

Title: The Surcharge IA No: MoJ028/2022 RPC Reference No: Lead department or agency: Ministry of Justice (MoJ) Other departments or agencies:	Impact Assessment (IA)		
	Date: 25/05/2022		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
	Contact for enquiries: victimservicescommissioning@Justice.gov.uk		
Summary: Intervention and Options		RPC Opinion: Not Applicable	

Cost of Preferred (or more likely) Option (in 2022/23 prices)

Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
£0m	£0m	£1.4m	Non qualifying provision

What is the problem under consideration? Why is government action or intervention necessary?
The Surcharge (often referred to as “the victim Surcharge”) is a charge imposed on offenders (youth offenders, adults and organisations) by the court with the purpose of ensuring that offenders hold some responsibility towards the cost of supporting victims and witnesses of crime. The Surcharge rate imposed is applicable at the time of the offence and, while the amount varies depending on the sentence received and category of offender, for fines it is the same for adults and organisations.

The demand for victim and witness support services continues to increase and the Government remains committed to ensuring that they can continue to access the support they need. Increasing the Surcharge will mean that offenders will contribute more towards supporting victims and witnesses. Government intervention is required because increasing the Surcharge requires secondary legislation.

What are the policy objectives of the action or intervention and the intended effects?
The primary policy objective is to ensure that offenders contribute more financially towards the cost of supporting victims and witnesses, and that the amount they pay is proportionate to the severity of the sentence they receive. Additional objectives include simplifying Surcharge rates where possible, ensuring that the Surcharge imposed alongside a fine is not significantly higher than the fine itself, and ensuring that organisations and adults pay a proportionate amount of Surcharge relative to the fine received.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
Option 0: Do nothing. Leave the Surcharge rates as they are, without any changes or increases.
Option 1: 20% increase on all Surcharge rates, excluding rates paid alongside a fine. For rates paid alongside a fine: remove the minimum Surcharge amount, increase to 40% of fine, and increase maximum cap.
Option 1 is the preferred option as this would best meet the policy objectives.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 2025				
Does implementation go beyond minimum EU requirements?		N/A		
Is this measure likely to impact on international trade and investment?		No		
Are any of these organisations in scope?		Micro No	Small No	Medium No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded:		Non-traded:

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

Signed by the responsible Minister: Tom Pursglove Date: 25/05/2022

Summary: Analysis & Evidence

Policy Option 1

Description: 20% increase on all Surcharge rates, excluding rates paid alongside a fine. For rates paid alongside a fine: remove the minimum Surcharge amount, increase to 40% of fine, and increase maximum cap.

FULL ECONOMIC ASSESSMENT

Price Base Year 22/23	PV Base Year 22/23	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	N/A	Optional	Optional
High	Optional		Optional	Optional
Best Estimate	N/A		£27.2m	£226.6m

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

Offenders: Individuals and organisations convicted of offences will have increased Surcharge amounts imposed by the court, which they will be required to pay. In nominal prices, this will cost offenders on average £30.4m per year (an average of £27.2m per year in 22/23 prices).

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

CPS and other prosecutors: A delay/deceleration of payments as the increased Surcharge is paid before cost orders.
Parents/Guardians/Local Authorities: Increased cost (of £3-£7 per offence) if responsible for a youth offender.

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	N/A	Optional	Optional
High	Optional		Optional	Optional
Best Estimate	N/A		£27.2m	£226.6m

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

MoJ-funded victim and witness support services: The increased receipts from the Surcharge will contribute to the cost of providing support for victims and witnesses. In nominal prices, this average annual benefit is £30.4m (an average of £27.2m in 22/23 prices).

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

Wider society: There will be a benefit to wider society as a result of offenders contributing more to the costs of supporting victims and witnesses.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5%
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The above estimates assume:

- A 20% correction for optimism bias (OB), reducing both the costs and the benefits, to account for optimism in the collection of imposed amounts, including through benefit deduction orders.
- No changes are assumed in crime rates, sentencing council guidelines and changes to criminal offences in England and Wales.

The key risks are:

- The main risk to the above estimates is a change in sentencing behaviour whereby Sentencers adjust the level of fines or Surcharge levels to offset the increase in Surcharge rates.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m: 1.4			Score for Business Impact Target (qualifying provisions only) £m: 0
Costs: 1.4	Benefits: 0	Net: 1.4	

Evidence Base

A. Background

1. The Surcharge (often referred to as “the victim Surcharge”) is a charge imposed on offenders by the court. The purpose of the Surcharge is to ensure that offenders hold some responsibility towards the cost of supporting victims and witnesses. The Surcharge is not considered to be part of the punishment for the offence but is a means by which offenders can compensate victims and witnesses of crime.
2. The Surcharge was introduced in 2007 at a flat rate of £15 on fines only. Since then, the Surcharge has been applied to the majority of criminal sentences¹. The Surcharge rate imposed is applicable at the time of the offence, and the amount varies depending on the sentence received. When a defendant has been found guilty of two or more offences, the Surcharge is applied to the offence for which the heaviest penalty is imposed. For fines, there is a minimum surcharge amount of £34 and a maximum of £190 for both adults and organisations. The fine Surcharge for a youth offender is fixed at £22.
3. The Surcharge is paid by adults and youth offenders (on all sentences) and by organisations who receive a conditional discharge or a fine.
4. Table 1 sets out the current Surcharge rates.

Table 1: Current Surcharge rates, as specified in the 2020 Order

Sentence	Adults (18+)	Youth (under 18 at time of offence)	Organisations
Conditional discharge	£22	£17	£22
Fine	10% of fine value, min £34 max £190	£22	10% of fine value, min £34 max £190
Community Order	£95	£22	
Suspended sentence of imprisonment (6 months or less)	£128		
Suspended sentence of imprisonment (over 6 months)	£156		
Immediate custodial sentence (6 months or less)	£128	£34	
Immediate custodial sentence (more than 6 months – up to and including 2 years)	£156	£34	
Immediate custodial sentence (over 2 years - life)	£190	£34	
Youth rehabilitation order or referral order		£22	

5. The priority order for payment of financial impositions set in statute lists the Surcharge as second, after compensation orders and before prosecutor costs and fines. Courts can reduce the Surcharge if, and only if, an offender cannot pay both the Surcharge and their compensation orders. There is no time limit on Surcharge payments, and they can be paid in full or in instalments. The Surcharge rates are lower for youth offenders although, if they are unable to pay, this obligation may fall on their parent or guardian or, for those in care, the relevant local authority.

¹ The Surcharge does not apply if the court discharges the person absolutely or makes an order under the Mental Health Act 1983.

6. Income generated by the Surcharge contributes to the Victim and Witness (V&W) budget at the Ministry of Justice (MoJ) and is used to support victim and witnesses. Increasing the Surcharge therefore increases the contribution that offenders make towards funding support. Examples of the type of national support funded by the Surcharge includes:
 - Grants for Police and Crime Commissioners to commission local services;
 - rape support centres across England and Wales;
 - the Court Based Witness Service; and
 - the National Homicide Service.
7. In 2021/22 the V&W budget at MoJ was £150.5m. The amount MoJ receives from the Surcharge that contributes to this budget is dependent on collection rates, as enforced by HM Courts & Tribunals Service. On average over the previous 5 years, the Surcharge has yielded £37m per year². As announced at the Budget, the V&W budget at MoJ will increase to £185m by 2024/25.
8. We used the Victims Bill consultation³ to gather views on increasing the Surcharge. The majority of respondents (76%; 127 respondents) agreed that we should increase the Surcharge. Furthermore, a pre-election pledge was made to increase the Surcharge by 25% by the end of 2024/25; 5% of this was implemented in January 2020 (by statutory instrument) with 20% remaining. Implementing the additional 20% increase will allow government to fulfil this commitment ahead of schedule.
9. The changes will apply to England and Wales only. We will be pursuing increases to the Surcharge via secondary legislation.

B. Policy Rationale and Objectives

10. The conventional economic approaches to government intervention are based on efficiency or equity arguments. Governments may consider intervening if there are strong enough failures in the way markets operate (e.g. monopolies overcharging consumers) or there are strong enough failures in existing government interventions (e.g. waste generated by misdirected rules) where the proposed new interventions avoid creating a further set of disproportionate costs and distortions. The Government may also intervene for equity (fairness) and distributional reasons (e.g. to reallocate goods and services to more needy groups in society).
11. Intervention in this case is justified on equity grounds: increasing Surcharge rates will raise the contribution that offenders make to the costs of providing support for victims and witnesses of crime. In addition, intervention can also be justified on efficiency grounds as it will provide an opportunity to simplify the existing rules on how the Surcharge is imposed by removing the minimum amount for Surcharge paid alongside fines.
12. The objectives for any Surcharge changes are:
 - Offenders should continue to pay a proportionate contribution towards the cost of supporting victims and witnesses,
 - The Surcharge imposed alongside a fine should not be significantly higher than the fine itself,
 - Organisations and adults should pay a proportionate amount in Surcharge in relation to the fines they receive,
 - Surcharge rates should be as simple as possible.

C. Affected Stakeholder Groups, Organisations and Sectors

13. The main groups affected by the options assessed in this IA are:
 - Offenders, including small and large businesses
 - Victims and witnesses

² Average amount of the 'Victim surcharge for the Ministry of Justice' disbursement from 2016/17 to 2020/21, as shown in the HMCTS Trust Statements.

³ [Delivering justice for victims: A consultation on improving victims' experiences of the justice system - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/delivering-justice-for-victims)

- Parents and guardians of youth offenders (or local authorities responsible for youth offenders)
- Crown Prosecution Service (CPS) and other prosecutors
- Ministry of Justice (MoJ), including HM Courts and Tribunals Service (HMCTS)
- Wider society.

14. In MoJ IAs, we do not normally consider the direct impacts of punishment on offenders. However, as the Surcharge is regarded as a means by which offenders can compensate the victims of crime, and is not seen as part of the punishment itself, we have included these impacts in the IA.

D. Description of Options Considered

15. The following options are assessed in this Impact Assessment:

- **Option 0: Do nothing. Leave the current surcharge rates unchanged**
- **Option 1: 20% increase on all Surcharge rates, excluding rates paid alongside a fine. For rates paid alongside a fine: remove minimum cap, increase to 40% of fine, and increase maximum cap.**

16. Option 1 is preferred as it best meets the policy objectives.

Option 0: Do nothing.

17. Under this option the Surcharge rates would be left as they are, without any changes or increases. Offenders would not pay more towards the cost of supporting victims and witnesses, despite the growing demand. In addition, this option would not meet the pre-election commitment to increase the Surcharge by 25% by 2024/25 and would not reflect any increases for inflation or otherwise.

18. Under this option, an adult or organisation sentenced to a fine of £34 or less would need to pay the minimum Surcharge of £34 (at least 100% of the fine amount) whereas were they sentenced to a £5,000 fine they would need to pay the maximum Surcharge of £190 (under 4% of the fine amount). This does not meet the objective that organisations and adults should pay a proportionate amount of the fine they receive.

Option 1: 20% increase on all Surcharge rates, excluding rates paid alongside a fine. For rates paid alongside a fine: remove the minimum Surcharge amount, increase to 40% of fine, and increase maximum cap.

19. Under this option, all Surcharge rates will be increased by 20% excluding rates paid alongside a fine. This will meet the pre-election commitment and ensure all Surcharge rates are increased adequately, to meet the objective that offenders should be paying more towards the cost of supporting victims and witnesses.

20. As noted above, currently adults and organisations pay the same amount of Surcharge on fines, despite the fact that fines are means tested and thus organisational fines are a lot higher on average (c. £9,000 mean average, compared to c. £280 for adults)⁴. This option will raise the maximum cap from £190 to £2,000 to ensure organisations (and individuals who have large fines imposed) are paying a proportionate amount of Surcharge relative to their fine. This will also address the disparity between what organisations and most individuals pay, relative to the fines they receive.

21. Removing the minimum Surcharge amount paid alongside a fine will also remove the risk of the Surcharge being higher than the fine itself, which is the punitive element. The percentage amount to be paid between the caps has never been changed, so this option will increase it from 10% to 40% to ensure offenders pay more towards the cost of supporting victims and witnesses.

22. Table 2 sets out the new proposed rates set out in Option 1.

⁴ Average fines from 2016 to 2019 in MoJ published statistics (Outcomes by offence tool 2020).

Table 2: New Surcharge levels, as specified in the 2022 Order

Sentence	Adults (18+)	Youth (under 18 at time of offence)	Organisations
Conditional discharge	£26	£20	£26
Fine	40% of fine, max £2,000	£26	40% of fine, max £2,000
Community Order	£114	£26	
Suspended sentence of imprisonment (6 months or less)	£154		
Suspended sentence of imprisonment (over 6 months)	£187		
Immediate custodial sentence (6 months or less)	£154	£41	
Immediate custodial sentence (more than 6 months – up to and including 2 years)	£187	£41	
Immediate custodial sentence (over 2 years - life)	£228	£41	
Youth rehabilitation order or referral order		£26	

Other options considered and discounted

23. We also considered the following options:

- a. Increase all Surcharge minimum rates to £100 (except for youth offender rates). Specifically, this would increase Surcharge for conditional discharges from £22 to £100 for adults and organisations; increase Surcharge for community orders from £95 to £100 for adults; and increase the minimum amount for Surcharge imposed alongside a fine from £34 to £100.

This option was discounted as it would represent a significant increase for two of the lowest Surcharge rates only. The lowest rates are imposed alongside a conditional discharge and the significant increase for the lowest rates only would be disproportionate to the sentence. This option does not meet the Government’s objectives as figures from 2019 show that the minimum Surcharge (at £100) would be higher than 19% of all fines given⁵.

- b. Increase all Surcharge rates by 20% (excluding Surcharge imposed alongside a fine). This option would meet the pre-election commitment from this government and ensure offenders are paying more towards the cost of supporting victims and witnesses, whilst maintaining proportionality of amounts paid. However, this option does not address the disparity between what individuals and organisations pay, relative to the fines they receive.

⁵ Fraction of fine disposals up to £100 out of total fine disposals for adults in 2019, where a fine is the heaviest penalty imposed. From MoJ published statistics (Outcomes by offence tool 2020).

E. Cost & Benefit Analysis

24. This IA follows the procedures and criteria set out in the IA Guidance and is consistent with the HM Treasury Green Book.
25. Where possible, this IA identifies both monetised and non-monetised impacts on individuals, groups and businesses in England and Wales with the aim of understanding what the overall impact on society might be from the proposals under consideration. IAs place a strong focus on the monetisation of costs and benefits. There are often, however, important impacts that cannot sensibly be monetised. These might be impacts on certain groups of society, positive or negative. Impacts in this IA are therefore interpreted broadly, to include both monetised and non-monetised costs and benefits, with due weight given to those that are non-monetisable.

Net Present Value

26. The costs and benefits of each of the options under consideration are normally compared to Option 0, the do nothing or 'baseline' case. However, as the 'baseline' option/Option 0 is compared to itself, the costs and benefits are necessarily zero, as is its Net Present Value (NPV). However, for the other options, a NPV will only be appropriate where the options directly impact on the use of real resources with alternative uses.
27. In the case of the preferred option, while any extra Surcharge income will be applied to support victims and witnesses, the overall budget for these services will not be directly affected as it was set independently of any change in Surcharge rates or the extent to which it can be recovered from offenders. Instead, any increase in Surcharge income will offset the share of the V&W budget paid by the MoJ. As such, any increase in Surcharge income will be a transfer between offenders and the MoJ and, as such, there will be no NPV.
28. But it should also be noted that the decision to increase the budget of V&W services was made with an awareness that Surcharge rates could be changed to help fund it and, were this not the case, there is a potential that the increase might have been less. As such, while the formal impact of the preferred option is a transfer between offenders and the MoJ, the substantive transfer is between offenders and victims and witnesses.
29. However, and regardless of the ultimate beneficiary, any change in Surcharge rates will amount to a transfer and so an NPV has not been calculated.

Methodology

30. The impacts in this IA have been estimated using a price base year of 2022/23 and a 10-year appraisal period with a base year of 2022/23. All values have been rounded to the nearest £0.1m, unless stated otherwise.
31. All values include a 20% optimism bias correction to reduce the benefits to victims (and the costs to offenders) to account for lower than anticipated collection rates.
32. The Option 1 implementation date is modelled as 16 June 2022. In nominal terms, steady state occurs in Year 9 of policy implementation (2030/31). This is due to both the 11-month overlap period when cases under the preferred option start to be disposed of in court and the 7-year payment period for Surcharge income to be collected (see below). As the Surcharge rates are not increased by inflation, there is a year-on-year reduction in constant prices and so costs/benefits do not reach a steady state in real terms.
33. Published data on collection rates shows that for Surcharges imposed in 2018 and 2019, 60% of the total value was paid within 18 months of the imposition month⁶. We have modelled an extended payment rate of 80% across a seven-year period for this analysis to capture later payments.

⁶ Criminal Court Statistics Quarterly publication (Table A2) – December 2021

34. Offenders paying through a deduction from benefits order do so at a flat rate⁷. Option 1 will increase the Surcharge amount (and so the time to pay the Surcharge) by a number of months for these offenders. However, as this cohort's total Surcharge impositions are a small fraction of the total value imposed, the overall effect is minimal and is assumed to be captured as part of the optimism bias correction applied in the analysis.
35. As the Surcharge applies from the date of offence (not the date of the court hearing), we included an overlap period to account for the change where courts mostly dispose of cases under the current policy to mostly disposing of cases under the preferred option. We have assumed the preferred option's policy will increase by 9% of the total imposed value per month over 11 months from the implementation date.
36. To estimate these benefits of Option 1, we used pre-Covid management information data (from Libra Green on Black) on Surcharge impositions in 2018/19 and 2019/20, which contained a representative mix of different disposals (fine, conditional discharge, community order, immediate custody, etc.) and offender groups (youth, adult or organisation). We 'baselined' these records to determine the value of Surcharge that would be imposed against each case under the current policy (which came into force on 14 April 2020), then compared this to what would be imposed in Option 1 to determine the relative increase.
37. For Surcharges imposed alongside a fine, we used a net benefit approach to account for both the increase in Surcharge payments and also the delay of fine payments (for offenders who don't pay up-front or who pay in instalments). We used the total MoJ income (Surcharge plus fines) and determine the fraction that would be added as a result of the proposed changes and count from the point when that additional total income would be paid as the benefit.

Option 1: 20% increase on all Surcharge rates, excluding rates paid alongside a fine. For rates paid alongside a fine: remove the minimum Surcharge amount, increase to 40% of fine, and increase maximum cap.

Costs of Option 1

Monetised Costs

Offenders

38. Under Option 1, there will be an overall increased cost related to those individuals or organisations who commit an offence and are subsequently convicted. The cost to offenders in nominal terms is shown in Table 3, which is the additional amount that offenders will pay.

Table 3: Monetised costs, shown in nominal prices

Monetised costs (£m, nominal)	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	Total
Organisations	1.4	1.8	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	15.8
Individuals	3.7	10.1	17.8	31.3	35.4	37.1	37.9	38.2	38.3	38.3	288.2
Total Option 1	5.1	11.9	19.4	32.9	37.0	38.7	39.5	39.8	39.8	39.8	304.0

39. In present values (in 2022/23 prices, using 2022/23 as the base year), the total cost over the ten-year appraisal period is £226.6m (of which £12.5m is the cost to organisations). This cost balances with the benefit to MoJ's V&W services, resulting in a NPV of 0.

Non-monetised Costs

HMCTS

40. The increased Surcharge will increase the overall impositions on offenders, which could lead to less offenders paying their total financial imposition to the court immediately. In this case, there will be a cost to HMCTS for any extra work to collect the outstanding debt.

⁷ The Fines (Deductions from Income Support) (Miscellaneous Amendments) Regulations 2021 ([legislation.gov.uk](https://www.legislation.gov.uk))

CPS (and other prosecutors)

41. As noted above, the Surcharge is paid before prosecutor cost orders (including CPS). Increasing the Surcharge will result in a deceleration of payments to those prosecutors where cost orders are awarded. In particular, this is thought to affect offenders paying impositions through benefits deduction orders (although this will be a negligible effect overall across all Surcharge impositions).
42. Increasing the Surcharge could change Sentencers (Judges and magistrates) overall package of financial impositions, with a possible reduction in costs being awarded by the court. We do not have enough information on the costs orders awarded to determine the scale of this impact, and there might be no impact to how Sentencers award cost orders.

Parents and Guardians of youth offenders, Local Authorities

43. In some cases, the parent or guardian of a youth offender may become responsible for paying financial impositions on the youth offenders' behalf, including the Surcharge. In this case, increasing the Surcharge rates for youth sentences will impact the parent/guardian responsible. We have not been able to determine the scale of the impact on parents/guardians of the preferred option.
44. Similar to above, in some cases where a youth offender is in the care of the local authority, they may become liable to pay the Surcharge on the youth offenders' behalf. In this case, increasing the Surcharge rates for youth sentences will impact the offender's local authority. We have not been able to determine the scale of the impact to the local authority of the preferred option.

Benefits of Option 1

Monetised Benefits

MoJ, Victims and Witnesses

45. The amounts that offenders pay through the Surcharge contributes to the V&W budget at the MoJ and is used to fund support for victim and witness of crime. Although the income received is a transfer from the offender to MoJ, this income is then, in effect, transferred to the victim via the victim and witness services.
46. Table 4 sets out the change in revenue (with a positive value being an increase in income) over the ten-year appraisal period, received from organisations and individuals. The values in Table 4 are shown in nominal prices, as Surcharge rates do not automatically increase with inflation.

Table 4: Monetised benefits, shown in nominal prices

Monetised benefits (£m, nominal)	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	Total
Organisations	1.4	1.8	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	15.8
Individuals	3.7	10.1	17.8	31.3	35.4	37.1	37.9	38.2	38.3	38.3	288.2
Total Option 1	5.1	11.9	19.4	32.9	37.0	38.7	39.5	39.8	39.8	39.8	304.0

47. Table 5 shows these values in 2022/23 prices, adjusted for inflation using the GDP deflator values published at the 2022 Spring Statement until 2026/27, then flatlined at 2% for later years.

Table 5: Monetised benefits, shown in 2022/23 prices

Monetised benefits (£m, 2022/23 prices)	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	Total
Organisations	1.4	1.7	1.5	1.5	1.5	1.4	1.4	1.4	1.3	1.3	14.4
Individuals	3.7	9.9	17.1	29.5	32.6	33.6	33.6	33.2	32.6	32.0	257.7
Total Option 1	5.1	11.6	18.6	30.9	34.1	35.0	35.0	34.6	33.9	33.3	272.1

48. In present values (using 2022/23 as the base year), the total benefit over the ten-year appraisal period is £226.6m. This benefit balances with the cost to offenders, resulting in a NPV of 0.

Non-monetised Benefits

Victims and Witnesses

49. There will be a benefit to victims and witnesses as a result of offenders contributing more to the costs of their support services.

Wider society

50. There will be a benefit to wider society as a result of offenders who receive larger fines (mainly organisations) contributing more to the costs of supporting victims and witnesses, as this is seen to be fairer.

F. Risks and Assumptions

51. For Surcharges not related to fines, we have modelled a Surcharge payment rate to calculate the benefits, reaching 80% of total value paid over seven years. By using this, we are assuming that there will not be a change in Surcharge payments as a result of the increases proposed in the preferred option: Those offenders who are able to pay their Surcharge imposition immediately will continue to do so, those paying through a payment arrangement pay the debt in the same number of months as before, etc.

52. For Surcharges related to fines, we have created a payment rate based on both Surcharge and fine payment rates to determine when additional MoJ income (i.e., the total of Surcharge and fine income) will be received. By using this, we are assuming that there will not be a change in Surcharge payments or in fine payment rates as a result of the increase to the Surcharge in the preferred option: Those offenders who are able to pay their Surcharge and fine impositions immediately will continue to do so, those paying through a payment arrangement pay the debt in the same number of months as before, etc.

53. For those offenders that are paying through a benefits deduction order (and so will take longer to pay an increased imposition through fixed monthly deductions), the impact on the overall income is assumed to be minimal and so will be captured by the 20% optimism bias correction.

54. We assume no wider changes in the sentencing environment. However, the impacts of the preferred option will be sensitive to changes in crime rates, sentencing council guidelines, and changes to criminal offences in England and Wales.

55. We assume there will be no change in fines or cost orders although any change in approach by Sentencers will affect the impacts. Sentencers could reduce fines or cost orders, to result in no overall increase in impositions to the offender (although this could create 'winners' and 'losers' between MoJ and prosecutors, if their relative proportions of the total imposition changed as a result). More generally, the net increase in revenue will be lower the more Sentencers reduce fines and costs in response to the increased Surcharge. However, we do not have any evidence to determine the scale of this effect, or if it exists.

56. Analysis assumes new Surcharge impositions of £4.5m per month. The benefits of the preferred option may change if the amounts imposed differ from this.

57. The analysis is sensitive to the implementation date, particularly in Year 1 of implementation (2022/23). The analysis uses 16th June 2022 as the implementation date for all options. If the expected implementation date were to change, the impacts of the preferred option would also change.

G. Wider Impacts

Equalities

58. Equalities issues have been considered during the development of the policy options outlined above and an Equalities Impact Assessment has been undertaken in conjunction with this Impact Assessment.

Better Regulation

59. These measures will only affect businesses that have been convicted of a criminal offence. Therefore, these measures do not count towards the department's Business Impact Target. The preferred option will have an impact on businesses (who have committed an offence) of £1.4m per year (in 2022/23 prices) over the appraisal period.

Environmental Impact

60. No environmental impacts from these measures have been identified.

H. Monitoring and Evaluation

61. Amounts collected and collection rates are monitored via our routine analysis and management accounts processes.

62. We will conduct a review of the policy impacts three years after implementation to identify and quantify impacts, including the additional receipts due to these changes and any unintended impacts of the policy. The review will be commissioned to test the success of the policy objectives and quantify the impacts identified in the Impact Assessment. This will be a mix of qualitative and quantitative research, undertaken by MoJ Data and Analysis. Exact requirements will be defined at the time.

63. The baseline shall be the Surcharge receipts in the full year prior to implementation, the values of the Surcharge and fines imposed in that year and the payment rates for the Surcharge and for fines.

64. Success criteria would be: Increase in Surcharge revenue; consistent application of the Surcharge; and limited reduction in other revenue.

65. Sentencing, payments and transactional payment rate data is collected regularly by the MoJ, which will be used to monitor the policy change.