

Title: Government Response to the Consultation on Changes to the Police Disciplinary System: Holding disciplinary hearings in public; introducing legally-qualified chairs in disciplinary hearings; and changes to chief officer compensation payments. IA No: HO0176 Lead department or agency: Home Office Other departments or agencies: N/A	Impact Assessment (IA)		
	Date: March 2015		
	Stage: Consultation		
	Source of intervention: Domestic		
	Type of measure: Primary/Secondary		
Contact for enquiries: Police Regulations Consultation Team: policeregsconsultation@homeoffice.gsi.gov.uk			

Summary: Intervention and Options	RPC Opinion: N/A
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out? Measure qualifies as
-£10.5m	£0m	£0m	No N/A

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

Public perception of police integrity has suffered in the wake of incidents including 'Plebgate', the findings of the Ellison review into the investigation of the murder of Stephen Lawrence, and the findings of the Hillsborough Independent Panel. Police disciplinary hearings, police appeals tribunals, and police special case hearings are currently held in private, therefore lacking an appropriate level of transparency. In a system of policing by consent, it is vital that the police maintain, and are seen by the public to maintain, the highest standards of integrity. Government intervention is required to increase the confidence of the public in the police by making the police disciplinary system more just and by opening it to public scrutiny.

What are the policy objectives and the intended effects?

The Government aims to increase the confidence that the public have in the integrity of the police, to increase the justness of the police disciplinary process and introduce greater independence. The effect of this will be to improve the efficacy of the police force, which relies on the trust of the public to police by consent, and to improve police-public relations.

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

Option 0 - Do nothing.

Option 1 (preferred)- Amend the Police (Conduct) Regulations 2012 so that:
a) Police disciplinary hearings and appeals made to Police Appeals Tribunals are held in public by default.
b) Disciplinary hearing panels for senior officers are given the ability to remove or adjust compensation payments, as laid out in a chief officer's contract of appointment, if they are subject to a disciplinary finding.
c) Legally qualified persons replace senior officers to chair disciplinary hearing panels.

Option 1 is the preferred option as it should make the police disciplinary system more just and open to public scrutiny.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 2019						
Does implementation go beyond minimum EU requirements?						
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro	< 20	Small	Medium	Large
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: Mike Penning Date: 09/03/2015

Summary: Analysis & Evidence

Policy Option 1

Description: Amend the Police (Conduct) Regulations 2012 so that: police disciplinary hearings and appeals made to Police Appeals Tribunals are held in public; disciplinary hearing panels for senior officers are given the ability to remove or adjust compensation payments; legally qualified persons replace senior officers to chair disciplinary hearing panels.

FULL ECONOMIC ASSESSMENT

Price Base Year 2014	PV Base Year 2014	Time Period 10 Years	Net Benefit (Present Value (PV)) (£m)		
			Low: -17.1	High: -4.9	Best Estimate: -10.5

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	0.7	5.6
High	N/A	2.1	17.9
Best Estimate	0.03	1.3	11.3

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

Police forces: administering public hearings is estimated to cost approximately £1.3m per year. This is based on approximately £900k in external venue hire and staff costs and £150k in internal staff costs for public hearings. There will also be an additional £250k from public hearings of appeals to disciplinary cases. There is a small cost in the transition year of training legally qualified chairs with minor ongoing retraining costs.

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

Police officers & Special constables: there are likely to be familiarisation costs to officers subject to the disciplinary process, and a potential cost of damage to their reputation from the public proceedings.
 Chief officers: there is likely to be a cost to chief officers who are subject to a disciplinary finding, should disciplinary hearing panels exercise the power to remove or adjust their compensation payments.
 Public: costs of attending to observe hearings in public.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate	N/A	0.1	0.8

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

There will be a saving to police forces from changing the composition of disciplinary hearings panels. Police forces will pay the fees for legally qualified chairs rather than using senior officers. The fees for legally qualified chairs is more than offset by freeing up time of senior officers who currently chair the hearings and removing the need (in 47% of cases) for legal advisors to the panel. As forces may not be able to cash these savings, on a purely financial level forces may face a cost. Changing the composition of the hearings decreases overall costs by about £194 per case on average, amounting to £90k per year.

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

Local policing bodies: reducing the compensation that is paid to chief officers who are the subject of a disciplinary finding.
 Police forces: Potential reductions in number of appeals on technical grounds as a result of legally qualified chairs.
 Public hearings may increase admissions of wrongdoing and speed up the process.
 Public: will benefit from a more efficient & effective police disciplinary system, improving public confidence.

Key assumptions/sensitivities/risks **Discount rate (%)** 3.5%

- 1) There is an assumption that holding disciplinary and appeals tribunal hearings in public will help to increase the confidence that the public have in the police.
- 2) We assume there will be an average of 465* disciplinary hearings in public per year, with each hearing lasting 3 days and 26% of hearings ending in an appeal of the same duration. 55% of hearings will be held in externally hired venues. Venue hire is assumed to be approximately £820* per day and external staff costs are £248 per day. Internal hearings have no costs except that of staff at around £240 per day.
- 3) We assume that the use of a legally-qualified chair costs £1,995 per hearing, and that the use of a Chief Constable costs £1,836 plus £353 for a legal advisor per hearing.

* indicates values tested in sensitivity analysis. Changes to these assumptions generate the high and low estimates.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: £0m	Benefits: £0m	Net: £0m		

Evidence Base

A) Problem under consideration

1. Public perception of police integrity has suffered in the wake of incidents including 'Plebgate', the findings of the Ellison review into the investigation of the murder of Stephen Lawrence, and the findings of the Hillsborough Independent Panel. Over time a number of specific issues have arisen which raise serious questions about the effectiveness of the disciplinary system and have the potential to reduce confidence of the public in the disciplinary system.
 - Police disciplinary hearings, police appeals tribunals, and police special case hearings are currently held in private, lacking an appropriate level of transparency.
 - The process is entirely managed by the police themselves.
 - When chief officers are subject to a disciplinary finding, they are still entitled to full compensation payments, as stipulated in their contract of appointment, if their fixed term appointment is not extended or they are required to resign.

B) Rationale for intervention

2. The problems outlined above are likely to hinder the police in maintaining, and being seen by the public to maintain, the highest standards of integrity.
3. Government intervention is required because it maintains the regulatory framework for the current disciplinary system. Due to a number of high profile cases, the integrity of the disciplinary system has been called into question; therefore there is a need to take action to ensure that the system is effective and commands public confidence.
4. The Government consulted publicly on the proposals between 18 November 2014 and 2 January 2015. The majority of respondents supported the Government's proposals.

C) Policy objective

5. The policies under consideration aim to increase the confidence that the public has in the integrity of the police and increase the justness of the police disciplinary process by changing the system to:
 - Improve justice
 - Introduce greater independence
 - Improve transparency

D) Options considered

Option 0 – Makes no changes at present (do nothing)

The Police (Conduct) Regulations 2012 and the Police Appeals Tribunal Rules 2012 will remain unchanged.

Option 1 - Amend Police (Conduct) Regulations 2012 regulations and Police Appeals Tribunal Rules 2012 so that:

- a) Police disciplinary hearings, appeals and special case hearings are held in public by default

6. The intention is that misconduct hearings for higher level cases that could lead to dismissal will be public by default. This includes both misconduct hearings and special case hearings but does not include lower level misconduct meetings, which the Government does not intend to make public. Appeals hearings held by Police Appeals Tribunals will also be made public by default. In public consultation, some respondents pointed out that some special case hearings are currently decided on the papers. Therefore it would not be cost-effective to convene a hearing simply to read out a determination. In response, the Government has amended the regulations so that, in such cases, the force can make the determination public without necessarily holding a hearing.
7. There will be certain situations where it will be necessary and appropriate for all, or parts of, a police disciplinary or appeal hearing to be held in private. The senior officer or legally-qualified person chairing the panel will have to make decisions about when it will be appropriate to exclude the public and to hold either all or part of a hearing in private.
8. In assessing whether the public should be excluded from a hearing or any part of a hearing there are a number of things that may need to be taken into account, including:
 - The transparency of the police misconduct and/or complaints system;
 - The wider public interest in the proceedings;
 - The vulnerability, physical and mental health and/or the welfare of any witnesses who may be called to give evidence at the hearing;
 - Where a misconduct hearing is being held as a direct result of a public complaint, the vulnerability, physical and mental health and/or the welfare of the complainant(s);
 - The physical and mental health and/or welfare of the officer(s) subject to the misconduct hearing;
 - The welfare of any third party not listed above, i.e. where a hearing could disclose personal information relating to a third party;
 - Any factors relating to sensitive police operations that may not be appropriate for public disclosure, including where there would be a risk of the identification of covert human intelligence sources, confidential informants or covert police assets;
 - Whether holding a hearing in public would jeopardise or interfere with any criminal proceedings;
 - Whether holding the hearing would interfere with the prevention or detection of crime or the apprehension of offenders; and
 - Any relevant national security issues.
9. These factors will also need to be taken into account when deciding whether an officer should be named prior to a hearing when the details of the hearing are published.
10. The Independent Police Complaints Commission (IPCC) is a participant at certain misconduct hearings and complainants and interested persons are granted certain rights in relation to their attendance at such hearings. The proposal to hold hearings in public would leave all of the current rights granted to complainants and interested persons intact.
11. The police force will be responsible for publishing, at least 5 days before the hearing is due to take place, the date, time, and place of the hearing in an easily accessible location, together with instructions on how members of the public can attend a hearing and an explanation of any necessary and proportionate rules governing public attendance as specified by the police force. As attendance at police misconduct hearings may involve members of the public being granted access to police premises it may be appropriate for forces to require attendees to produce valid identification documents.
12. It is possible that public access to hearings could also be granted by the use of a live stream to a more accessible location or to the web. However, some respondents to the consultation expressed concern that this could create permanent records of hearings in the public domain, which would

adversely affect all the parties present at the hearing. As above, the Government does not intend to prescribe how forces should manage the practical arrangements; therefore this will be a decision for them. Members of the public wishing to attend a hearing will be required to do so at their own expense, except where they are attending as a witness. The police force will be expected to meet the reasonable expenses of any witnesses.

13. The taking of photographs during the hearing will be prohibited. The use of sound recording equipment during the hearing will also be prohibited unless expressly agreed by the Chair. The use of live, text-based communications for the purposes of simultaneous reporting of proceedings with the outside world may be permitted if the Chair is satisfied that it does not interfere with the orderly conduct of proceedings.

b) Disciplinary hearing panels for senior officers are given the ability to remove or adjust compensation payments, as laid out in a chief officer's contract of appointment, if they are subject to a disciplinary finding (Winsor recommendation 51)

14. To improve justice, the disciplinary hearing panels for senior officers will be given the ability to remove or adjust compensation payments for a chief officer's contract of appointment if they are subject to a disciplinary finding, if the fixed term appointment is not extended or they are required to resign.
15. The Government intends to amend regulations so that the panel at either a misconduct meeting or a misconduct hearing can prohibit the payment of such compensation to the officer, either in full or above a certain amount, or provide that the payment should be calculated differently, if the officer is given a final written warning. A final written warning is the most stringent sanction that can be applied short of dismissal. The intention is to ensure that a judicious decision can be made regarding the compensation due to officers that, whilst not dismissed, were found to have committed serious enough acts to justify a final warning.
16. This measure reflects recommendation 51 of the independent Winsor review of police officer and staff remuneration and conditions.

c) Legally-qualified chairs are introduced into disciplinary hearings

17. Legally-qualified chairs will replace the senior officer that currently chairs the panel of a disciplinary hearing, and the chief officer in a special case hearing. There will be no change to the composition of panels for senior officers, or for misconduct meetings or appeal hearings.

E) Consultation

18. A public consultation was carried out between 18 November 2014 and 2 January 2015. In total, 64 responses were received. 62 of the 64 consultation responses gave views on proposals for hearings in public; 54 on legally-qualified chairs; and 22 on the compensation proposals. The majority of responses were from police forces and individual police officers. The Government received a total of 13 responses from Police Staff Associations and stakeholders such as the Police Federation, Chief Police Officers Staff Association, the Superintendants Association, the Independent Police Complaints Commission, and the College of Policing. There were 11 responses from Police and Crime Commissioners, and there were 8 responses from individual members of the public.
19. 30 respondents supported holding hearings in public while 27 disagreed. 28 supported introducing legally-qualified chairs whereas 23 were against. The other respondents did not indicate whether they agreed or disagreed with the proposals. The majority of respondents therefore supported the proposals. Some suggestions were provided to address issues that were raised around the practical implementation of the policies. This included a suggestion to allow early consideration by the chair of whether all or part of the hearing should be heard in private in advance of the hearing taking place.
20. During consultation, a number of questions were asked to aid the monetisation of impacts within the consultation Impact assessment. These included:

- What familiarisation costs will there be for police forces? For example the cost of training staff on the new aspects of the system.
 - Are you able to provide any data or estimates that would enable the non-monetised costs in the impact assessments to be monetised?
 - Are there any further costs, benefits, or other impacts that should be considered in the impact assessments? Please provide data or estimates of the costs where possible.
21. None of the responses provided sufficient information to the above questions to allow the quantification of impacts.
22. In a stakeholder engagement exercise separate to the public consultation we engaged with ten Professional Standards Departments and asked a series of questions which were designed to aid the quantification and monetisation of impacts. The responses to this have been informative, but there is a clear lack of evidence to enable us to further estimate certain impacts. These issues are outlined as they appear in the text below.

F) Appraisal

19. The following appraisal considers the costs and benefits associated with the implementation of the proposed policy option's three main proposals, against the baseline 'do nothing' option. General assumptions and data used throughout the analysis are set out below. As a number of assumptions have been made, sensitivity analysis to demonstrate scale and direction of potential errors in those key assumptions is set out in Section F.

GENERAL ASSUMPTIONS AND DATA

(a) Public Disciplinary Hearings

20. The number of hearings is assumed to be 465 per year nationally, all of which are assumed to be heard publically under the reforms. This is based on the fact that in 2012/13 there were 285 cases at hearing stage, and that Police forces estimate that this will increase to 465 cases per year, taking into account the change since 12 January preventing officers resigning or retiring to avoid disciplinary action. Data was provided by the College of Policing on the potential number of additional cases. It is assumed all of these hearings will be heard publically.
21. Whether a public hearing is heard at an internal venue or an external hired venue will impact the cost to forces. In response to a 2013 National Policing Portfolio survey, 12 out of 22 forces stated that they had no internal facilities and would have to pay to use an external venue. This proportion (54.5%) is assumed to hold nationally. Applying this, it is estimated that there will be 211 public hearings at internal venues and 254 public hearings at external venues. The average hearing is assumed to last 3 days¹.
22. Where forces have an internal venue, it is assumed that this can be used at no additional cost with the exception of any additional staffing required (for managing members of the public in attendance, including providing any additional security that is required). Staff costs for internal venues are estimated to be £242 per day² on average. Where forces require use of an external venue, staff costs are estimated to be £348³ per day on average. This is higher than the cost of staffing an internal venue, with the indication being that there are greater staff requirements in non-police facilities (e.g. for security reasons).
23. There will also be the cost of hiring an external venue. This is estimated to be £820 per day⁴ on average in order to include all relevant facilities and rooms required for a public hearing.

¹ Estimate of 3 days is based on responses from PSDs to a National Policing Portfolio survey in 2014.

² Figure of £242 is based on estimates from 9 forces provided to the National Policing Portfolio in 2013.

³ Figure of £348 is based on estimates from 4 forces provided to the National Policing Portfolio in 2013.

⁴ Figure of £820 based on external venue hire estimates from 9 forces provided to the National Policing Portfolio in 2013.

24. There are also expected to be a number of appeals following disciplinary cases, which are assumed to be of equal duration to the initial hearings. 25.6% of cases are expected to result in appeal, based on the current appeal rate of 25.6%⁵ cases reaching the appeal stage.

(b) Compensation Payments

25. It is assumed that the cost to chief officers of removed or reduced compensation payments will be exactly offset by the saving to local policing bodies of no longer making payments, or for reducing these payments.

(c) Legally qualified chairs

26. It is assumed that the fees and expenses of a legally qualified chair are a maximum of £1,995. This is based on police estimates of the fees of legally-qualified chairs at Police Appeals Tribunals for a three day hearing.

27. It is assumed that the cost of a Chief Constable over a 3 day hearing is £1,836⁶ plus a weighted average cost of £353 per case for legal advisors, which incorporates a 47% figure (as legal advisors are only used in 47% of cases)⁷.

28. It is assumed that there will be initial training costs for legally qualified chairs. This is assumed to cost £600 per chair, based on estimates of the provision of training to Police Appeal Tribunal chairs⁸. It is assumed that there will be one chair for each of the 43 police forces in England and Wales, all of which will be trained in the transition year. There is expected to be a retraining rate of approximately 2 chairs per year thereafter.

COSTS AND BENEFITS

Option 0 - Make no changes at present (do nothing)

Benefits

29. There are no additional costs under this option.

Costs

30. There are no additional benefits under option.

Option 1: Amend regulations to: (a) hold disciplinary hearings and appeals tribunals in public, (b) implement recommendation 51 of the Winsor review, and (c) introduce legally qualified chairs to disciplinary hearings.

a) Police disciplinary hearings, appeals and special case hearings are held in public by default

Costs

31. There is likely to be an additional financial cost to police forces to administer the hearings in public.

32. Additional staff costs for internal venues are estimated to be £726 per hearing. This amounts to £0.15m⁹ per year based on 211 public hearings at internal venues.

⁵ Based on data collected from Professional Standards Departments for 2012-13 cases.

⁶ Based on average salaries in 2013, including a 17.8% uplift for non-wage labour costs.

⁷ Taken from data gathered from various police forces' Professional Standards Departments covering cases in 2012-13

⁸ This is based on the per chair cost of currently planned training for PAT chairs, as estimated by the Home Office and College of Policing. PAT training is anticipated to cost around £12k for 20 chairs, with an inferred cost of £600 per chair.

⁹ The annual costs of internal hearings being: (£242 staff costs x 3 days) x 211 hearings.

33. Additional staff costs for external hired venues are estimated to be £1,044 per hearing. There is also the cost of the external venue hire itself, which is estimated to be £2,460 per hearing. Combined these two costs amount to £0.9m¹⁰ per year based on 254 hearings at external venues.
34. The cost of public disciplinary hearings is therefore estimated to be £1.05m per year.
35. We also estimate there to be 119 cases which will proceed to the appeal stage; based on the current appeal rate of 25.6% cases which do so. Assuming appeal cases are the same duration as initial hearings, the same proportion of externally and internally held hearings and the same staff and venue costs apply, and so the cost of public appeal hearings is estimated to cost £0.25m per year.
36. These two figures give an estimated annual cost of **£1.3m¹¹**. Over ten years, this represents a total cost of **£11.3m** in present values.
37. There may be other costs associated with a public hearing, such as the provision of refreshments. Refreshments might need to be provided to the public where appropriate. In some instances this is included in venue hire estimates and, whether in internal or external venues, the public can feasibly be charged for these in any case. Therefore this is not considered to be an imposed cost on forces.
38. A significant number of consultation respondents expressed concern at the potential costs in administering and accommodating public hearings. However, respondents also suggested that the various exemptions available would mean that many hearings would continue to be held in private, thus reducing the costs. It will be for the independent legally-qualified chair to use their discretion in such cases, which acts as a safeguard to ensure that part or all of a hearing is in private only in the appropriate circumstances. The estimates above assume that all anticipated hearings and appeals will be heard in public. Due to the varied nature of exemption criteria as outlined in Paragraph 8, it has not been possible to estimate the number of public hearings which might be avoided. No evidence has been provided to allow us to adjust our best estimate, but the potential for fewer hearings is explored in sensitivity analysis in Section H.
39. Similarly, some respondents suggested that a preliminary case management stage could be included, whereby the chair considers written representations from the main parties to the hearing, limited to the officer subject to the proceedings and any victims or witness in the case, and makes a decision as to whether it should be held in private or in public. This could make the process more efficient and reduce some costs and should be considered by forces.
40. The Government does not intend to prescribe how forces hold hearings in public, though forces will be expected to ensure public access is granted wherever possible, including through sharing resources with other forces where feasible.
41. There are also some non-monetised costs related to this measure. There may be a minimal cost involved in publishing the details of the hearing. There could be a cost to officers in terms of damage to their reputation if there is an adverse outcome for them and that information is made public. There will also be travel costs for any members of the public who elect to attend the public hearings, though we assume that these would be outweighed by the non-financial benefit they gain from attending.
42. There may be a familiarisation cost to police forces, panel members and police officers as a result of this change. In the public consultation the following question was asked: 'What familiarisation costs will there be for police forces? For example the cost of training staff on the new aspects of the system'. While some respondents noted that some additional training will be required for those involved in hearings, forces were unable to estimate the actual costs that would be incurred.

Benefits

43. Holding misconduct hearings, special case hearings (where a hearing is required) and appeal hearings in public by default should:

¹⁰ The annual costs of external hearings being: ((£348 staff costs x 3 days) + (£820 venue hire x 3 days)) x 254 hearings.

¹¹ All summary figures are rounded to the nearest £100,000.

- Ensure that the robust response to misconduct that police forces take is visible;
- Promote greater consistency in decision making by panels;
- Ensure that the panels for such hearings discharge their duties with the greatest possible degree of professionalism;
- Ensure hearings proceed, and decisions get made, in an expeditious manner; in future where the panel is dilatory this would be exposed to the public and in the media;
- Encourage only legitimate legal arguments to be made in defence of officers; and
- Increase the deterrent effect on other officers through greater visibility of outcomes.

44. A large number of respondents thought that hearings in public would increase transparency, accountability and improve public confidence. Some were of the view that public hearings will expose to scrutiny any delays in the system and any flaws could therefore be addressed. Others agreed that the public will have a better understanding of the system, and any misconceptions regarding police discipline are likely to be alleviated.

45. Due to difficulty in measuring the impacts of this reform, no suitable evidence or data has been found or gained through public consultation and stakeholder engagement to enable us to reliably monetise these benefits.

b) Disciplinary hearing panels for senior officers are given the ability to remove or adjust compensation payments, as laid out in a chief officer's contract of appointment, if they are subject to a disciplinary finding (Winsor recommendation 51)

Costs

46. There is likely to be a cost to chief officers who are subject to a disciplinary finding, should disciplinary hearing panels exercise their new power to remove or adjust compensation payments. These costs will be subject to variance in contractual conditions and the unpredictability of cases that occur. In any case, it is expected that the cost to chief officers will be exactly offset by the benefit to Police and Crime Commissioners' of removing or making reduced, compensation payments.

47. There may be a familiarisation cost to police forces, panel members and police officers as a result of this change. In the public consultation the following question was asked: 'What familiarisation costs will there be for police forces? For example the cost of training staff on the new aspects of the system'. While some respondents noted that some additional training will be required for those involved in hearings, forces were unable to estimate the actual costs that would be incurred.

Benefits

48. There will be some financial savings local policing bodies where compensation payments are reduced or removed. The number of cases is generally expected to be low and the amount of compensation could vary significantly. The number of senior officer cases where this could apply varies significantly. The levels of compensation are also likely to vary between contracts. As previously noted, it is expected that the benefit to local policing bodies will be exactly offset by the costs to chief officers of having reduced or removed compensation. .

49. There was some support in the public consultation for removing or restricting compensation in certain cases.

c) Legally qualified chairs are introduced into disciplinary hearings

Costs

50. There will be costs from paying the fees for legally qualified chairs, but this is considered as part of the net benefit of changing the composition of panels, as described in the benefits section below.

The estimated costs are based on the current fees for Police Appeals Tribunal (PAT) chairs, which is the maximum rate we would expect forces to pay. Forces will have discretion to set their own fee rates for legally-qualified chairs, therefore it is expected that costs will be lower than those for PATs. This will be set out in guidance. Recruitment costs are expected to be low and that forces will be able to carry out the recruitment as part of business-as-usual, given the implementation period provided.

51. Respondents to the consultation expressed concern about the cost of legally-qualified chairs, however, no forces were able to estimate the additional costs that this would entail in comparison to the current panel structure. One force suggested that factors such as the initial and update training of legal chairs, the practice of quality assurance and any expenses if drawn from a regional or national pool could all increase costs above the hearing fees. Given the level of qualification the chairs will hold, it is estimated that any training costs will be low and will be limited to the process, rather than the legislation which governs the system. However, there are plans to provide training to newly recruited PAT chairs through the College of Policing and we expect legally qualified chairs of disciplinary hearings to receive comparable training.
52. This training is estimated to cost £26k¹² in the year of implementation, based on a cost of £600 per chair and on one chair for each of the 43 police forces in England and Wales. Thereafter, it is expected that 2 new chairs per year will require training, at an estimated cost of £1k per year.

Benefits

53. Police forces will pay the fees for legally qualified chairs rather than using senior officers. The fees for legally qualified chairs is more than offset by freeing up the time of the senior officer who currently chairs the hearings and removing the need (in 47% of cases¹³) for legal advisors. Changing the composition of the hearings decreases overall costs by approximately £194 per case on average¹⁴.
54. In 2012/13 there were 285 cases at hearing stage but police forces estimate that this will increase to 465 cases per year, taking into account the forthcoming change to prevent officers resigning or retiring to avoid dismissal. This generates an estimated annual benefit of **£0.1m** per year¹⁵. Over ten years, this represents a total benefit of £0.8m in present values.
55. Because forces will need to pay fees to legally qualified chairs and may not be able to cash the savings from senior officers, on a purely financial level forces may face a cost.
56. There is also likely to be an improvement in the quality of the judgements following a hearing, which should reduce the number of appeals that are lodged on technical issues. During engagement with PSDs, 7 of the 8 respondents felt that introduction a legally qualified chair would not affect the number of appeals. A number of justifications were presented for this view, with 4 respondents having had no appeals lost on a basis that would have been influenced by a legally qualified chair. Furthermore, 3 respondents stated that officers will never be deterred from appealing; due to factors such as zero cost of appeal or persistence in challenging an outcome of dismissal.
56. This will also introduce more independence into the panel, whilst retaining the expert voice of the police on the panel, which could have a positive impact on confidence of both the public and police officers themselves in the disciplinary system. The majority of respondents to the public consultation stated that the introduction of legally qualified chairs would result in sound and legally reasoned judgments, reduced appeals, fair and consistent decisions, greater transparency and increased public confidence. Some respondents commented that any additional costs would be offset by freeing up time from senior officers who might otherwise be the chair.

¹² Rounded to the nearest £1,000.

¹³ Taken from data gathered from various police forces' Professional Standards Departments covering cases in 2012-13

¹⁴ This uses Police estimates of a maximum £1,995 per case for the fees and expenses of a legally qualified chair, which is based on the fees of legally-qualified chairs at Police Appeals Tribunals for a three day hearing. This is compared with a cost of £1,836 for a Chief Constable (based on average salaries in 2013 - including a 17.8% uplift for non-wage labour costs in line with Eurostat average) plus a weighted average cost of £353 per case for legal advisors, which incorporates the 47% figure. The average net saving per case is therefore calculated as £1,836 + £353 - £1,995 = £194.

¹⁵ The total net benefit is therefore calculated as: (465 x (£1,836 + £353)) - (465 x £1,995) = £1.02m - £0.93m = £0.1m rounded.

Net Effect

57. The best estimate of the net effect of this policy is a cost of **£10.5 million** over ten years in present values. The average annual value is a cost of £1.2 million.

Table F.1

	<i>Average Annual Value</i>	<i>Net Present Value (Over 10 Years)</i>
Costs	£1.3m	£11.3m
Benefits	£0.1m	£0.8m
Net	-£1.2m	-£10.5m

58. A number of assumptions were made in the calculation of the costs and benefits presented above. Sensitivity analysis has been conducted in order to demonstrate the scale and direction of potential error resulting from assumptions. The details and results of this analysis can be found in Section F.

One-In-Two-Out

This policy has no impact on business and so is not in scope for One-In-Two-Out.

G) Rationale for the level of analysis used in this impact assessment

59. Some of the costs and benefits have not been monetised due to a lack of available data. The Government sought additional data through the public consultation and a further request was also made through stakeholder engagement to a sample of police forces and PSDs, however the response has been limited in places. The consultation and stakeholder engagement highlighted difficulties in monetising impacts due to the hypothetical nature of the reforms and potential impacts and a lack of precedent to facilitate estimation.

H) Risks and sensitivities

60. There is an overall assumption that holding hearings in public will increase the confidence that the public have in the integrity of the police.

63. There is some uncertainty over the underlying assumptions behind the cost of holding public hearings. In order to demonstrate scale and direction of potential errors, this section features sensitivity analysis of changes to some assumptions. The assumptions are considered separately for their effect on average annual net cost and net present value over 10 years, holding all other variables constant at their best estimates. They are finally examined in conjunction to establish headline upper and lower bound estimates.

Sensitivity Analysis

Number of cases heard publically each year

64. The number of cases that will be heard publically each year could vary from the assumed figure of 465.

65. Variance could occur because the number of cases is based on the fact that in 2012/13 there were 285 cases at hearing stage, and that police forces estimate that this will increase to 465 cases per year, taking into account the forthcoming change to prevent officers resigning or retiring to avoid dismissal. Data was provided by the College of Policing on the potential number of additional cases. If there are fewer or more hearings than we have assumed then the monetised costs and benefits would decrease or increase respectively.
66. Variance may also occur if a proportion of hearings are heard in private due to specific exempting circumstances as set out in Paragraph 8, including where hearings are avoided due to implementation of a preliminary case management stage with written representations.
67. Therefore there are a number of potential effects biasing the estimate downwards. In reflection of this, the lower bound case assumes a decrease of 20% in the number of disciplinary cases heard in public. Table H.1 below demonstrates the cost implications of this variation

Table H.1

	Best Estimate	Lower Bound
Number of disciplinary cases heard in public	465	372
Annual cost of disciplinary cases	£1.05m	£0.8m ¹⁶
Annual cost of disciplinary case appeals ¹⁷	£0.25m	£0.2m
Average annual cost	£1.3m	£1.0m
Average annual net effect	-£1.2m	-£1.0m
Net present value (Over 10 years)	-£10.5m	-£9.0m

68. Sensitivity analysis demonstrates that variations in the average annual number of disciplinary cases heard publically could change the costs of this policy significantly.

The cost of venue hire

69. The cost of hiring an external venue in order to hold a public hearing could vary from the assumed figure of £820 per day.
70. Variance could occur because the average figure used in the Impact Assessment is taken from responses by a number of police forces to the National Policing Portfolio in 2013. Estimates ranged from £300 to £1,622.
71. To reflect this range, the lower bound case assumes the cost of external venue hire is equal to the lowest estimate provided, which was £300, and the upper bound case assumes it is equal to the highest estimate provided, which was £1,622. Table H.2 demonstrates the cost implications of this variation.

	Best Estimate	Lower Bound	Upper Bound
External venue hire (per day)	£820	£300	£1,622
Average annual cost of venue hire	£0.6m	£0.2m	£1.2m
Average annual cost	£1.3m	£0.8	£2.1m
Average annual net impact	-£1.2m	-£0.7	-£2.0m
Net Present Value (Over 10 years)	-£10.5m	-£6.2m	-£17.1m

¹⁶ This is the sum of annual internal and external hearing costs. The annual costs of external hearings would be: (£1044 staff costs + £2460 venue hire) x 203 hearings. The annual costs of internal hearings would be: £726 x 169 hearings.

¹⁷ Maintaining the assumption that appeals represent the same cost and are made at a rate of 25.6%.

72. While it is unlikely that every police force will face the upper or lower bound estimates presented here, given that these figures are outliers of the initial sample, this sensitivity analysis demonstrates that variations in the average annual number of disciplinary cases heard publically could change the costs of this policy significantly

Overall upper and lower bound sensitivity estimates

73. Table H.3 summarises these estimates and shows the cumulative effect of upper and lower bound estimates in the variables described above on average annual net cost.

74. In previous tables, an upper bound estimate has been reflective of a lower Net Present Value and a lower bound estimate has been reflective of a higher Net Present Value. This is because the calculated Net Present Values are negative (i.e. costs exceed benefits). In Table H.3, this is reversed, as a lower bound estimate should represent the lowest Net Present Value of a policy.

Table H.3

	Best Estimate	Lower Bound	Upper Bound
Average annual net impact	-£1.2m	-£2.0m	-£1.06m
Net Present Value (Over 10 Years)	-£10.5m	-£17.1m	-£4.9m

I) Wider Impacts

73. If the policy options outlined in option 1 lead to a more efficient and effective police disciplinary system the result could be an increase in public confidence in the police.

J) Preferred option and implementation

74. Our preferred option is to implement option 1 through amendments to secondary legislation within this Parliament. The impact of the changes will be monitored and evaluated over the course of the next 12 months, working closely with the National Portfolio for Complaints and Misconduct and regional Professional Standards representatives..