

<b>Title: Prevention or restriction of use of communication devices for the purpose of drug dealing</b> <b>IA No: HO 0280</b> <b>Lead department or agency:</b> Home Office <b>Other departments or agencies:</b> National Crime Agency Police	<b>Impact Assessment (IA)</b>			
	<b>Date: 26/07/2017</b>			
	<b>Stage: Final Stage</b>			
	<b>Source of intervention: Domestic</b>			
	<b>Type of measure: Secondary legislation</b>			
<b>Contact for enquiries:</b> Liz.Crocker@homeoffice.gsi.gov.uk				

<b>Summary: Intervention and Options</b>	<b>RPC Opinion: Fit for purpose</b>
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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 (EANDCB on 2014 prices)	One-In, Three-Out?	Business Impact Target Status
£-3.8m	Zero	Zero	N/A	Qualifying provision

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

'County lines' describes the approach taken by criminal gangs originating in large urban areas, who travel to suburban areas or county or coastal towns to sell illegal drugs. The gangs use mobile phones to promote and orchestrate the sale of drugs. The 'deal line' phone number is heavily marketed to users as a way of buying drugs and is therefore absolutely essential to this county lines operating model. These gangs typically use and criminally exploit vulnerable young people and adults to move drugs and cash. There is currently no legal power to compel communication providers to close down mobile phone lines used in county lines gang drug dealing operations.

**What are the policy objectives and the intended effects?**

The objective is to enable the police to disrupt the county lines operation by shutting down 'deal (phone) lines' if the police are unable to take physical possession of the handset or SIM card. Shutting down these phone lines will effectively reduce the gang's ability to deal drugs and will hamper their county lines operation. This would provide a vital tool for the police when the anonymous nature of the deal line means it is not possible to identify and charge the phone owner and bring a criminal prosecution. Successful disruption of county lines operations will have significant societal benefits helping to protect the vulnerable children and adults targeted and criminally exploited by county lines gangs.

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

Option 1. Do nothing: This is the baseline option against which the costs and benefits of the other option is assessed.

Option 2. Introduce secondary legislation. Introduce regulations which give effect to Section 80A of the Serious Crime Act 2015: Prevention or restriction of use of communication devices for drug dealing, a new power to help tackle the issue of county lines drug dealing. The regulations will set out how the police or the NCA can apply to the courts for a drug dealing telecommunication restriction order (DDTRO). The effect of the order is to compel communication providers to disconnect mobile phone lines used to deal drugs as part of county line operations.

**Will the policy be reviewed? It will be reviewed. If applicable, set review date: A review will be conducted five years after Royal Assent as part of the legislative scrutiny process.**

Does implementation go beyond minimum EU requirements?	No			
Are any of these organisations in scope?	<b>Micro</b> No	<b>Small</b> No	<b>Medium</b> No	<b>Large</b> Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	<b>Traded:</b> n/k		<b>Non-traded:</b> n/k	

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

Signed by the responsible Minister:



Date: 26/07/2017

# Summary: Analysis & Evidence

# Policy Option 2

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2017	PV Base Year 2017	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -£3.8	High: -£3.8	Best Estimate: -£3.8

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant)	Total Cost (Present Value)
Low		0.5	4.3
High		0.5	4.3
Best Estimate		0.5	4.3

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

There will be a cost to the National Crime Agency (NCA), the Police, Police Service of Northern Ireland (PSNI) and Her Majesty's Courts and Tribunal Service (HMCTS). The NCA, Police and PSNI will incur court application costs of between £9,000 and £12,000 for the first year of the policy and the Police will incur court costs of £43,000 for years 2 to 10. The Police will incur staff costs of £54,000 for years 2 to 10 of the policy. PSNI will incur staff costs of around £1,000 per year. Communication providers will incur staff costs of £22,000 per year. However, communication providers can apply to recover their costs so there is no net cost to business.

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

There is a small risk that customer's line and/or handset is incorrectly identified as being used by gangs and blacklisted in error. The legislation provides a right of appeal.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant)	Total Benefit (Present Value)
Low		0.1	0.5
High		0.1	0.5
Best Estimate		0.1	0.5

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

The courts will receive higher volumes of court order applications. The benefit from fees charged will be equal to the cost to the NCA and Police of applying for court orders. The value of this benefit is estimated to be between £9,000 and £12,000 in the first year and around £43,000 in years 2 to 10. There will also be a benefit to business equal to the cost, as communication providers will claim their costs back from law enforcement. The cost will therefore fall to the police.

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

The economic and social cost of drug supply in England and Wales is around £11.5bn. Effective use of the DDRO should disrupt the illegal drug supply and organised crime and lead to substantial societal benefits, including preventing exploitation and abuse of children and vulnerable people. An aim of this policy is to reduce violence originating from County Lines gangs. Given that the economic cost of a wounding is £11,000, the policy would need to prevent less than 40 woundings per year to break-even.

### Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Assumptions: The number of phone lines being closed every other month remains constant. Wages remain constant.

Sensitivities/risks: It is not possible to predict how frequently this legislation will be used and how many phone lines will need to be disconnected. Therefore, there is a risk that the number of orders could increase over time and the costs calculated would be an underestimate. However, the number of orders could decrease over time and these costs would be an overestimate.

## BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: £22,000	Benefits: £22,000	Net: £0	0

# Evidence Base (for summary sheets)

## A. Strategic Overview

### A.1 Background

- 1.1. The issue of 'county lines' first emerged within England and Wales in 2014. 'County lines' is the term used to describe the approach taken by criminal gangs originating in large urban areas, who travel to locations elsewhere, such as suburban, county or coastal towns, to take over drug markets and sell class A drugs (predominately crack cocaine and heroin). The county lines gang exploits the fact that urban gang members are relatively unknown to law enforcement agencies in the new area and there is little or no local gang competition. To support the gang's market expansion and drug dealing operations the gangs typically recruit and exploit children, vulnerable young people and adults through deception, intimidation, violence debt bondage and/or grooming. Criminally exploited individuals are used to move drugs and cash to and from the urban area and to carry out street level drug deals in the county lines market towns.
- 1.2. Looked after children, young people reported as missing or with poor school attendance and young people from broken homes are particularly targeted by county lines gangs. The National Crime Agency (NCA) believe the most vulnerable adult groups include those with mental health issues, drug users, adults with physical health problems and those recently released from custody. Vulnerable adults are also being targeted so that their homes can be used as a local base for drug dealing through a practice known as 'cuckooing'.
- 1.3. County lines gangs are known to target children and vulnerable adults because they believe they are easier to influence and intimidate and also less likely to be stopped and searched by the police, allowing gang members to distance themselves from the illegal activity. Once caught up in county lines, exploited individuals are at risk of extreme physical and/or sexual violence, gang recriminations and trafficking.
- 1.4. The most recent NCA national assessment on county lines was published in November 2016 and identified mobile phone lines as central to the county lines model<sup>1</sup>. County lines gangs use mobile phones to promote and orchestrate the sale of drugs 24 hours a day. When establishing a new county lines market, gang members and exploited individuals will promote a phone number locally as the number to call if a person wants to buy drugs, referred to by law enforcement as the deal line. The deal line phone is usually passed between a number of senior gang members outside the county lines location, so allowing them a greater degree of anonymity. Once an order is received via the deal line, the senior gang member uses a different phone to contact the gang members and /or criminally exploited person in the drug user's locality and instructs them to supply the drugs. These deal lines are

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<sup>1</sup> <http://www.nationalcrimeagency.gov.uk/news/958-county-lines-drug-networks-now-a-nation-wide-issue>

known to facilitate hundreds of deals a day; the NCA estimates that gangs can make around £2000 per day through the drugs supplied to a single county lines market.

- 1.5. The NCA assess that shutting down phone lines and disabling mobile handsets used to deal and supply drugs will significantly impact upon county lines gang related drug supply and associated exploitation. The only way police can currently shut down a phone line involved in illegal drug dealing activity is by physically taking possession of the phone/ SIM.
- 1.6. The Home Office reviewed existing legislation and found there was no existing legal power to compel communication providers to disconnect mobile phone lines used in county line drug dealing activity. Following early consultation with communication providers it was concluded that voluntary closure of the phone lines was not possible and that the decision to close down a phone line used to deal drugs should lie with the courts, so providing the communication providers with clear legal basis to take action.
- 1.7. To address this operational requirement of the police and the NCA the Government, via the Digital Economy Bill, introduced a new clause; Section 80A of the Serious Crime Act 2015: Prevention or restriction of use of communication devices for drug dealing. The new provision is designed to support the Police and the NCA in tackling the issue of county lines and allows the police or the NCA to apply for a court order, a drug dealing telecommunication restriction order (DDTRO), to compel communication providers to close down mobile phone lines used in county lines drug dealing. The clause provides the power for the Secretary of State to make regulations setting out the detail of how the power can be exercised by courts in England, Wales, Scotland and Northern Ireland.<sup>2</sup>
- 1.8. The current intelligence picture indicates that the issue of county lines is almost exclusively within England and Wales. Northern Ireland has reported limited county lines activity and this impact assessment includes their expected use of the power. It was agreed, in consultation with the devolved administrations, that it was important for the regulations, when introduced, to be available for the whole of the UK. This is to ensure that by taking action to tackle county lines in England, Wales and Northern Ireland we are not driving or displacing criminality to Scotland. It is also important that all administrations are equipped to tackle county lines, should it present itself in the future. It is hoped that through effective use of the power in England and Wales and Northern Ireland the county lines model will cease to be an effective operating model and it will not spread further. Police Scotland are currently conducting a county lines intelligence gathering exercise, the conclusions of which may result in them using the power.

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<sup>2</sup> Impact Assessment Primary Legislation Prevention or restriction of use of communication devices for the purpose of drug dealing IA Number: HO0264 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/585780/2017-01-19\\_drug\\_dealing\\_communications\\_-\\_impact\\_assessment.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/585780/2017-01-19_drug_dealing_communications_-_impact_assessment.pdf)

## **A.2 Groups Affected**

- 1.9. **Vulnerable young people and adults** - As mentioned in A.1 the criminal exploitation of vulnerable young people and adults is a key part to county lines operations, market expansion and domination, as they are essential to support the business generated by the deal line. As more urban gangs pursue drug markets via county lines activity the threat to the most vulnerable in our society continues to increase.
- 1.10. **Society** - The 24-hour drug supply into the county lines market has obvious detrimental impacts on addicts' health and is understood to drive speculative crime rates higher in order to fund drug habits. County lines gang turf wars have been known to break out in county locations as the drug markets become saturated by numerous county lines gangs. As a result, some areas affected by county lines have seen an increase in incidents of violence, including knife crime.
- 1.11. **The police** - The most recent NCA report states that over 70% of police forces in England and Wales are now reporting established county lines activity within their area. Police Service of Northern Ireland also reporting county lines activity. The police have to respond to the county lines drug supply, related gang violence and resulting safeguarding issues for exploited individuals. The police and the NCA are the applicant authority for a Drug Dealing Telecommunication Restriction Order (DDTRO).
- 1.12. **Her Majesty's Courts and Tribunal Service (HMCTS)** - The courts will be affected by this policy as there will be new court applications.
- 1.13. **The communication providers** - as network providers to these 'deal (phone) lines', communication providers are impacted when ordered to shut phone lines.
- 1.14. **The telecommunications device owner** would be impacted if their phone had been closed down as a result of a DDTRO. The police or NCA would have to present evidence to satisfy a judge that a phone line is a deal line. If the phone line is closed down a safeguard will be in place to ensure the handset is still able to contact the emergency services.

## **A.3 Consultation**

We have held a number of meetings with key partners to help inform the development of the regulations. We have consulted and worked with:

- The NCA, the National Policing Lead (NPL) for Gangs, Metropolitan Police Service, PSNI, Police Scotland and a number of other police forces within England and Wales.
- Ministry of Justice
- HMCTS
- Members of the judiciary
- Communication providers

- Ofcom
- Devolved Administrations

## **B. Rationale**

- 2.1. Tackling the issue of county lines is one of the six priorities within the Government's approach to Ending Gang Violence and Exploitation<sup>3</sup> published in January 2016.
- 2.2. Organised crime and county lines operations is a threat to the well-being and security of our society. County lines gang criminality relies on the recruitment, coercion and systematic criminal exploitation of the most vulnerable members of our communities. The government has a role in protecting its citizens and ensuring law enforcement agencies have the necessary powers to stop illegal drug dealing activity.
- 2.3. The NCA's annual assessment on county lines (County Lines, Gang Violence, Exploitation and Drug Supply, 2016) gathered evidence from police forces across England and Wales. From the data provided by the police in excess of 200 young and vulnerable persons were identified as being exploited by county lines gangs within a 6 month period (January – June 2016). This figure is considered to be an under-estimate as exploited individuals are often unwilling to talk to the police and they will often only be identified as a result of proactive police operations. Additionally the figure does not include those exploited individuals who are submitted to, or identified by, community safeguarding partners. The NCA's assessment also highlighted the continuing trend of exploited children and the growing role of adult females within county lines operating models; however no police force was able to estimate a number of adult females involved. Effectively disrupting the county lines operating model will help to protect the most vulnerable in our society and is expected to bring about wider societal benefits including reducing criminal exploitation and abuse of children and vulnerable adults and associated child sexual exploitation.
- 2.4. The NCA's report 'County lines gang violence, exploitation and drug supply 2016' states:
 

*“Non-contract mobile phones remain central to county line market domination, customer communication, supply tactics and logistics. It is common for the holder of the ‘deal line’ to operate with anonymity and distance from the market. We assess that disrupting this criminal tactic would have a significant impact upon gang related class A drug supply and associated exploitation.”*
- 2.5. The deal line handset is typically held well away from local street level drug dealing activity, it will normally be a 'pay as you go' line with limited personal data associated with it and the phone line will often be passed between gang members. All these factors make it hard for the police to gain possession of the deal line handset and achieve prosecutions against an individual for the activity on the line. Where it is

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<sup>3</sup> <https://www.gov.uk/government/publications/ending-gang-violence-and-exploitation>

possible to link an individual to a county lines deal line, police will always pursue the prosecution option. However as the threat currently stands there are a significant number of phone lines, known to be used for dealing drugs and the police have no powers available to close these down.

- 2.6. As mobile phone technology becomes cheaper, more sophisticated and more widespread, a new flexible approach is needed to disrupt mobile phones used by county lines gangs to supply illegal drugs.
- 2.7. Precedent for this type of legislation is provided by section 80 of the Serious Crime Act, 2015 (SCA 2015) and the accompanying secondary legislation: The Telecommunication Restriction Orders (Custodial Institutions) (England and Wales) Regulations 2016 (TROs Regs).
- 2.8. Section 40D of the Prison Act 1952 makes the possession and use of an unauthorised mobile phone in prison a criminal offence. The Offender Management Act 2007 made it an offence to convey a mobile phone into or out of a prison. However, it is not always possible to attribute mobile phone use or possession to a named offender and prosecutions under these powers are rare. It was therefore necessary for new powers to be introduced in order to allow National Offender Management Service and specified law enforcement bodies to remotely shut down these illegal phones without the requirement to take possession of the handset or SIM card.
- 2.9. The Telecommunications Restriction Order (TRO) confers on the County Court powers to compel communication providers to prevent or restrict the use of communications devices (including mobile phones) in custodial institutions. In practice, the communication provider will close down handsets and disconnect SIM cards that are found by a Judge to be inside prisons and not in the possession of anyone with authority to possess the mobile phone.

### **C. Objectives**

- 3.1. The objective is to disrupt county lines gangs' drug dealing operations. Remotely closing down these deal lines will quickly and effectively disrupt the gangs' ability to deal drugs, stopping the 24-hour drug supply enabled by the county lines model, rendering the model ineffective. This, in turn, will reduce the incentive and need to groom and exploit children and vulnerable people to carry the drugs and cash supporting this model of drug dealing. Delivering benefits to society by protecting vulnerable adults and children from being exploited by these criminal gangs.
- 3.2. Shutting down the county lines 'deal (phone) lines' without the need to firstly take physical possession of the handset or SIM card would provide the police with a vital tool to disrupt county lines especially when, due to the anonymity of the deal line, they are unable to identify and charge the gang member who possesses the handset.
- 3.3. Once a county line is identified it will be down to the law enforcement agency to decide on the most effective enforcement approach: whether resources are best used

to investigate the identified phone line further to support criminal charges or to shut the line down. It is therefore hard to establish a target number of county line phone lines to be shut down in the first 12 months. However it is anticipated over 200 county line phone lines are shut down in the first year of the legislation.

## **D. Options**

- 4.1. Option 1. Do nothing: This is the baseline option against which the costs and benefits of the other option is assessed.
- 4.2. Option 2. Introduce secondary legislation: Introduce regulations which give effect to Section 80A of the Serious Crime Act 2015: Prevention or restriction of use of communication devices for drug dealing a new power to help tackle the issue of county lines drug dealing.
- 4.3. Regulations will set out the detail of how the police and NCA can apply to the courts for a DDTRO, compelling communication providers to take whatever action the order specifies to prevent the communication device from being used in connection with drug dealing offences. Such action may include blocking mobile phone handsets, phone numbers and SIM cards and preventing the porting (moving) of the phone number to exist on another network. This new power responds to an operational requirement of the police and will allow the police and the NCA to remotely close down a county lines deal line without having to take physical possession of the communication device. The mobile and phone number may be disabled but the ability to make emergency phone calls remains.
- 4.4. Option 2 is the preferred option.

## **E. Appraisal (Costs and Benefits)**

Option 1. Do nothing: This is the baseline option against which the costs and benefits of the other option is assessed.

Option 2. Introduce secondary legislation. Introduce regulations which give effect to Section 80A of the Serious Crime Act 2015: Prevention or restriction of use of communication devices for drug dealing through a new power to help tackle the issue of county lines drug dealing.

The following cost and benefits are based on the regulations extending to England and Wales, Scotland and Northern Ireland. As stated within paragraph 1.8 intelligence agencies report that county lines activity is currently almost exclusively within England and Wales. Northern Ireland has reported limited county lines activity and Police Scotland are currently carrying out a county lines intelligence gathering exercise.

The figures used within the IA are based on the current intelligence picture and are therefore based on DDTRO applications only occurring within England and Wales and Northern Ireland. However the regulations will cover the whole UK so that all administrations are equipped to tackle county lines, should county lines criminality present

itself in the future. Police Scotland as a result of their intelligence gathering exercise may use the power in the future.

## **COSTS**

- 5.1. The number of court orders applied for by the NCA in the first year of the policy is assumed to be between 24 and 34. The NCA has identified 200 phone lines to close down in the first month. Assuming that a separate court order is needed for each of the four communication providers, the NCA will need to apply for four court orders. Assuming that 200 replacement phone lines emerged every month, we estimate that a new order per communication provider would be needed every other month for the first year. This means that they are estimated to apply for 24 court orders. To capture the uncertainty that they may need to apply for court orders more frequently, the NCA has given 34 as an upper estimate.
- 5.2. In the second to tenth years of the policy, the relevant police forces in England and Wales will apply for the court orders rather than the NCA. We have estimated that the majority of court orders will originate from five police force areas. This assumption is based on current intelligence on the number of urban county lines 'hubs' together with the assumption that the police will put in place de-confliction processes to coordinate applications for DDTROs. It is assumed that the five police forces will continue to shut down 200 phone lines every other month. Each of these forces will apply for 24 court orders per year, so 120 per year in total.
- 5.3. In addition to these court order applications, the Police Service of Northern Ireland (PSNI) will apply for a court order to close down one phone line every six months. This results in an additional two court order applications per year.

### Business

- 5.4. The communication providers will incur costs when they disconnect those items from their networks. It has been assumed that the number of handsets/phone numbers and SIM cards referred for disconnection would be around 200 items every other month for England and Wales, and 2 phone numbers a year for Northern Ireland. The communication providers provided individual staffing costs to complete these actions. Each provider will incur an average cost of £9 to blacklist a handset and an average cost of £9 to disconnect a SIM card from the network. Assuming that providers are requested to both blacklist the handset and disconnect the SIM for all lines, the cost per item would be £18 in total. Therefore, the estimated cost will be around £22,000 per year.
- 5.5. Although the primary legislation states that the communication providers may be present during the application hearing, the current policy intent is that the regulations will set out that the DDTRO application hearing will be ex parte, with only the Judge and the applicant authority present. This is to ensure the potentially sensitive evidence and information used to build the case against a phone line is protected. Based on the evidence provided by the police or NCA the Judge will have to be satisfied that the phone line has been used to deal drugs, in consultation with key partners it was felt that

the presence or any representations by the communication providers will not help to reach a judgement on the order. Therefore the communication providers will not be invited to the application hearing and they will not incur any legal costs.

- 5.6. As the communication providers referred to here are large businesses, medium, small and micro businesses will not be affected by this power. It should also be noted that this legislation permits courts to allow the communication providers to apply to recover their costs in full. Therefore this cost will fall to law enforcement.

### NCA and Police

- 5.7. The cost of a county court order application is £355 in England and Wales.<sup>4</sup> In Northern Ireland the cost of a court order application is £165. The estimated court cost is therefore between £9,000 and £12,000 for the first year and around £43,000 for years 2 to 10. The NCA and Police in England and Wales will also incur staff costs of applying for the court orders. The NCA estimate that it would take approximately 1.5 officer days to produce the court order, including preparation work, internal checking procedures and attendance at Court. Home Office unit police cost estimates indicate that an hour of an officer's time is £38 for a sergeant or below. Assuming that police officers work an average of 8 hours per day, the staff cost per court order would be around £450. It is assumed that this level of staff cost would also be incurred by the NCA in the first year of the policy. The staff cost would then be between £11,000 and £15,000 for the first year and around £54,000 for years 2 to 10.
- 5.8. It has been agreed with PSNI that the same assumptions used to estimate police costs for England and Wales are also sensible assumptions for Northern Ireland. This will result in a cost of around £1,000 for each year of the policy.
- 5.9. The NCA, Police and PSNI will incur the cost of reimbursing losses to communication providers. As discussed in paragraphs 5.5 the cost is estimated to be around £22,000 per year of the policy.

### Courts

- 5.10. As this provision will increase the number of days that County Courts are hearing applications for orders, Her Majesty's Courts and Tribunal Service will also incur associated costs. The Ministry of Justice estimate that the annual cost to HMCTS will be around £100,000 for the first year and £400,000 for years 2 to 10. Using these estimates, it is assumed that courts in Northern Ireland will incur a cost of around £3,000 per year.

## **BENEFITS**

### Business

- 5.11. As discussed in paragraph 5.6 the cost to business will be reimbursed by law enforcement. Therefore, the benefit of this policy is estimated to be around £22,000 per

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<sup>4</sup> HMCTS, MoJ, Court fees for the High Court, county court and family court, Civil Court fees, Non-money claims <https://www.gov.uk/government/publications/fees-for-civil-and-family-courts/court-fees-for-the-high-court-county-court-and-family-court#non-money-claims>

year of the policy. This offsets the cost to communication providers, so the net cost to business of this policy is zero.

#### NCA, Police, Police Scotland and PSNI

5.12. In the long run this policy could drive gangs to move away from the 'County Lines' model and back to a traditional model of drug dealing in their local areas. This would prevent customers and dealers from conducting most of their activities at a distance and would force them to become more visible to the Police for all aspects of the deal. It would also cause dealers to carry greater quantities of drugs, increasing potential sentencing if seized and decreasing the likelihood of using vulnerable runners. The model would then become less efficient and less organised. This would have a positive impact on the public sector as the drug deals would become easier to police.

#### HMCTS

5.13. There will be a higher volume of Court Order applications as a result of this policy. The receipts from fees should be included as a benefit to the courts. This benefit will therefore be equal to the cost to the NCA, Police and PSNI of applying for court orders. The benefit to HMCTS will be between £9,000 and £12,000 in the first year and around £43,000 in years 2 to 10.

#### Society

5.14. Effective use of the DDTRO could lead to a range of significant societal benefits.

5.15. Mobile phone use by county lines gangs enables them to deal drugs and organise serious crimes. The economic and social cost of drug supply in England and Wales is around £11.5bn<sup>5</sup> per year, which includes the health costs of drug use. This policy aims to disrupt drug deals, although it is difficult to estimate the extent to which this will be successful. However, given that the cost of drug supply is so high, any disruption is likely to result in significant benefits to society.

5.16. One of the aims of this policy is to reduce the criminal exploitation of vulnerable people and prevent violence originating from county lines gangs. We have not calculated the monetised benefits of preventing gangs using mobile phones to sell drugs, as it is difficult to predict how many violent crimes will be prevented. However, given that the economic cost of a wounding is £11,000<sup>6</sup>, the policy would need to prevent less than 40 woundings per year to break-even. In 2015/16 there were 1.1m wounding offences in England and Wales<sup>7</sup>. This highlights how few offences would need to be prevented in order for the benefits of this policy to outweigh the costs.

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<sup>5</sup> Understanding organised crime: estimating the scale and the social and economic costs, £10.7bn uprated to 2015/16 prices [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/246390/horr73.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/246390/horr73.pdf)

<sup>6</sup> The economic and social cost of crime against individuals and households 2003/04, £8,852 uprated to 2015/16 prices and rounded <http://webarchive.nationalarchives.gov.uk/20100413151441/http://www.homeoffice.gov.uk/rds/pdfs05/rdsolr3005.pdf>

<sup>7</sup> Crime Survey England & Wales 2015/16

5.17. The estimated cost of organised child sexual abuse (CSA) to the UK is £1.2bn per year<sup>8</sup>. The policy will contribute to reducing these costs, as it aims to reduce the grooming and exploitation of children. As the cost of this area of organised crime is so large, any disruption is likely to bring significant benefits.

## F. Risks

- 6.1. If this measure proves to be effective the number of court order applications could increase in the short run. There is also a possibility that gangs will increase the number of phone lines they use and how often they change their phone numbers. This could result in the police applying for court orders more frequently, and the costs would increase. However, the number of phone lines used by county lines gangs is expected to decrease in the long run as they move towards a traditional drug dealing model. As the extent of these outcomes can not be accurately estimated, it is assumed that the number of phone lines disconnected, and the number of court orders applied for, remains constant between years 2 and 10 of the policy. The costs of the policy could therefore be an overestimate or an underestimate.
- 6.2. There is a small risk that a customer's handset is incorrectly identified as being used by gangs. This could lead to that customer's handset/phone number and SIM being blacklisted and disconnected through the inappropriate application of a 'Telecommunications Restriction Order'. However, the legislation provides for a right of appeal.

## G. Enforcement

- 7.1. The relevant police force or NCA will enforce this legislation by applying for a DDTRO in the county court, presenting the information to support the DDTRO application, the Judge will rule on the application.
- 7.2. The relevant police force or NCA will also ensure the communication providers comply with the DDTRO, ensuring they have shut down the phone line within the time limit stipulated in the order. Failure for the communication provider to comply with the DDTRO could result in a breach of the court order.

## H. Summary and Recommendations

8.1. The table below shows the costs and benefits in each year of the policy.

	Year	Year 1		Years 2 – 10 (per year)
		Low	High	
Costs	Business	£22,000	£22,000	£22,000
	NCA/Police	£42,000	£50,000	£120,000
	HMCTS	£103,000	£103,000	£403,000

<sup>8</sup> Understanding organised crime: estimating the scale and the social and economic costs, £1.1bn updated to 2015/16 prices [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/246390/horr73.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/246390/horr73.pdf)

	Business	£22,000	£22,000	£22,000
Benefits	HMCTS	£9,000	£12,000	£43,000

The cost to business includes the legal and staff costs incurred by communication providers. This is offset by the benefit to business of law enforcement agencies reimbursing their costs. The cost to the NCA and the Police includes the reimbursement cost, staff costs and the cost of applying for court orders. The court order cost is offset by the benefit to HMCTS of receiving court order applications. The cost to HMCTS is the resources cost of having to work on a higher volume of cases.

8.2. The table below outlines the costs and benefits of the proposed changes.

Table H.1 Costs and Benefits		
Option	Costs	Benefits
2	<p><u>Monetised:</u> -£4.3m net present value over 10 years.</p> <p><u>Non-monetised:</u> Small risk of erroneous disconnection of phone not being used by gangs</p>	<p><u>Monetised:</u> £0.5m net present value over 10 years.</p> <p><u>Non-monetised:</u> Effective disruption of County Lines gangs. Crime reduction benefits have not been quantified as it is difficult to accurately predict how many serious crimes would be prevented. However, research outlined in the benefits section suggests the costs of drugs supply and organised CSA are very high (£11.5bn and £1.2bn respectively) therefore the benefits from disrupting drug suppliers and reducing the risk of exploiting children and vulnerable adults could be large.</p>

## I. Implementation

- 9.1. The regulations when introduced will cover England, Wales, Scotland and Northern Ireland.
- 9.2. The regulations may engage the EU Technical Standards Directive (Directive 2015/1535/EU (formerly Directive 98/34/EC)). As a result, we intend to notify the European Commission and could be required to observe a three-month standstill period before laying the secondary legislation. We are seeking an urgency exemption from the three-month standstill on the grounds of public policy and the protection of minors.

- 9.3. The regulations are subject to the affirmative procedure and will be discussed by both Houses of Parliament. The regulations should be laid before Parliament by the autumn of 2017 and available to be used by the police and the NCA by the end of 2017.
- 9.4. The stakeholders involved are listed at A.2. Guidance will be required for the communication providers and guidance /training will be required for the Judiciary, Her Majesty's Courts and Tribunal Service, Treasury Solicitors and the police and NCA.
- 9.5. The creation of the DDTRO delivers against the Government's Manifesto commitment to cut crime and to make communities safer; therefore the *one in, three out* rule does not apply.

## **J. Monitoring and Evaluation**

- 10.1. The NCA, Police Scotland and the Police Service of Northern Ireland will continue to support information gathering and dissemination of thematic/emerging insight of criminal methods and geographical spread on the threat of county lines, producing relevant assessments where needed. The NCA, Police Scotland and the PSNI and will ensure any future national assessments capture any impacts of the application of the DDTROs. The baseline against which the impact of the DDTRO will be assessed will be the NCA's 2016 County Lines National Assessment<sup>9</sup>, it is hoped through effective use of the power the police will be able to disrupt county lines drug markets rendering the model inoperable. Home Office, in collaboration with the devolved administrations, will conduct a review of effectiveness of the legislation five years after the introduction of the legislation.

## **K. Feedback**

- 11.1. On the issue of county lines and ending gang violence and exploitation there is ongoing dialogue between NCA, police, Home Office, the voluntary sector, devolved administrations and other agencies, allowing the Home Office to receive feedback from a range of organisations.
- 11.2. To inform the formal review of this legislation as part of the legislative scrutiny all stakeholders listed within A.2 will be informally consulted.

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<sup>9</sup> <http://www.nationalcrimeagency.gov.uk/news/958-county-lines-drug-networks-now-a-nation-wide-issue>