reporting.

Suspended Accounts

497. There will be broader monitoring and evaluation of the government's Economic Crime Plan 2, of which suspended funds will be captured as a component in relation to the forthcoming work linked to Action 42 of the plan, regarding the development of an outcomes framework.¹⁵⁰

Reform the confiscation regime in the Proceeds of Crime Act 2002

498. There will be broader monitoring and evaluation of the government's Economic Crime Plan 2, of which improved confiscation resulting from reform of POCA 2002 funds will be captured as a component in relation to the forthcoming work linked to Action 12 and Action 42 of the plan¹⁵¹, regarding the development of performance and outcomes frameworks.

New offences to criminalise the possession, making, adaptation, supply, and offer to supply of articles for use in serious crime and vehicle theft.

499. Following implementation of this measure, the Home Office will engage with trusted partners to monitor the implementation and effectiveness of the new measures, including taking steps to add to the list of specified articles under secondary legislation, to ensure that the measures can be updated and remain relevant as serious crime evolves.

500. The Home Office will, within three to five years after the legislation has received Royal Assent, submit to the relevant Commons departmental select committee a memorandum reporting on elements of the Act's implementation and operation.

Proposals to strengthen and improve the functioning of Serious Crime Prevention Orders (SCPOs)

501. The Home Office will, within three to five years after the legislation has received Royal Assent, submit to the relevant Commons departmental select committee a memorandum reporting on certain critical elements of the Act's implementation and operation.

Reform the Identification Doctrine

502. As this measure is significant the Home Office will take a high evidence approach to evaluating this measure and any subsequent secondary legislation.

503. To address this, the Home Office will:

- Use a mix of primary and secondary data sources to assess the impact of the measure on businesses.
- Seek feedback from law enforcement on the impact from the regulatory change on fraud investigations and prosecutions.
- Carry out a survey of stakeholders exploring, inter alia, whether there have been any unintended consequences from the measure.

¹⁵⁰ Action 42, p.g. 82, Economic Crime Plan 2 2023-26 (publishing.service.gov.uk): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147515/6.8300_HO_Economic_Crime_Plan_2_v6_Web.pdf

¹⁵¹ Action 12, p.g. 38, Economic Crime Plan 2 2023-26 (publishing.service.gov.uk): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147515/6.8300_HO_Economic_Crime_Plan_2_v6_Web.pdf

L. Annexes

504. There are no annexes to this impact assessment.

Impact Assessment Checklist

<p>Mandatory specific impact test - Statutory Equalities Duties</p>	<p>Complete</p>
<p>Statutory Equalities Duties</p> <p>The public sector equality duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations in the course of developing policies and delivering services. [Equality Duty Toolkit]</p> <p>The SRO has agreed these summary findings.</p>	<p>Yes</p>

Economic Impact Tests

Does your policy option/proposal consider...?	Yes/No (page)
<p>Business Impact Target The Small Business, Enterprise and Employment Act 2015 (s. 21-23) creates a requirement to assess the economic impacts of qualifying regulatory provisions on the activities of business and civil society organisations. [Better Regulation Framework Manual]</p>	Yes
<p>Review clauses The Small Business, Enterprise and Employment Act 2015 (s. 28) creates a duty to include a review clause in secondary legislation containing regulations that impact business or civil society organisations. [Check with the Home Office Better Regulation Unit]</p>	N/A
<p>Small and Micro-business Assessment (SaMBA) The SaMBA is a Better Regulation requirement intended to ensure that all new regulatory proposals are designed and implemented so as to mitigate disproportionate burdens. The SaMBA must be applied to all domestic measures that regulate business and civil society organisations, unless they qualify for the fast track. [Better Regulation Framework Manual]</p>	Yes
<p>Clarity of legislation Introducing new legislation provides an opportunity to improve the clarity of existing legislation. Legislation with multiple amendments should be consolidated, and redundant legislation removed, where it is proportionate to do so.</p>	N/A
<p>Primary Authority Any new Government legislation which is to be enforced by local authorities will need to demonstrate consideration for the inclusion of Primary Authority, and give a rationale for any exclusion, in order to obtain Cabinet Committee clearance. [Primary Authority: A Guide for Officials]</p>	N/A
<p>New Burdens Doctrine The new burdens doctrine is part of a suite of measures to ensure Council Tax payers do not face excessive increases. It requires all Whitehall departments to justify why new duties, powers, targets and other bureaucratic burdens should be placed on local authorities, as well as how much these policies and initiatives will cost and where the money will come from to pay for them. [New burdens doctrine: guidance for government departments]</p>	N/A
<p>Competition The Competition guidance provides an overview of when and how policymakers can consider the competition implications of their proposals, including understanding whether a detailed competition assessment is necessary. [Government In Markets Guidance]</p>	N/A

Social Impact Tests

<p>New Criminal Offence Proposals Proposed new criminal offences will need to be agreed with the Ministry of Justice (MOJ) at an early stage. The Justice Impact Test (see below) should be completed for all such proposals and agreement reached with MOJ before writing to Home Affairs Committee (HAC) for clearance. Please allow 3-4 weeks for your proposals to be considered.</p>	Yes
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<p>Justice Impact Test</p> <p>The justice impact test is a mandatory specific impact test, as part of the impact assessment process that considers the impact of government policy and legislative proposals on the justice system. [Justice Impact Test Guidance]</p>	Yes
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<p>Privacy Impacts</p> <p>A Privacy Impact Assessment supports an assessment of the privacy risks to individuals in the collection, use and disclosure of information. [Privacy Impact Assessment Guidance] or [Contact the Corporate Security Information Assurance Team Helpline on 020 7035 4969]</p>	N/A
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<p>Family Test</p> <p>The objective of the test is to introduce a family perspective to the policy making process. It will ensure that policy makers recognise and make explicit the potential impacts on family relationships in the process of developing and agreeing new policy. [Family Test Guidance]</p>	N/A
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<p>Powers of Entry</p> <p>A Home Office-led gateway has been set up to consider proposals for new powers of entry, to prevent the creation of needless powers, reduce unnecessary intrusion into people’s homes and to minimise disruption to businesses. [Powers of Entry Guidance]</p>	N/A
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<p>Health Impact Assessment of Government Policy</p> <p>The Health Impact Assessment is a means of developing better, evidenced-based policy by careful consideration of the impact on the health of the population. [Health Impact Assessment Guidance]</p>	N/A
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Environmental Impact Tests

<p>Environmental Impacts</p> <p>The purpose of the environmental impact guidance is to provide guidance and supporting material to enable departments to understand and quantify, where possible in monetary terms, the wider environmental consequences of their proposals. [Environmental Impact Assessment Guidance]</p>	N/A
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<p>Sustainable Development Impacts</p> <p>Guidance for policy officials to enable government departments to identify key sustainable development impacts of their policy options. <i>This test includes the Environmental Impact test cited above.</i> [Sustainable Development Impact Test]</p>	N/A
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<p>Rural Proofing</p> <p>Guidance for policy officials to ensure that the needs of rural people, communities and businesses are properly considered. [Rural Proofing Guidance]</p>	N/A
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