

Title: Imprisonment for public protection: termination of licences; to be introduced with the Victims and Prisoners Bill. IA No: MoJ074/2023 RPC Reference No: N/A Lead department or agency: Ministry of Justice Other departments or agencies:	Impact Assessment (IA)			
	Date: 19/12/2023			
	Stage: Legislation			
	Source of intervention: Domestic			
	Type of measure: Primary legislation			
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Summary: Intervention and Options	RPC Opinion: RPC Opinion Status
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Cost of Preferred (or more likely) Option (in 2023-24 prices)

Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
£114.9m	£m	£m	Qualifying provision

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

The Imprisonment for Public Protection (IPP) sentence became available in 2005. It was intended to manage high risk prisoners who did not meet the criteria for a life sentence. It was abolished in 2012 but not applied retrospectively so as to not alter lawful sentences that had been imposed prior to the abolition. The government decided not to provide for resentencing of existing IPP prisoners and many offenders sentenced prior to 2012 are still serving IPP sentences. An IPP sentence is not ended until the Parole Board has decided to revoke the licence. Currently, those released on licence must wait 10 years before the Parole Board is able to consider terminating their licence (the qualifying period). This amendment will reduce the qualifying period to three years after an IPP offender's initial release to give more offenders the opportunity to have their licence terminated and move on from their sentence. If the Parole Board decides not to terminate the licence at that point, it will be automatically terminated after a further two years if the individual is not recalled in that time.

What are the policy objectives of the action or intervention and the intended effects?

The primary policy objective is to bring an end to more IPP sentences sooner by reducing the qualifying licence period which triggers the duty of the Secretary of State to refer an IPP licence to the Parole Board to consider termination. This is aimed at supporting those who are subject to an IPP sentence but who have been assessed as safe to be released to have their licence terminated earlier. Enabling those on licence to be referred to the Parole Board to consider terminating their licence after three years and introducing an automatic termination for those who do not have it terminated by the Parole Board (subject to having a further two years in the community with no recall) will help more offenders to have the opportunity to have their licence terminated and move on from their sentence by ending their IPP sentence sooner than under the current provisions.

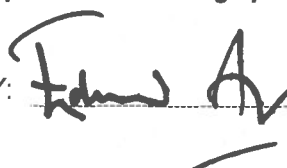
What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

- Option 0: Do nothing.** Under this option the current legislation regarding IPP will continue
- Option 1: Legislate to reduce the qualifying period for terminating an IPP licence to three years and introduce a provision for those who do not have their licence terminated after three years to do so automatically after a further two years on licence without being recalled.**

Option 1 is preferred as it best meets the Government's policy objectives

Will the policy be reviewed? It will not be reviewed. If applicable, set review date: N/A				
Is this measure likely to impact on international trade and investment?			Yes / No	
Are any of these organisations in scope?			Micro Yes/No	Small Yes/No
			Medium Yes/No	Large Yes/No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded:	
			Non-traded:	

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

Signed by the responsible SELECT SIGNATORY:  Date: 19. xii. 2023

Summary: Analysis & Evidence

Policy Option 1

Description: Imprisonment for public protection: termination of licences

FULL ECONOMIC ASSESSMENT

Price Base Year 2023/24	PV Base Year 2024/25	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 102.6	High: 127.5	Best Estimate: 114.9

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

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

No monetised costs have been modelled for this option.

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

A net reduction in the volume and amount of time that IPP offenders would spend on licence may result in an increase in further (secondary, third, etc.) reoffences, which have additional non-monetised costs in the form of increased court cases and to society. Prisoners affected by these measures will serve a shorter period on licence to support their transition into the community. There is a risk that this could increase demand on prisons to provide offending behaviour interventions while in custody, and reduce the capacity of probation services to provide the full range of rehabilitative services, however this is anecdotal, has not been quantified and thus not monetised in this assessment.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	12.1	102.6
High	N/A	15.3	127.5
Best Estimate	N/A	13.7	114.9

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

This option will decrease the prison population by 500 places by 2029/30 (Best Estimate). It will also lead to a decrease in the Probation caseload by 2,500. Over the 10 year appraisal period, these reductions will result in annual benefits of: £0.6m per annum to Prison Services, £8.9m per annum to Probation/EM Services, £3.6m per annum to the Parole Board, and £0.5m per annum to Legal Aid. These benefits will decrease in the long-term, as there will be no new IPP sentences and so the population will decrease to zero, regardless of the option.

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

As the likelihood of recall will decrease and thus drive the recall rate down, prisoners will be recalled to custody less, and there will be an impact on the provision of healthcare in prison, which has higher costs than provision of healthcare in the community. In particular, ageing prisoners currently require social care to be provided in custody. Mental health has also been a concern for offenders, especially IPP offenders who typically have higher rates of self-harm and are increased risks for suicide when compared to prisoners that have determinate sentences.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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Assumptions have been made about the future recall rate and termination rate of offenders on licence in both Option 0 and 1, which have a significant impact on the prison place and licence caseload benefits expected from Option 1. It is expected that some of those whose licence is terminated will commit imprisonable further offences, and so will serve new sentences where they previously would have been recalled, and so full prison place savings cannot be realised. A range of scenarios have been modelled which vary these factors. A 20% optimism bias has been applied to all estimated financial impacts, as is standard practice.

BUSINESS ASSESSMENT (Option 1)

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

Evidence Base

A. Background

1. The Imprisonment for Public Protection (IPP) sentence was introduced by the Criminal Justice Act (CJA) 2003 and was available for use from 2005. The intention behind the sentence was to provide a means of managing high risk prisoners, who did not meet the criteria for a life sentence.
2. An IPP is an indeterminate sentence where courts set a minimum term (tariff) commensurate with the offending which must be served in prison. At the end of the tariff, and at least every two years after, the Secretary of State must refer the case to the Parole Board who either release if the statutory test is met or confirm the further detention.
3. If released, IPP offenders are then subject to a supervised IPP licence which previously could, on application by the offender, be terminated at the discretion of the Parole Board once 10 years had elapsed from the offender's first release by the Board. If not terminated at that, or subsequent points, the IPP licence could potentially last indefinitely.
4. Since an amendment in the Police, Crime, Sentencing and Courts Act 2022, offenders are now automatically referred to the Parole Board for possible termination of the IPP licence once 10 years has elapsed from their first release by the Parole Board, and annually thereafter if the Parole Board decided not to terminate their licence at the end of the qualifying period. IPP offenders on licence can be recalled to prison for breach of the IPP licence in certain circumstances but there must be a causal link between the breach and the index offence (for example, an offender given an IPP for GBH is unlikely to be able to be lawfully recalled for shoplifting).

Problem under consideration

5. The Justice Select Committee (JSC) published its report *IPP sentences* on 28 September 2022 following a year-long inquiry. One of its recommendations was to reduce the qualifying licence period from 10 years to five years on the grounds that this would go some way to restoring proportionality to the IPP sentence.
6. The JSC noted that spending an indefinite period of time on licence in the community is detrimental to the mental health and rehabilitation of offenders, and in many cases is not proportionate to the index offence. This new option aims to address this issue by enabling IPP offenders released on licence to have their licence considered for termination earlier.
7. Under the option considered in this Impact Assessment (IA), the government will go further than the JSC's recommendation by reducing the qualifying period to three years and introducing the automatic termination in cases where the Parole Board does not terminate the licence but the offender spends a further two years on licence without being recalled to prison. We have gone further than the JSC recommendation as evidence indicates that recall rates fall after the first three years following first release, and this then reduces year-on-year thereafter.
8. This will bring more people into scope – either to have their licence terminated automatically on commencement or for the Parole Board to consider it having met the new qualifying period. It will also include a clear presumption in favour of termination by requiring that unless they are satisfied that it is necessary for public protection for the licence to remain in force, the Parole Board must direct that the Secretary of State terminate the licence.

B. Rationale and Policy Objectives

Rationale

9. The conventional approaches to Government intervention are based on efficiency or equity arguments. Governments may consider intervening if there are strong enough failures in the way the markets operate or there are strong enough failures in existing Government interventions where the proposed new interventions avoid creating a further set of disproportionate costs and distortions. The Government may also intervene for equity (fairness) and distributional reasons (e.g. to reallocate goods and services to certain groups in society).
10. In the case of the options considered in this IA, the main rationale for intervention is to bring an end to more IPP sentences by reducing the qualifying licence period. The associated policy benefits extend to savings for prison places, benefits to Probation, Parole Board, Legal Aid Agency, and Electronic Monitoring programmes (covered further in monetised benefits) etc. There are also further benefits (e.g. health benefits) to the IPP offenders themselves.

Policy Objective

11. The associated policy objective is to bring an end to more IPP sentences sooner by reducing the qualifying period which triggers the duty of the Secretary of State to refer an IPP licence to the Parole Board to consider termination. This is aimed at supporting those who are subject to an IPP sentence but who have been released from prison to have their licence terminated earlier.

C. Affected Stakeholder groups, organisations and sectors

12. A list of the main groups and stakeholders who would be affected by the options described in this IA is shown below:
 - **Offenders currently serving IPP sentences and their families** – offenders would be eligible for earlier termination of their licences and able to move on from their sentences.
 - **HMPPS – Prisons** – Reducing the IPP offenders in prison due to an expected decrease in the number of recalls creates more prison spaces and reduces costs of services that would cater to them.
 - **HMPPS – Probation and Electronic Monitoring** – A decrease in the number of IPP offenders being supervised on licence in the community would result in a saving for probation and electronic monitoring services.
 - **The Parole Board** – Reduction in the IPP recall population would reduce the number of paper and oral hearings required by the parole board.
 - **Legal Aid Agency** – It has been assumed that due to the length of IPP sentences that offenders will not have sufficient means to provide legal support and so will qualify for legal aid. Therefore, the reduction expected in the number of oral hearings will also result in a benefit to legal aid spend.
 - **Victims of Crime** – The release of IPP prisoners may have an impact on the victims of those crimes, especially where they may be in the same local community as an IPP offender.

D. Description of options considered

13. The following options are considered in this Impact Assessment (IA):

- **Option 0: Do nothing.** The current legislation would continue to apply.
- **Option 1: Legislate to reduce the qualifying period for terminating an IPP licence to three years and introduce a provision for those who do not have their licence terminated after three years to do so automatically after a further two years on licence without being recalled.**

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

Option 0

15. Under the 'do nothing' option, the current legislation would continue and those on licence would have to wait 10 years before the Parole Board could consider terminating their licence. Their licence would continue to be subject to an annual review by the Parole Board but the licence would remain in place indefinitely unless the Parole Board directed it to cease. This option would not meet the policy objectives.

Option 1

16. Option 1 will reduce the qualifying licence period which triggers the duty of the Secretary of State to refer an IPP licence to the Parole Board to consider termination from 10 years to three years for all IPP offenders in England and Wales. All IPP-sentenced offenders whose first release by the Parole Board was three or more years ago will be automatically referred to the Parole Board for consideration of licence termination.

17. If the IPP licence is not terminated at this point, it will be automatically terminated should an offender reach the qualifying period and have a further two years on licence in the community without being recalled to custody. This means that after the three-year eligibility point, there will be no annual review by the Parole Board, but if an offender spends two further years in the community without a recall to custody, their licence (and with it, their sentence) will automatically end. Should they be recalled to custody before their licence has been terminated, the two year period will reset on release.

18. This is assuming that the likelihood of being recalled gradually reduces over time after release. If recalled to prison and subsequently released, the new two year period provides offenders with an opportunity to demonstrate two years without recall to prison, and qualify for automatic termination of their licence.

19. If an IPP offender is recalled to prison, they can only be released by the Parole Board, who will determine if the statutory release test is met. If the Parole Board decide that the IPP offender can be released and they have already met the qualifying period, they will also determine whether the release should be unconditional, i.e. whether they should be released without a licence. If they are released unconditionally, their IPP sentence will end. Otherwise, the two-year period will reset, and their licence will terminate at the end of those two years, unless they are recalled to custody.

20. The preferred option will be made via an amendment to the Victims and Prisoners Bill, which is currently before Parliament. If the Bill receives Royal Assent, these measures will need to be brought into force by regulations.

E. Cost and Benefit Analysis

21. This overarching IA follows the procedures and criteria set out in the IA Guidance and is consistent with the HM Treasury Green Book.

22. Where possible, IAs identify both monetised and non-monetised impacts on individuals, groups and businesses in England and Wales with the aim of understanding what the overall impact on society might be from the proposals under consideration.
23. IAs place a strong focus on the monetisation of costs and benefits. There are often, however, important impacts which cannot sensibly be monetised. These might be impacts on certain groups of society or data privacy impacts, both positive and negative. Impacts in this IA are therefore interpreted broadly, to include both monetisable and non-monetisable costs and benefits, with due weight given to those that are not monetised.
24. Appraisal details:
- a) The costs and benefits under Option 1 are compared to Option 0, the counterfactual or “do nothing” scenario. As the counterfactual is compared to itself, the costs and benefits are necessarily zero, as is its net present value (NPV).
 - b) The annual costs and benefits are presented in steady state throughout this IA. This IA has an appraisal period of 10 years and a base year of 2024/25. Therefore, all cost estimates, unless stated otherwise, are annualised figures in 2023-24 prices rounded to nearest £100k. All volume estimates, unless stated otherwise, are rounded to the nearest 50 places.
 - c) Unless otherwise stated, a 20% optimism bias has been applied to all impacts (costs and benefits).
 - d) To calculate the Net Present Value a compounding discount rate of 3.5% has been applied to future years.
 - e) As is the normal practice in MoJ IAs, the impacts on offenders associated with upholding the sentence of the court are not included in the costs and benefits of each option.

Data and Methods

25. The level of analysis used within this assessment were proportional to the data available and the constraints in methodology through assumptions and provision of this proposal.
26. The published data used within this assessment are Offender Management Statistics Quarterly (OMSQ); Yearly release data (publicly available) is used on volumes of IPPs.

Methods

27. At the end of September 2023 there were 2,921 IPP prisoners in custody, of which 1,269 have never been released. In the community, as of the end June 2023, there were 3,098 IPP offenders on IPP licence¹.
28. There is uncertainty around the future volume of IPP releases and recalls. This is due to factors including: the rate of release from the IPP custody population which is dependent on Parole Board deciding that the statutory release test is met; the rate at which IPP offenders are recalled from licence; and the rate at which IPP offenders would currently have their licence terminated when they reach their 10 year eligibility date without intervention.
29. To reflect these uncertainties, the impacts of Option 1 are presented using three scenarios. The Central scenario represents MoJ’s best estimate of how we expect the IPP population to change following implementation. Conversely, the Low scenario represents the outcome with the lowest saving to the IPP prison population, whereas the High scenario represents the outcomes with the highest saving to the IPP prison population.

¹ <https://www.gov.uk/government/statistics/offender-management-statistics-quarterly-april-to-june-2023>

30. The details of each scenario are as follows:

- a. **Low:** It has been assumed that the IPP population decays at a rate of 1% per year in the community (i.e. <1% for full population), to account for deaths in the population. The expected reduction to the IPP recall prison population is reduced by 26% to account for further imprisonable offences committed by those who have had their licence terminated and would have been recalled previously. It is assumed that without intervention that the average time between first release and re-release will be 4 years for those released in 2024/25.
- b. **Central/Best:** It has been assumed that the IPP population decays at a rate of 0.5% per year in the community (i.e. <0.5% for full population), to account for deaths in the population. The expected reduction to the IPP recall prison population is reduced by 20% to account for further imprisonable offences committed by those who have had their licence terminated and would have been recalled previously. It is assumed that without intervention that the average time between first release and re-release will be 3 years for those released in 2024/25.
- c. **High:** It has been assumed that the IPP population does not decay within the timeframe of this IA. The expected reduction to the IPP recall prison population is not reduced to account for further imprisonable offences committed by those who have had their licence terminated and would have been recalled previously. It is assumed that without intervention that the average time between first release and re-release will be 2 years for those released in 2024/25.

31. Estimates under each scenario assume all necessary preparations and resources are in place to facilitate the additional licence terminations, so that all offenders eligible for automatic licence termination are terminated immediately.

Option 1: Legislate to Reduce the qualifying period which triggers the duty of the Secretary of State to refer an IPP licence to the Parole Board to consider termination to three years and introduce a provision for those who do not have their licence terminated after three years to do so automatically after a further two years on licence without being recalled.

Costs of Option 1

Non-Monetised costs

32. It is assumed that a net reduction in the volume and amount of time that IPP offenders would spend on recall may result in an increase in further (secondary, third, etc.) reoffences. These in turn may have additional non-monetised costs in the form of increased court cases (and therefore court sessions), as well as an undefined cost to society in the form of increased recidivism, increased crime, increased public spending to attempt to reduce this crime, etc.

33. Prisoners affected by this option will serve a shorter period on licence to support their transition into the community. It is unknown how this will impact upon successful reintegration into society.

34. Victims that have been impacted by IPP offenders and their offences may have reduced satisfaction upon release of more IPP offenders into society. This is expected to be especially true when the victim and the offender are within the same local authorities, or if they have previously known each other in some capacity. This is expected to have cost implications in the form of wellbeing and mental health of the victims.

Benefits of Option 1

Monetised Benefits

Prison Service

35. This option is expected to lead to a decrease in the number of IPP offenders recalled to custody from licence, and therefore a decrease in the IPP recall population in prisons.
36. It is estimated that this option will decrease the prison population by between 450 and 600 by 2029/30, with a best estimate of 500. This is due to fewer IPP offenders being recalled as their licence will have been terminated. This decrease is then expected to decline to between 300 and 600 by 2033/34, with a best estimate of 400. The benefit is expected to decrease in the long run as there are no new IPP sentences and so in the long term there will be zero IPP offenders, regardless of the option.
37. When considering the monetisable benefits from reductions of the prison population it is not appropriate to use the full cost per place figure in the HMPPS Annual Report and Accounts of £46,696^[2] (2021/22 prices) as a saving to HMPPS as this figure is derived from the expenditure recorded directly on all prisoners divided by the average prison population over the year.
38. Instead, we use a marginal cost per place of £1,800, which translates to the additional cost per year of housing an offender where their addition to the prison estate simply leads to an increase in the prison population with no effect on fixed overheads.
39. This leads to estimated annual costs avoided of £0.5m to £0.8m for the Low and High scenarios, respectively, on average over the 10 year appraisal period, with a Central estimate of £0.6m.

Probation Services & Electronic Monitoring Service

40. The earlier three year licence termination point, coupled with the automatic termination after the two year period without recall, will result in more IPP offenders having their licence terminated and at an earlier point, causing an expected decrease in the number of IPP offenders being supervised on licence in the community.
41. It is estimated that there will be between 2,400 to 2,600 fewer offenders under licence supervision by 2029/30 for the Low and High scenarios, respectively, with a best estimate of 2,500. This decrease is then expected to decline to between 600 and 1,100 by 2033/34, with a best estimate of 800. The benefit is expected to decrease for the same reason as detailed in paragraph 36.
42. Based on estimates of probation costs, the estimated annual costs avoided for probation services (in 2023/24 prices) range from between £7.5m to £9.5m for the Low and High scenarios respectively, with a best estimate of £8.5m.
43. Based on estimates of electronic monitoring costs, the estimated annual costs saved for electronic monitoring (in 2023/24 prices) range from between £0.3m to £0.4m for the Low and High scenarios respectively, with a best estimate of £0.4m.
44. This results in an annual saving to HMPPS (in 2023/24 prices) of between £7.8m and £9.9m for the Low and High scenarios respectively, with a best estimate of £8.9m.

Parole Board

45. An IPP offender who has been recalled to custody can only be re-released by the Parole Board. This involves an initial paper review by the Parole Board, which will most often reach a decision to refer the case to a full oral hearing. As this measure is expected to reduce the

IPP recall population, those hearings would not take place, which will reduce the caseload for the Parole Board.

46. It is estimated that there will be between 350 to 500 oral hearings saved per year by 2033/34 for the Low and High scenarios respectively, with a best estimate of 400 hearings.
47. There will also be Parole Board savings where they are no longer required to carry out an annual assessment of those IPP offenders who are on licence and have reached their eligibility date, currently 10 years.
48. The cost of a paper Parole Board hearing is assumed to be £400 and a Parole Board oral hearing is assumed to be £1,950. This is based on a published cost in 2022/23 for a paper hearing of £385 and an oral hearing of £1,876 inflated to current (2023/24) prices.
49. The annual costs saved for the Parole Board (in 2023/24 prices) is estimated to be between £3.2m and £4.0m for the Low and High scenarios respectively, with a best estimate of £3.6m.

Legal Aid

50. Offenders are eligible for legal aid for their oral hearing. It has been assumed that due to the long length of IPP sentence that offenders will not have sufficient means to provide legal support and so will qualify for legal aid. Therefore, the reduction expected in the number of oral hearings will also result in a benefit to legal aid spend.
51. It is estimated that there will be between 350 to 500 oral hearings which will no longer take place by 2033/34 for the Low and High scenarios respectively, with a best estimate of 400 hearings.
52. The annual costs saved for the Legal Aid (in 2023/24 prices) is estimated to be between £0.5m and £0.6m for the Low and High scenarios respectively, with a best estimate of £0.5m.

Non-Monetised Benefits

Health and social care

53. NHS England and NHS Wales are responsible for commissioning and delivering health services in prisons in England and Wales. With prisoners being recalled to custody less, there will be an impact on the provision of healthcare in prison, which has higher costs than provision of healthcare in the community. It has not, however, been possible to quantify this.
54. In particular, ageing prisoners currently require social care to be provided in custody. While there will be a reduced period in the community over which any care is required, the costs of social care in custody can be higher, so this could result in a net benefit to the Department of Health and Social Care and local authorities in England, and to the Welsh Government. Again, it has not been possible to quantify this.
55. Mental health has also been a concern for offenders, especially IPP offenders who typically have higher rates of self-harm and are increased risks for suicide when compared to prisoners that have determinate sentences. This represents additional cost in mental health support systems within prisons, in addition to associated risks with other negative behaviours (such as substance abuse, withdrawal from prison programmes, increase incidence of violence) which in turn create additional mitigation costs within prisons, and increase likelihood of poorer outcomes upon release. Reducing the amount of time on licence for IPP offenders prior to termination of licence will have a positive effect on both the

monetary cost of mental health to prisons, as well as improving mental health in IPP prisoners.

F. Risks and assumptions

56. The key assumptions and risks underlying the above impacts are described below:

Assumptions	Risks / uncertainties
For the purposes of this IA it has been assumed the measures will come into effect in Spring 2024 (April 2024).	While we have assumed Spring 2024 for the purposes of this IA, the actual implementation date is dependent on Royal Assent which may be later than assumed and commencing the provisions by regulation.
Future volumes of IPPs expected to reach their licence termination point is based on those currently on licence, those who are as yet unreleased from their initial IPP period, and those expected to be recalled and subsequently re-released onto licence.	Future caseload is uncertain and highly dependent on the future recall rate of the IPP population. In particular, in future if the remaining IPP population are those who are continuously recalled or unable to have their licence terminated, the recall rate may increase which would affect impacts.
A decay rate is applied to the population over time to account for deaths within the IPP population. It is assumed to be 1% per year for our Low, 0.5% in Central, and 0% in the High scenario.	It is inherently difficult to predict the rate of death within a population and so a range has been used. However, if this rate is higher than anticipated it would decrease impacts.
It has been assumed that those IPPs that have their licence successfully terminated at 10 years are also successfully terminated at 3 years.	There is a risk that this will change as the offender has been out on licence for a much shorter period of time.
It is assumed that some of the cohort of IPP offenders whose licences have been terminated will go on to commit imprisonable further offences, which they could be recalled for if still on licence, and so a full prison saving cannot be realised. We therefore reduce the IPP recall population impact by 26% in the Low scenario, 20% in the Central scenario and 0% in the High scenario. Rates applied are based on published statistics on the number of IPPs recalled in 2022 due to facing a further charge.	Individuals no longer on IPP licence may be more likely to re-offend if they are no longer subject to immediate return to custody; both because they cannot be recalled for breach of licence,, and due to no longer having regular contact with a Probation Officer. If this rate is higher in practice, or if offenders will spend longer in custody than they would have on IPP recall then it would decrease savings.
A marginal cost of £1,800 per year has been used for prison savings, which translates to the additional cost per year of housing an offender where their addition to the prison estate simply leads to an increase in the prison population with no effect on fixed overheads.	Only marginal saving benefits have been calculated for HMPPS, as the reduction in demand is not expected to lead to a reduction in the size of the prison estate. However, the reduction in demand should improve living conditions in prison, the stringency of the implemented regime, and the ratio of staff to prisoners.
The benefit to the probation service is approximately £4,500 per place, and an EM saving of £3,300 in 2023/24 prices.	This benefit is based on the saving to the probation service of an offender serving less time on licence after being released from custody. It has been assumed that the same proportion of IPP offenders will have an EM requirement as part of their licence conditions as with the post-

	release licence caseload in general. Benefits will be affected where this is not the case.
The benefit to the Parole Board is approximately £2,400 per paper and oral hearing. This is based on prices published by the Parole Board for 2022/23 inflated to represent the current price in 2023/24.	This benefit is based on a combination of the published cost of a paper hearing and the published cost of an oral hearing.
It is assumed that 80% of paper hearings will progress to an oral hearing.	If the rate of failures at paper hearing increases in future years due to an increase in the proportion of offenders who are continually recalled, then it will increase the average length of time in custody for IPP recalled offenders, which would affect benefits.
It is assumed that all IPP offenders will qualify for legal aid.	Due to the long length of IPP sentences, it is assumed that IPP offenders will not have sufficient means to provide legal support and so will qualify for legal aid.
An optimism bias of 20% has been applied to all monetary costs and benefits, however this has not been applied to other benefits (e.g. prison place savings).	This is standard practice in IAs to account for unforeseen costs or over-estimated benefits. Therefore, it may be the case that monetised costs and benefits are lower than estimated.

G. Wider Impacts

Equalities

57. An equalities assessment has been produced.

Impact on small and micro businesses

58. No impacts to small and micro businesses have been identified.

Potential trade implications of measure

59. No trade impacts implications have been identified.

Environmental impacts

60. There may be environmental impacts of Option 1 if taken forwards, however these have not been monetised within this assessment. The increased release of offenders comparative to the counterfactual may result in (minor) environmental impacts; such as use of additional transport, as well as increased access to less environmentally friendly products, services, and practices available outside of incarceration.

Better Regulation

61. These proposals do not meet the definition of regulation under the Small Business Enterprise and Employment Act 2015.

G. Monitoring and Evaluation

62. Currently, monitoring of recall rates and reoffences (by IPPs) are ongoing and will continue regardless of whether Option 0 or 1 are selected for progression. These data will be used to track the progress of options and inform impact on the IPP population within prisons.

63. Evaluation is possible however would need to be considered at a later date to ensure proper scoping of success metrics, variables to measure broader impacts to the parole/probation population etc.