Justice Committee

Scottish Court Service recommendations for a future court structure

Written submission from Fife and Forth Valley Community Justice Authority
(report by 4 Consulting)

The Impact of Court Closures on Cupar

Executive Summary

Shaping Scotland’s Courts
The Scottish Court Service (SCS) has proposed closing Cupar Sheriff and Justice of the Peace Court with business moving to Dundee Sheriff Court. The SCS identified six jobs, which would be lost in Cupar, as a result of the closure saving £92,000 in running costs. These figures grossly underestimate the operation and support activities of Cupar's courts. Court activities play a bigger role in Cupar than in many other towns with similar courts, supporting a total of 38 jobs in Cupar.

Wider impacts on legal services
Cupar has more than double the number of jobs (140) in legal services expected for a town of its size. This is driven by the presence of the Cupar Sheriff and Justice of the Peace Court with most legal service jobs reliant, at least in part, on the courts.

Half of Cupar's legal services jobs may be attributed to the Cupar Sheriff and Justice of the Peace Courts. These jobs will generate knock-on effects as businesses purchase supplies from other local businesses and employees spend their money in the town centre. These knock-on effects generate a further 22 jobs giving a total impact from legal services of 92 jobs lost.

Conclusions
The SCS consultation suggests that “... any economic impact from the court closures will be localised, minimal and short-term.” This is misleading as whilst the impacts are clearly local they will be significant and permanent.

The total impact from the closure of the courts is likely be around 130 jobs lost from Cupar. With total net annual running costs of only £92,000 per annum identified by SCS the cost-per-job is around just £700. The closure will remove nearly £2.8 million of income from Cupar as highly skilled post are lost or relocated to Dundee.

1 Introduction

1.1 This report provides an assessment of the economic impact on Cupar, and its surrounding area, of the closure of Cupar Sheriff and Justice of the Peace Courts. The assessment includes an analysis of the direct impacts and knock-on (multiplier) effects of the courts’ closure and transfer of business to Dundee Sheriff Court.

1.2 The economic impact model produced by the Scottish Government (Office of the Chief Economic Advisor) is referenced to model the multiplier effects capturing supply chains (indirect effects) and the additional spending arising from wages paid to workers.
(induced effects). Secondary data was also drawn from the UK Office for National Statistics (ONS).

1.3 This report also considers the clustering effects of legal professionals and other business services around courts. These wider impacts are considered in the context of the benefits claimed from the proposed closures.

2 Economic Impact of Cupar Courts

Shaping Scotland’s Court Services
2.1 Last year the Scottish Court Service (SCS) undertook a public consultation about the provision of court services in Scotland (Scottish Court Service, September 2012). At the start of the consultation Cupar Sheriff and Justice of the Peace Courts had already been identified for closure.

2.2 Cupar was cited as being close to Dundee Sheriff Court which has capacity to take on additional business. At the outset the consultation recommended that sheriff courts and justice of the peace courts should cease to be held in Cupar and the court buildings and court accommodation should be closed. These recommendations remained unchanged at the end of the consultation.

Cupar Sheriff and Justice of the Peace Courts
2.3 The initial SCS consultation documents identified just six SCS staff based in Cupar and suggested that “… our staff account for a tiny proportion of total employment.” The suggestion of a tiny proportion was based on 17,200 jobs in the local Travel to Work Area (TTWA) which covers around one third of Fife, stretches down to Crail and includes St Andrews.

2.4 The same source of data can be used to measure local employment in Cupar1. There were around 5,900 jobs in the multi-member ward area for Cupar in 2011 (latest year for which data is available). The multi-member ward area includes Cupar and the immediate surrounding area. Employment in the TTWA is not an appropriate figure to measure the importance of the courts to the local community.

Cupar Sheriff and Justice of the Peace Courts
2.5 The same source of data (BRES) shows 22 employees employed in “Justice and Judicial Activities”2 in Cupar’s town centre. This definition includes the administration and operation of administrative civil courts, criminal law courts and the judicial system. The definition also includes legal representation and advice on behalf of the government and the rendering of judgements and interpretations of the law.

2.6 The above definition includes all public sector activities involved in the operation or support of Cupar Sheriff Court. For example, this may include those working in criminal justice services providing support in the delivery of sentences, victim support and parole. It is vital to measure these activities as they are directly sustained by Cupar Sheriff and Justice of the Peace Courts.

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1 Business Register and Employment Survey (BRES) from the Office for National Statistics
2 Standard Industrial Classification (SIC) 84.23 (SIC 2007)
2.7 The latest economic impact model published by the Scottish Government (Office of the Chief Economic Advisor) provides an estimate of multiplier effects for over one hundred different Scottish activities. The multiplier effects capture supply chains (indirect effects) and the additional spending arising from wages paid to workers (induced effects).

2.8 The overall multiplier effects for public administration in Scotland are 2.03. This means every 100 jobs directly within public administration support 203 jobs across Scotland in total, including the original 100 jobs. Further detail on the calculation of the multiplier effects are provided online by the Scottish Government (see web links).

2.9 Based on the above multiplier effects, the 22 jobs in Cupar are responsible for a total of 45 jobs across the whole of Scotland. This suggests the courts in Cupar are responsible for indirect and induced employment of around 23 jobs across Scotland.

2.10 Our own (4-consulting) economic impact model for Fife, which is based on the Scottish Government’s model, shows that indirect and induced effects are around 90% of those at the Scottish level. This suggests that indirect and induced employment generated by the Cupar courts is around 21 jobs across the whole of Fife. The total impact across Fife is therefore around 43 jobs.

2.11 The impact across Cupar is more difficult to assess and estimates must be made based on the best available data. The structure of Cupar’s economy (based on the multi-member ward area data) relative to Fife suggests that around 75% of the Fife-wide impacts are retained in the local area. This suggests that indirect and induced employment generated by the Cupar courts is around 16 jobs in Cupar. The total impact in Cupar is therefore 38 jobs.

3 Clustering in Cupar

Court Services and Legal Services in Cupar

3.1 The SCS consultation suggested that any local impacts arising from the court closures will be minimal. The 22 jobs identified above are less than half a per cent of employment in the Cupar area (5,900 jobs). But this figure is misleading as a sole indicator of importance to the local community. Court related employment for any community in Scotland is likely to be a low share of overall employment.

3.2 The same “Justice and Judicial Activities” were measured for the nine other Sheriff Courts proposed for closure relative to local employment (measured using the relevant multi-member wards). The court related employment as a share of overall employment in Cupar is nearly double that of the share of the other nine courts (an index of 198 where other courts equals 100) and more than 50% higher than the ratio for the whole of Scotland (an index of 154 where Scotland equals 100).

3.3 Similarly Cupar has a much higher concentration of legal services; these services are measured separately from the 22 jobs identified as court related activities. Legal services account for around 140 jobs in Cupar, around 2.4% of employment in Cupar.

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3 Sheriff Courts proposed for closure include Dornoch, Duns, Kirkcudbright, Peebles, Rothesay, Cupar, Dingwall, Arbroath, Haddington and Stonehaven.

4 Standard Industrial Classification (SIC) 69.1 (SIC 2007).
As above the same ratios were developed for the nine other Sheriff Courts proposed for closure.

3.4 The court related employment in legal services as a share of overall employment in Cupar, is more double that of the share of the other nine courts (an index of 205 where other courts equals 100). This ratio is more than double the ratio for Scotland as a whole (an index of 224 where Scotland equals 100).

**Clustering effects in Cupar**

3.5 There is a clear link between courts and legal services across Scotland. Across all multi-member wards in Scotland employment in courts (SIC 84.23) is highly correlated with local employment in legal services (SIC 69.1). A correlation coefficient of 85% suggests that nearly three quarters (72%) of the number of local jobs in legal services can be explained by the presence and size of local courts and justice services.

3.6 It is likely that most of the 140 legal service jobs in Cupar are reliant at least in part, on the Cupar Sheriff and Justice of the Peace Courts. The measure suggesting that nearly three quarters of jobs are reliant on courts is most likely an upper estimate. Cupar has more than double the number of legal service jobs that would be expected for a town of its size. It is therefore reasonable to suggest that half of these jobs (50%) may be attributed to the Cupar Sheriff and Justice of the Peace Courts.

3.7 Other business services are also closely linked to the presence of courts including retail. This may be attributed to the wider influence of courts bringing people into Scotland’s towns, not just defendants but also witnesses and experts.

3.8 Closure of the courts is likely to reduce the role of Cupar as an economic and administrative centre in the area which again has an impact on its prosperity and attractiveness as a centre in which to work, shop and live. Whilst these impacts are important to acknowledge they are considerably more difficult to quantify in terms of the likely number of jobs that may be lost.

3.9 Half of Cupar’s legal services jobs suggest around 70 jobs may be attributed to the Cupar Sheriff and Justice of the Peace Courts. These jobs will also generate the same multiplier effects as the core activities of the courts.

3.10 The overall multiplier effects for legal services in Scotland are 1.45. This suggests that the 70 jobs in Cupar are responsible for a total of 102 jobs across the whole of Scotland. The legal service jobs reliant on the courts in Cupar are therefore responsible for indirect and induced employment of around 32 jobs.

3.11 Our own (4-consulting) economic impact model for Fife, which is based on the Scottish Government’s model, shows that indirect and induced effects are around 90% of those at the Scottish level. This suggests that indirect and induced employment generated by legal services reliant on the Cupar courts is around 29 jobs across the whole of Fife. The total impact across Fife is therefore around 99 jobs.

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5 The square of the correlation coefficient.
3.12 The impact across Cupar is more difficult to assess and estimates must be made based on the best available data. The structure of Cupar’s economy (based on the multi-member ward area) relative to Fife suggests that around 75% of the Fife-wide impacts are retained in the local area. This suggests that indirect and induced employment generated by legal services reliant on the Cupar courts is around 22 jobs in Cupar. The total impact in Cupar is therefore 92 jobs.

**Impacts on income**

3.13 The latest data from the Annual Survey of Hours and Earnings (ASHE) suggests that median (mid-point) annual salaries in the “Justice and Judicial Activities” sector were around £25,000 per person across the UK in 2012. The same earnings figures show public administration salaries in the UK were similar in Scotland, so it is reasonable to assume an average salary of around £25,000 in Scotland. The same data for Scotland shows median annual salaries of £22,000 in 2012 for legal and accounting activities.

3.14 Based on the above data the direct employment impacts from the courts (22 jobs) and legal services (70 jobs) are associated with around £2,090,000 of income. The income multiplier effects for legal services in Scotland are the same for employment multiplier effects (around 1.45) and these are applied using the same approach as outlined in the employment impact.

3.15 The income multiplier for public administration in Scotland (1.58) is lower than for the employment multiplier outlined above and is adjusted accordingly before applying the same approach. After multiplier effects are considered, the total income associated with the 130 jobs lost is just under £2.8 million. This is reasonable considering the large number of highly skilled posts that are likely to be lost or relocated to Dundee.

4 Conclusions

4.1 The SCS consultation cited six job losses and operating costs saved of around £92,000 per annum resulting from the closure of the Cupar Sheriff and Justice of the Peace Courts. This is clearly a significant underestimate by only considering a fraction of the activities involved in operating and supporting the courts.

4.2 There is little mention of the wider implications for other Cupar based business in the consultation. Indeed the consultation suggests that “…any economic impact from the court closures will be localised, minimal and short-term.” This is misleading as whilst the impacts are clearly local they will be significant and permanent.

4.3 The total loss of employment from the closure of the courts is likely be around 130 jobs lost from Cupar. This includes 38 jobs from the direct loss of the courts and a loss of 92 jobs within legal services. With total net annual running costs of only £92,000 per annum identified by SCS the cost-per-job just over £700.
References

Publications
Scottish Court Service (September 2012). *Shaping Scotland’s court services, a public consultation on proposals for a court structure for the future.*

Scottish Court Service (April 2013). *Shaping Scotland’s Court Services, The Scottish Court Service response to the consultation and recommendations for a future court structure in Scotland.*

Web links
Scottish Government: Input-Output tables
www.scotland.gov.uk/Topics/Statistics/Browse/Economy/Input-Output