

Title: Establishment of the Independent Reporting Commission		<b>Impact Assessment (IA)</b>				
IA No: NIO IRC 1		<b>Date:</b> 07/07/2016				
Lead department or agency: Northern Ireland Office		<b>Stage:</b> Final				
Other departments or agencies: None		<b>Source of intervention:</b> International				
		<b>Type of measure:</b> Primary legislation				
		Contact for enquiries: Maureen Tipping <a href="mailto:Maureen.tipping@nio.gov.uk">Maureen.tipping@nio.gov.uk</a>				
Summary: Intervention and Options		RPC Opinion: Not Applicable				
Cost of Preferred (or more likely) Option						
<b>Total Net Present Value</b>	<b>Business Net Present Value</b>	<b>Net cost to business per year (EANCB on 2009 prices)</b>	<b>In scope of One-in, Two-Out</b>	<b>Measure qualifies as</b>		
			No	NA		
<b>What is the problem under consideration? Why is government intervention necessary?</b>						
The Government is committed to delivering 'A Fresh Start: the Stormont Agreement and Implementation Plan' ('FSA') which was published on 17 November 2015. Section A of FSA commits the UK Government, the Government of Ireland and the Northern Ireland Executive to take particular measures in relation to paramilitary activity, including the establishment of a monitoring and implementation body, now known as the Independent Reporting Commission ('IRC'). Government intervention is necessary to establish the IRC as an independent, international body set up by agreement ("Treaty") between the UK Government and the Government of Ireland. Primary legislation is needed to give effect to key aspects of the policy.						
<b>What are the policy objectives and the intended effects?</b>						
The IRC will consult with relevant stakeholders and interested parties and will report on progress towards ending paramilitary activity connected with Northern Ireland, and on the implementation of the relevant measures of the three administrations, as set out in FSA. It will carry out those functions with a view to promoting the ending of paramilitary activity connected with Northern Ireland. The intended effects are to reaffirm support for the rule of law and to encourage Northern Ireland's elected representatives to work together to rid society of paramilitarism. Primary legislation has given effect to a number of aspects of the IRC, including its functions, membership and the immunities and privileges to be conferred upon it.						
<b>What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)</b>						
One option: political agreement to establish the IRC is enshrined in FSA, and statutory provision has been made in the Northern Ireland (Stormont Agreement and Implementation Plan) Act 2016. Secondary legislation will be laid before parliament in September 2016 setting out provisions in relation to the exercise of functions, publication of reports and accounts, disclosure of information and conferring certain privileges and immunities on members of the Commission, members of staff of the Commission and agents of the Commission. The IRC is being established by Treaty between the UK Government and the Government of Ireland, with an objective of promoting the ending of paramilitary activity connected with Northern Ireland. Legislation is required to give effect to a number of key aspects of the policy. The impact of 'doing nothing' would result negatively, both in political and societal terms, on the people of Northern Ireland.						
<b>Will the policy be reviewed?</b> It will be reviewed. <b>If applicable, set review date:</b> Month/2021						
Does implementation go beyond minimum EU requirements?			N/A			
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		<b>Micro</b> No	<b>&lt;20</b> No	<b>Small</b> No	<b>Medium</b> No	<b>Large</b> No
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)			Traded:		Non-traded:	

*I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of policy, and (b) that the benefits justify the costs.*

Signed by the responsible Minister: James Brokenshire Date: 13 September 2016

**Summary: Analysis & Evidence**
**Policy Option 1**
**Description:** Establish the Independent Reporting Commission

**FULL ECONOMIC ASSESSMENT**

Price Base Year 2016	PV Base Year 2016	Time Period Years 5	Net Benefit (Present Value (PV)) (£m)		
			Low: 1.58	High: -2.08	Best Estimate: -1.88

COSTS (£m)	Total Transition		Average Annual	Total Cost
	(Constant Price)	Years	(excl. Transition) (Constant Price)	(Present Value)
Low	0.0390		1.789	<b>1.828</b>
High	0.0480		2.752	<b>2.800</b>
Best Estimate	0.0435		2.320	<b>2.363</b>

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

An agreed sum of money has been allocated through the Fresh Start agreement to establish the IRC.

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

BENEFITS (£m)	Total Transition		Average Annual	Total Cost
	(Constant Price)	Years	(excl. Transition) (Constant Price)	(Present Value)
Low	0		0	<b>0</b>
High	0		0	<b>0</b>
Best Estimate	0		0	<b>0</b>

**Description and scale of key monetised benefits by 'main affected groups'**
**Other key non-monetised benefits by 'main affected groups'**

Key assumptions/sensitivities/risks  
Not applicable.

**Discount Rate (%)** 3.5%

**BUSINESS ASSESSMENT (Option 1)**

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: 0	Benefits: 0	Net: 0	No	NA

# Evidence Base (for summary sheets)

## Independent Reporting IRC

### Introduction

The UK Government has committed to delivering “A Fresh Start: the Stormont Agreement and implementation Plan” (“FSA”) which was signed on 17 November 2015. One of the commitments set out in FSA is to establish a new Independent Reporting Commission (IRC) to report on progress towards ending continuing paramilitary activity connected with Northern Ireland.

The IRC will be established by international agreement (“the Treaty”) between the UK Government and the Government of Ireland and the anticipated cost, which will be met jointly by the UK and Irish Governments, is likely to be in the region of £6 million. The UK Government has set out its commitment to provide up to £3m over four years to establish and fund the new body in Section D of FSA.

The Northern Ireland (Stormont Agreement and Implementation Plan) Act 2016 (“the Act”) provides the statutory basis for the IRC and secondary legislation, giving full effect to the Treaty and setting out provisions in relation to the exercise of functions, publication of reports and accounts, disclosure of information and conferring certain privileges and immunities on members of the Commission, members of staff of the Commission and agents of the Commission, will be laid before Parliament in September 2016. Guidance in relation to information, the disclosure of which might prejudice the national security interests of the United Kingdom or put at risk the life or safety of any person, will be issued by the Secretary of State for Northern Ireland.

### Issue under consideration and rationale for Government intervention

FSA requires a new international body to be established by the UK and Irish Governments to report on progress towards ending continuing paramilitary activity connected with Northern Ireland. Provision has already been made in the Act in relation to the functions and membership of the IRC and makes provision for certain privileges and immunities to be conferred on the Commission, members of staff of the Commission and agents of the Commission by secondary legislation. The IRC will report on progress towards ending paramilitary activity connected with Northern Ireland, and on the implementation of the relevant measures of the UK Government, the Government of Ireland and the Northern Ireland Executive. In carrying out its work the IRC will be required to consult with a range of stakeholders, including law enforcement agencies, local councils, communities and civic society organisations.

UK Government intervention is required in order to deliver the FSA commitment that the new body will be established by Treaty with the Government of Ireland and to provide the statutory basis on which the IRC will operate.

### Policy objective and evaluation

The policy objective of establishing the IRC is to deliver the commitment, set out in FSA, to establish a four member international body to report on progress towards ending continuing paramilitary activity connected with Northern Ireland and on implementation of the relevant measures of the UK Government, the Government of Ireland, and the Northern Ireland Executive.

The UK Government is providing funding over four years to establish and fund the IRC and there will be a natural review point when the IRC has been operational for that period of time. The Act confers power on the Secretary of State to make provision for winding up the Commission but before doing

so the Secretary of State must consult the First Minister and deputy First Minister in Northern Ireland, the relevant Minister in the Government of Ireland and any other person the Secretary of State considers appropriate.

### Description of options considered

Commitment to establishing the IRC was part of the political agreement set out in FSA and therefore no other options have been considered.

### Main affected groups

The work of the IRC will impact on communities across Northern Ireland, in particular on those communities most affected by paramilitary activity. The IRC's reports will also impact on future NI Executive Programme for Government priorities and commitments through to 2021.

### Monetised and non-monetised costs and benefits of each option

The monetary costs of the IRC, to the UK Government, are up to £3m over four years to establish and fund the new body. Indirect monetary savings may be realised in future years if the work of the IRC, together with other Fresh Start Agreement measures, results in ending paramilitarism and organised crime connected with Northern Ireland.

Impact assessments place a strong emphasis on valuing the costs and benefits in monetary terms. However there are important aspects that cannot be monetised, such as the wider impact on Northern Ireland society and, in particular, on those communities most affected by paramilitary activity.

This IA sets out current estimates for the costs and benefits of the policy to the affected groups. These estimates are based on the evidence that is currently available and are subject to change if the evidence base improves (for instance as a result of quantitative data on caseload in the IRC's annual reports to the sponsoring Governments). As such, estimates are represented as ranges, based on the assumptions detailed in the discussion of costs and benefits below.

IRC costs can be broadly categorised as set-up costs or on-going running costs.

<b>Key Costs</b>	
One-off set up costs	<ul style="list-style-type: none"> <li>• <b>Staff:</b> Recruitment and interview costs; training and induction activities.</li> <li>• <b>IT and telephony:</b> IRC may also require video-conferencing facilities between its UK and Ireland buildings.</li> <li>• <b>Estates and infrastructure:</b> costs of hiring premises and furnishing.</li> </ul>
On-going running costs	<ul style="list-style-type: none"> <li>• <b>Staff:</b> Commissioner and staff salaries; travel and subsistence; training, recruitment costs in case of new staff.</li> <li>• <b>IT and telephony:</b> on-going costs of, for example, line rental.</li> <li>• <b>Estates and infrastructure:</b> office rental; associated utility bills and rates; security; building maintenance.</li> <li>• <b>Specialist support:</b> accountancy and auditing; legal advice.</li> <li>• <b>Other:</b> stationery, publications and marketing spend - this could be minimised through utilising existing, free and online channels.</li> </ul>

## Costs

The IRC will be sponsored and jointly funded by the UK Government, from the financial package due as part of the FSA, and the Government of Ireland. It is anticipated that the UK Government and Government of Ireland will jointly fund premises and other running costs.

In estimating the costs of the IRC, the costs associated with similar predecessor organisations and existing Commissions have been considered, including the Independent Monitoring Commission<sup>1</sup> (IMC) and the Independent Commission for the Location of Victims Remains (ICLVR).

We have also considered the costs incurred by the Office of the Police Ombudsman of Northern Ireland<sup>2</sup> (OPONI) as a comparator, although the scale of its operations, caseload and staffing is considerably larger than that envisaged for the IRC.

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<sup>1</sup> See *Twenty-Sixth and Final Report of the Independent Monitoring Commission; 2004-2011 – Changes, Impact and Lessons*: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/89856/imc\\_26th\\_and\\_final\\_report\\_july\\_2011.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/89856/imc_26th_and_final_report_july_2011.pdf)

<sup>2</sup> See **Police Ombudsman of Northern Ireland, *Annual Report and Accounts for the year ended 31 March 2014***: <https://www.policeombudsman.org/PONI/files/82/82749d42-8bab-47bf-a43e-0a3f1fa5470e.pdf>

The table below considers the running costs of predecessor and existing organisations:

<u>Organisation and staffing</u>	<u>Staff Costs</u>	<u>Estates, infrastructure, IT, stationery, publications</u>	<u>Travel, subsistence, staff training</u>	<u>Total</u> (per annum)
<p><b>IMC</b></p> <p>3 x permanent staff, 2 x staff on secondment and contract staff, 1.5 other, 4 x Commissioners (£77k), 2 x joint secretaries</p>	<p>£87k – permanent staff</p> <p>£254K – others</p> <p>£49k – Professional advisors fees</p> <p>£17k – accountancy fees</p> <p>£15K – auditors fees</p> <p><b>Total - £422k</b></p>	£198K	£166K	<p>2004/2005 - <b>£1.1m</b></p> <p>2005-2006 - <b>£1.2m</b></p> <p>2006-2007 - <b>£866K</b></p> <p>2007-2008 - <b>£665K</b></p> <p>2008-2009 - <b>£737K</b></p> <p>2009-2010 - <b>£815K</b></p> <p>2010-2011 - <b>£700K</b></p>
<p><b>ICLVR</b></p> <p>2 x Commissioners, 1x Forensic scientist and Investigator, 1x Investigative Consultant and 1x Media Advisor</p>	£211K	£409K	£68K	£279K
<p><b>OPONI</b></p> <p>6 x Management and Exec, 28 x support staff, 81 x complaints and investigation, 32 x seconded, agency, or contract staff</p>	<p>£6m</p> <p>£18K – legal / consultancy costs</p> <p>£13K – auditors fees</p> <p><b>Total - £6.03m</b></p>	£1.3m	£611K	£8m

The table at Annex A sets out the best estimate figures on the cost of the IRC

### Staff

The IRC will be staffed by four Commissioners who will be supported by a secretariat of Joint Secretaries and support staff.

As the IRC will be independent of its sponsoring Governments, the Commissioners will make operational decisions, including on staffing requirements, within the budget agreed with the UK Government and Irish Government. Having considered the staffing requirements of the organisations

listed above, the current best estimate is that the IRC will be staffed as follows, with likely salary levels<sup>3</sup> shown as a range:

- 4 x Commissioners – £60,000 – 85,000 per person, pa
- 2 x Joint Secretaries - £45,000 – 55,000 pp, pa
- 2 x Support Caseworkers - £25,000 – 35,000 pp, pa
- 0.5 x Support Staff - £18,000 – 22,000 pp, pa

It is likely that the Joint Secretary of the IRC will be a full-time post. Other Commissioners may be paid pro-rata on a day basis. An average annual cost per Commissioner of £40,000 (80-100 days' work per annum) has therefore been assumed.

There may be pension costs; the following link has been used to calculate annual employer contributions<sup>4</sup>: <http://www.thepensionsregulator.gov.uk/employers/employer-contributions.aspx>. The minimum pension contribution would be £365.61 for the Chair and £341.76 for the other Commissioners (£1732.65 in total) in 2016/2017. Seconded secretariat and support staff may already be part of a pension scheme. However, if they are recruited through open competition, total pension contributions are likely to be £1981.78 per annum.

Total pension contributions for the IRC are therefore likely to total £3714.43 for 2016/2017. This will rise to £7428.86 for 2017/18 and £11,143.29 for 2018/19 onwards.

Recruitment costs for the secretariat will depend on whether the Commissioners undertake external recruitment, or second civil service staff. Median average costs per hire in 2014 for employees (excluding senior managers/directors) were £2000 in the private sector and £1000 in the public sector<sup>5</sup>. The median rate of labour turnover in 2014 was 13.6%<sup>6</sup>. However, the IRC may experience lower staff turnover both because of its small size and anticipated lifespan. We therefore expect the IRC to need to replace 1-2 of its 10 employees over 5 years.

There will be travel and subsistence costs but these are difficult to estimate at this stage. FSA states that the IRC should be of international standing and one or more of the Commissioners whether a figure from outside the UK or Ireland is appointed will impact on the scale of these costs. On the basis of costs incurred by other similar bodies, total travel costs are therefore estimated at approximately £18,000 per annum.

## **IT and telephony**

The costs of IT are roughly £1600 per person, per annum. The costs are likely to be higher if the IRC requires video conferencing facilities. The unit cost of such facilities would be in the region of £15,000. We have assumed a total cost of £30,000 to install these facilities in two premises.

## **Estates and infrastructure**

There will be one-off set up costs associated with establishing the IRC in its new premises and on-going accommodation costs. One-off costs will include furnishing the office space. On-going costs will

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<sup>3</sup> Note that these are likely to rise with inflation.

<sup>4</sup> For 2016/17, the minimum employer contribution level is 1% of pensionable pay between £5,824 and £42,385, rising to 2% between 01/10/17 and 30/09/18, and 3% from 1/10/18 onwards.

<sup>5</sup> Chartered Institute of Personnel and Development, *Resourcing and talent planning 2015* is available here: [http://www.cipd.co.uk/binaries/resourcing-talent-planning\\_2015.pdf](http://www.cipd.co.uk/binaries/resourcing-talent-planning_2015.pdf)

<sup>6</sup> Ibid.

include rental, security, associated utility bills and rates and building maintenance. These costs would be mitigated if the Commissioner were to share premises with an existing body.

We are working with Government of Ireland officials to identify suitable premises for the IRC. We are considering options at present but are unable to confirm, at this stage, the location of the premises or the associated costs for rent and rates.

### **Specialist support**

The IRC will be required to keep proper accounts and records of all moneys received or expended by it. Accordingly, it is likely to require professional accountancy and auditing services. It is anticipated that these are likely to be in line with the IMC. The IMC incurred £15,000 in auditors' fees and £17,000 in accountancy fees in its final year. The IRC may decide to seek legal advice, for instance on meeting its statutory duties. We estimate that costs will be in line with the IMC at £15,000 per annum.

### **Other costs**

The IRC may incur costs on stationery and publications. The IMC published 26 reports over 6 years and spent £9,360 on printing, postage, stationery and publications. The IRC will be required to report annually, or on such further occasions as may be required, and the number of reports it will publish will be significantly less and will therefore incur lower costs.

Where the Government and public authorities engage with the IRC, they may incur opportunity costs, for instance, where the UK Government is involved in considering requests from the IRC on whether information that the IRC proposes to disclose could put at risk life or national security.

In exercising its functions the Commission will have a statutory duty not to do anything which might prejudice the national security interests of the United Kingdom or Ireland, put at risk the life or safety of any person, have a prejudicial effect on the prevention, investigation or detection of crime, or have a prejudicial effect on any actual or prospective legal proceedings. Breach of this duty will be punishable by law. As the offence will only apply to IRC Commissioners, staff and agents (past and present) any resultant costs to the criminal justice system are expected to be minimal.

### *Benefits of establishing the IRC*

The IRC will play a key part in delivering the FSA objective to deal with the impact of continued paramilitary activity.

### *Rationale and evidence that justify the level of analysis used in the IA*

This is a final stage impact assessment. The IRC is time-limited in nature and FSA envisages that it will operate for 4 years. We are working with Government of Ireland officials on the logistical arrangements and limited data is therefore available at this stage to inform assumptions on IRC running costs. *Key assumptions, sensitivities and risks*

The assumptions and sensitivities which underlie this analysis are briefly summarised below:

- **Demand and caseload:**

That the IRC will report annually on progress towards ending continuing paramilitary activity connected with Northern Ireland, or on such further occasions as may be required.

- **Contributor participation:**

That stakeholders will engage fully with the IRC.

- **Independence:**

That the IRC is an independent body and Commissioners will make decisions about operational arrangements which may impact on this analysis.

- **Lifespan:**

That the IRC will operate for a period of 4 years but the UK Government and Irish Government may extend or reduce this by mutual agreement.

The costs presented in this Impact Assessment are sensitive to the above assumptions and may vary as these assumptions change.

#### *Direct costs and benefits to business calculations*

We do not anticipate that establishing the IRC will have any direct impact on business, although there may be indirect impacts. In line with normal practice, indirect costs and benefits are not included in the full economic assessment of the options.

#### *Wider impacts*

The following impacts have also been considered as having none or negligible effects:

- Statutory equality duties – the proposal to establish the IRC has been screened to determine potential impact on groups detailed at s.75 of the Northern Ireland Act 1998. There is no evidence that introducing the IRC will adversely impact the s.75 groups.
- SME impact test – no impact.
- Environmental assessment – no impact.
- Human rights impacts – no impact

#### *Summary of preferred option and implementation plan*

Option 1 is the only viable option as it is the only one which will deliver on the Government's commitment in the FSA to establish the IRC. The key dates planned for implementation of the IRC are below. Future dates are estimates and may change, as all legislative provisions are subject to Parliamentary approval.

<b>November 2015</b>	A Fresh Start: the Stormont Agreement and Implementation Plan” reached
<b>February 2016</b>	Northern Ireland (Stormont House Agreement) Bill introduced to Parliament
<b>May 2016</b>	Northern Ireland (Stormont House Agreement) Bill received Royal Assent
<b>Autumn 2016</b>	Treaty ratified Secondary legislation made Treaty between the UK Government and Irish Government to establish the IRC laid before Parliament UK Joint Secretary appointed Accommodation identified
<b>Winter 2016</b>	UK Commissioner appointed Commissioner appointed by Government of Ireland Two Commissioners appointed by NI Executive IRC operational