

## **ANTI SOCIAL BEHAVIOUR BILL**

### **THE CLOSURE OF PROPERTIES CAUSING NUISANCE THROUGH THE SUPPLY OR USE OF CLASS A DRUGS REGULATORY IMPACT ASSESSMENT**

#### **Purpose**

#### **Objective**

- 1 To provide police and Local Authorities with Civil Powers necessary to ensure immediate relief for communities suffering the presence of premises of any status, which are causing serious public nuisance through the supply or use of Class A drugs (the grounds). Upon the Issue of a Closure Order upon a property, none shall be allowed to enter the property, accept upon sufficient proof of identity and reason to a police officer.
- 2 The period of closure will allow the premises to change in both nature and perception of nature preventing Class A drugs being supplied or used there and ensuring residents are not subject to serious nuisance or the fear of nuisance from the property. The power will encourage landlords to prevent the use of their premises in this illegal manner.

#### **Background**

- 3 Currently police and Local Authorities experience difficulties in closing properties from which Class A drugs are being supplied or used. As Criminal prosecutions often result in simply the removal of one set of individuals to be replaced by another, who similarly have no interest in changing the nature of the property.
- 4 This power may be used to close properties of any status or type but it would be expected that when applied by the courts the nature of properties will be considered. Where division of property usage is apparent, the special nature of HMO's (Houses of Multiple Occupancy) or commercial properties would be considered. Notes of Guidance will reflect this need.

#### **Risk Assessment**

- 5 The risks to business are minimal as any such activity carried out from either a licensed premises or commercial premises can usually be dealt with under current powers.

#### **Options**

- 6 There are two policy options:
  - 6.1 Do nothing. Leave the situation as it is with police and LA's unable to provide immediate relief to the community.
  - 6.2 Enact new legislation. Tackling the problematic properties used and notorious for the supply and use of Class A drugs, with these Civil Powers, which provide relief for the local community and a way out for those imposed upon by drug dealers.

## Costs and Benefits

- 7 These powers are most likely to be used against tenants of Social Housing/ Registered Social Landlords (RSLs) or single owner landlords. The main cost will be to the RSLs (Voluntary Sector/Charities). The Housing Corporation lists over 2,000 RSLs of varying size. Some businesses may also be affected including those related to property including letting agents.

## Main Assumptions

- 8 It is anticipated that between 100 - 300 properties will be closed by this power in England and Wales (ie all Closure Notices are successfully converted into Closure Orders) per annum. Claims for compensation against those enforcing the power will only be permissible on the grounds that the police have used excessive force or reasonable steps have not been taken – as defined in the Bill.
- 9 RSLs will be the landlords of two thirds of the properties closed.
- 10 Assumptions re numbers of properties affected per annum are set out in the table below:

Landlords	Lowest Number affected	Highest Number affected
Rented from RSLs (Voluntary Sector/Charities)	67	200
Rented from Private Sector	18	55
Rented commercial properties such as Warehouses	0	5
Rented commercial properties such as shops	5	10
Rented from Local Authorities (Public Sector)	10	30
TOTAL	100	300

## Other assumptions

- 11 Other assumptions are on the following basis:
- 11.1 Property will be closed for 13 weeks. Costs are therefore given as a total loss of income for this period.
- 11.2 Loss of income per week is assumed to be:
- £65 for RSLs (inc. Charities) rented properties
  - £100 for Private rented properties
  - £1000 for commercial properties such as Warehouses (Commercial 1)
  - £500 for commercial properties such as shops (Commercial 2).
- 11.3 There could be some collateral closure of premises but this will be kept to a minimum and is assumed at 10% of total costs.
- 11.4 Lettings Agents are presumed to have 15% of income from Private sector landlords.
- 11.5 There may be court and other indirect costs to RSLs and businesses in the case of appeals against the closure of premises but these may well be

offset by the benefits the landlords might achieve by the removal of tenants who were supplying Class A drugs.

## COST TO BUSINESS

Business/ Voluntary Sector	Number of properties affected	Cost per week	Number of Weeks	Cost to business etc of power £k pa
RSLs	67 - 200	65	13	56.6 – 169
Private	18 - 55	100	13	23.4 - 71.5
Commercial 1.	0 - 5	1000	13	0 - 65
Commercial 2.	5 - 10	500	13	32 - 65
Letting agents for private properties	18 - 55	15% of Private rents totals	13	0.2 - 0.7
			<b>10% collateral</b>	11 – 37
			<b>Total Cost</b>	123 - 408.2

## Benefits

- 12 Option 1 does not resolve the problem.
- 13 Option 2 provides benefits to the public and local residents by tackling the problematic properties used and notorious for the supply and use of Class A drugs. This would provide relief for the local community and a way out for those imposed upon by drug dealers.

## Total Costs

- 14 The cost to business charities and the voluntary sector is estimated at between £123k and £408.5k per annum.

## Equity and fairness

- 15 The aim is the immediate temporary closure of premises used and notorious for the supply of Class A drugs. Such a closure would benefit the community and help businesses and the voluntary sector within that community, as the fear of crime and actual crime could be reduced within the vicinity of the closed premises.

## Small firms impact test

- 16 The cost to small businesses would be at a maximum of £165k per annum. The benefit to small businesses in the vicinity of the business closures could well be more than the than the maximum cost to business.
- 17 The Small Business Service have commented as follows:

- 17.1 "Small Business Service welcome this measure, which we would expect to bring about improvements both socially and in the business environment.

17.2 In particular we welcome the assurance that courts will be encouraged to consider the usage of each division of the property."

### **Competition assessment**

18 A competition filter has been completed and is attached indicating that markets will not be affected by the recommended option.

### **Enforcement and sanctions**

19 The police in conjunction with the Local Authority will enforce the power.

### **Consultation**

### **Government**

20 The proposal has been consulted with Other Government Departments particularly Office of the Deputy Prime Minister and Lord Chancellor's Department who have a direct policy interest. Association of Chief Police Officers has also been informed.

### **Public**

21 This power has not been discussed in the public forum. Due to the relation of this to a Criminal activity consultation would probably be very difficult, thus we can only make assumptions as to exactly what type of properties, and therefore businesses, will be affected.

### **Monitoring and Review**

22 The effect of this power will be monitored and reviewed annually.

### **Summary and Recommendation**

23 Option 2 - that of establishing legislation to provide immediate relief to the local community through the closure of properties causing serious nuisance through the supply or use of Class A drugs, is recommended. The impact upon business and voluntary sector is expected to be small at about **£0.4m** a year. The small costs greatly outweigh the benefits such as people's quiet enjoyment of their homes. It could benefit those who incur the costs because of closures. It would be expected to help to improve the surrounding area, reduce the fear of crime and thereby make their properties more marketable.

### **Ministerial Declaration**

24 I have read the Regulatory Impact Assessment and am satisfied that the benefits justify the costs

Signed by the responsible Minister

Bob Ainsworth

Date 26 March 2003

## Contact Point

The contact point for this RIA is:

Jacob Hawkins  
CLEDU  
Home Office  
Room 125  
50 Queen Anne's Gate  
London SW1H 9AT

Tel. 020 7273 2377

email [Jacob.Hawkins@homeoffice.gsi.gov.uk](mailto:Jacob.Hawkins@homeoffice.gsi.gov.uk)

20 March 2003

## REGULATORY IMPACT ASSESSMENT COMPETITION FILTER

<b>The competition filter</b>	
<b>Question</b>	<b>Answer yes or no</b>
<b>Q1:</b> In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
<b>Q2:</b> In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
<b>Q3:</b> In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
<b>Q4:</b> Would the costs of the regulation affect some firms substantially more than others?	No
<b>Q5:</b> Is the regulation likely to affect the market structure, changing the number or size of firms?	No
<b>Q6:</b> Would the regulation lead to higher set-up costs for new or potential firms that existing firms do not have to meet?	No
<b>Q7:</b> Would the regulation lead to higher ongoing costs for new or potential firms that existing firms do not have to meet?	No
<b>Q8:</b> Is the market characterised by rapid technological change?	No
<b>Q9:</b> Would the regulation restrict the ability of firms to choose the price, quality, range or location of their products?	No