

RIOT COMPENSATION BILL

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Riot Compensation Bill as brought from the House of Commons on 8 February 2016 (HL Bill 94).

- These Explanatory Notes have been provided by the Home Office, with the consent of Lord Trefgarne, in order to assist the reader. They do not form part of the Bill and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Bill will mean in practice; provide background information on the development of policy; and provide additional information on how the Bill will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Bill. They are not, and are not intended to be, a comprehensive description of the Bill. So where a provision of the Bill does not seem to require any explanation or comment, the Notes simply say in relation to it that the provision is self-explanatory.

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Overview of the Bill

- 1 The Bill repeals the Riot (Damages) Act 1886 (“the 1886 Act”) and creates a new scheme which allows compensation to be claimed for property that is damaged, destroyed or stolen in the course of a riot. Claims for compensation may be made in respect of property that was not insured, or was not adequately insured, against such loss or damage. The Bill also allows an insurance company which has settled a claim in respect of loss or damage to property during a riot to reclaim the compensation they have paid out.

Policy background

- 2 During the civil disturbances of August 2011 a number of businesses and individuals suffered losses. The majority of those whose property was damaged in the riots were covered by insurance, however there were some who were uninsured or under insured. For these people, the 1886 Act provided the legislative vehicle under which they could make a claim for compensation.
- 3 Since its introduction and until the civil disturbances in 2011, the 1886 Act had not been the subject of any substantial revision. In the Government's view, the archaic language of the 1886 Act contributed to uncertainty around entitlements to compensation. This Bill seeks to reform the Act, in order to ensure that the arrangements that govern claims for riot damage compensation are clear, transparent and fit for modern day needs.

Progress of policy review

- 4 After conducting an internal review the previous coalition Government commissioned an independent review of the 1886 Act. This was led by Neil Kinghan and was published on 8 November 2013. The previous Government considered this report and outlined its proposed approach to riot compensation payments in a public consultation, which was published on 5 June 2014. A response to the consultation was published on 12 March 2015 along with the draft Bill.

Legal background

- 5 The provisions relating to the existing system for payment of compensation and the redress of service complaints are set out in a combination of primary and secondary legislation. The current provisions are:
 - [The Riot \(Damages\) Act 1886](#)
 - [Regulations under the Riot \(Damages\) Act 1886, as to claims for compensation \(1921\)](#)

Territorial extent and application

- 6 The provisions in this Bill cover England and Wales. Scotland and Northern Ireland have separate legislation and both administrations have confirmed they do not wish to implement the provisions of this Bill. The Bill does not make provision in relation to any matters that are devolved to Wales and therefore no Legislative Consent Motion is required. The Department

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of Justice in Northern Ireland has recently conducted a public consultation on reforming its riot compensation arrangements and is considering next steps.

Commentary on provisions of Bill/Act

Claims for compensation

Clause 1: Claims for compensation for riot damage etc

- 7 *Subsection (1)* provides the entitlement to make a claim for compensation in respect of property that has been damaged, destroyed or stolen in the course of a riot. It does not cover any non-material consequential losses (see paragraph 47) or personal injury. The compensation may be claimed from the appropriate local policing body (see Reference (1)).

Reference (1): "Local policing body"

The Local policing body is a police and crime commissioner, the Mayor's Office for Policing and Crime (in the Metropolitan Police district) or the Common Council (in the City of London Police area).

By virtue of the Interpretation Act 1978, a 'Local Policing Body' is defined in accordance with s.101(1) of the Police Act 1996.

- 8 *Subsection (5)* provides clarity on what is meant by property being inadequately insured. This is either where it is insured for an amount which is less than its value, or where it is insured subject to an excess. Where the property is insured subject to an excess, the insurance is deemed inadequate because the claimant, having paid the excess, would receive an insurance payment from the insurance company that is not adequate to cover the full value of the insured property.
- 9 *Subsection (2)* provides the continuation of an existing provision in the 1886 Act entitling an insurance company that has settled a claim for loss or damage to property caused by a riot to claim compensation in respect of the amount they have paid out from the appropriate local policing body (this is known as a "subrogated claim": see Reference (2) below).

Reference (2): Subrogated claims

Section 2(2) of the Riot (Damages) Act 1886 entitles insurers to make a subrogated claim (i.e. to claim reimbursement from the liable party for money paid to policy holders).

- 10 *Subsection (3)* clarifies that claims should be directed to the local policing body responsible for the police area in which the property was situated at the time of the riot. This is an important principle, particularly in relation to motor vehicle claims where riot damage may occur away from the place where a vehicle is normally kept.

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- 11 *Subsection (4)* confirms that claims for compensation must be made in accordance with procedures to be outlined in regulations. Lack of compliance with these procedures could result in a claim being refused, for example if a claim is submitted outside of the prescribed time limit without good reason.
- 12 *Subsection (6)* simplifies the approach to defining a “riot” for the purposes of determining whether riot compensation should be paid. The 1886 Act provides for compensation to be paid where damage to property has been caused by “persons riotously and tumultuously assembled together”, but the terms “riot” and “riotously” in that Act are also defined by reference to section 1 of the Public Order Act 1986 (see section 10(1) of that Act).
- 13 The definition supplied in the Bill replaces the archaic language in the 1886 Act by using section 1(1) of the Public Order Act (see Reference (3) below), with the aim of making it easier for the decision-maker to determine whether a riot has occurred.

Reference (3): Public Order Act 1986 - definition of a riot

Section 1(1) of the Public Order Act 1986 states:

“Where 12 or more persons who are present together use or threaten unlawful violence for a common purpose and the conduct of them (taken together) is such as would cause a person of reasonable firmness present at the scene to fear for his personal safety, each of the persons using unlawful violence for the common purpose is guilty of riot.”

- 14 *Subsections (6)(a) to (c)* provides a new exemption for the relevant local policing body from liability to pay compensation where a riot has occurred in various types of secure facilities where people are detained. This is on the basis that another party has responsibility for maintaining order in such facilities.

Clause 2: Property in respect of which claims may be made

- 15 The 1886 Act provides for compensation to be claimed only in relation to damage to a house, shop or building. Clause 2 encompasses a wider class of property damage and loss in respect of which claims may be made. Under the Bill, this now includes a building, a motor vehicle which falls within the Schedule to the Bill, or property which otherwise falls within subsection (3).
- 16 *Subsection (1)* provides that a person claiming compensation under clause 1(1) may make a claim only in relation to specified types of property. *Subsection (2)* extends the same principle to an insurance company making a claim under clause 1(2).
- 17 *Subsection (3)* identifies other types of property in respect of which claims may be made. In addition to property kept within a building, claims may also be made for property which was kept at the time of the riot within the curtilage of a building or on land being used for the purpose of the claimant’s business.

Example (1): New types of property claims that could qualify under the Riot Compensation Bill

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Scenario (a): A riot occurs on an industrial estate. A company incurs uninsured losses in respect of a damaged fork lift truck kept outside an outbuilding. *They are able to make a claim for this under subsection (3)(b).*

Scenario (b): A seasonal market stall holder whose stall was erected on a temporary site experienced losses through theft during the course of a riot. *He is able to make a claim under subsection (3)(c).*

- 18 *Subsection (4)* allows the Secretary of State to make changes, via regulations, to the property identified in subsection (3) in respect of which claims may be brought. This enables provision to be made about the meaning of terms used in that subsection – this could, for example, be used to supply a wider definition of types of buildings in respect of which claims may be made.
- 19 *Subsection (5)* supplies a definition of “buildings” and “motor vehicles” for the purposes of clause 2 and the Schedule to the Bill.

The Schedule - Motor vehicles in respect of which claims may be made

- 20 Paragraph 1 of the Schedule to the Bill allows a person with third party insurance to make a claim for uninsured losses to their vehicle that was caused as a result of a riot. It should be noted that, unlike the position for other property claims, the payment of an excess will not render the insurance inadequate for the purposes of making a claim under the Schedule. This acts as a bar to claims for recovery of the payment of any excess paid for motor vehicles damaged in the course of a riot.
- 21 A claim may also be made for riot damage in respect of vehicles that are exempt from the legal requirement to obtain insurance (see paragraph 2). This deals mainly with vehicles owned by certain public bodies, as set out in section 144(1) and (2) of the Road Traffic Act 1988.
- 22 In order to ensure compliance with legal requirements in respect of keeping a vehicle on the road it is a condition, in respect of a motor vehicle falling within paragraph 1 or 2 of the Schedule, that the appropriate amount of vehicle excise duty has been paid in respect of the vehicle (so claims will be refused if the vehicle concerned has not been properly taxed).
- 23 A claim may also be made in respect of loss or damage to a motor vehicle kept off-road at the time of the riot, provided that the claimant has kept the vehicle in accordance with the standard off-road notification requirements set out sections 144B(5) or (6A) of the Road Traffic Act 1988 (see paragraph 3).
- 24 Under paragraph 4 of the Schedule, claims may be made in respect of vehicles that are part of the stock in trade of a business. Such claims may be made by an owner or an insurance company who has paid out under an insurance policy. However an insurance company is not permitted to subrogate claims on any other motor insurance policy they have paid out on.

Example (2): Motor vehicle claims

Scenario (a): A self-employed plumber based in Surrey is carrying out a job in London when his vehicle is targeted during a riot and the bodywork is damaged. *As he only has third party insurance he is able to make a claim to the Metropolitan Police as this was the force with responsibility for the area where the*

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losses occurred (complying with clause 1(3) and paragraph 1 of the Schedule).

Scenario (b): A car salvage dealer's yard is broken into during a riot. Damage and theft occurs to cars as a result. He is paid in full by his insurance company. *As the cars were part of the stock in trade of a business the insurance company is able to reclaim the settlement they paid to the car salvage dealer (under paragraph 4 of the Schedule).*

Clause 3: Regulations about claims procedure

- 25 *Subsection (1) is self-explanatory.*
- 26 *Subsection (2) allows for regulations to include appropriate provision to deal with circumstances where the ownership of the property is not straightforward (see Example (3) below) and will ensure that the correct claimant can more easily be identified.*
- 27 *Subsection (2) will also ensure that claims are consolidated where appropriate (e.g. where a company has incurred losses in separate buildings on the same site or where a company has incurred damage to a building and the stock it holds inside). This is particularly important given that clause 8(1) provides that there will be a maximum amount of compensation payable per claim.*
- 28 *Subsection (3) also allows the Secretary of State to set out in regulations the procedural and evidential requirements covering a number of areas such as the time limits for notification of a claim and submission of supporting evidence. Within this, the Secretary of State may also make provision about the submission of new evidence, even after a claim has been determined (see Example (4)).*
- 29 *Subsection (4) ensures that regulations provide minimum time periods for notifying the handling authority of a claim (42 days from the date of the riot) and, thereafter, submitting evidence and details in support of a claim (90 days from the date when the claim has been notified).*
- 30 *Subsection (5) utilises insurance industry practice by stating that, through regulations, estimates for the cost of repairs may be prepared by approved contractors. Clause 8(7)(d) also provides that regulations may enable the local policing body to pay such contractors directly. These measures are designed to reduce the potential scope for fraud.*

Example (3) - the ownership of a property

Scenario (a): during the course of a riot the infrastructure of a block of 12 flats has been damaged and various contents in a number of flats have been damaged and stolen. All of the flats are leasehold, the freeholder of the block of flats is legally responsible for the external structure of the building but failed to take out insurance.

The Government intends through regulations to clarify that the freeholder may make individual claims for the external damage to each of the 12 flats (with a £1m cap for each claim). The leaseholders may also submit separate claims for any contents that were not covered by insurance.

Scenario (b): a riot breaks out on the site of a controversial property development and machinery leased by the building company is damaged.

Ownership will depend on the lease agreement and who has responsibility for repairing the cost of the damage. In the event that the lessee is responsible for the damage and does not have insurance then they could submit a

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claim under the new provisions. If the owner of the equipment is responsible and has insurance cover then the expectation is that the insurance company will submit a subrogated claim to the local policing body.

Example (4) - evidence received after the determination of a claim

Scenario - a residential property suffers extensive fire damage during a riot. A valuable necklace is lost but the claimant cannot substantiate ownership due the receipt being lost in the fire. The case is settled by the local policing body but no money is provided for the necklace. Six months later, through a family member, a number of photographs are discovered of the claimant wearing the necklace.

The local policing body will be able to re-open the claim to investigate this. In such circumstances it is likely that loss adjusters will be employed to investigate the authenticity of the photographs and the value of the necklace. If there are no concerns then the claim may be paid out.

The decision-maker

Clause 4: The decision-maker on a claim

- 31 *Subsection (1) specifies that the relevant local policing body is responsible for making a decision on a claim except where;*
 - a. they have delegated their claims handling and decision-making functions (in accordance with subsection (2)). This clause allows local policing bodies with greater flexibility to outsource to companies with greater capacity and expertise to handle claims (for example to loss adjuster companies); or
 - b. the Secretary of State makes a direction to transfer claims in accordance with clause 5.
- 32 *Subsection (2) allows for regulations to be made by the Secretary of State around the transference of claims handling and decision-making functions. This could, for example, specify types of accredited organisations to whom these functions may be delegated.*
- 33 *Subsection (3) expands on subsection (2) and makes clear that the Secretary of State may make specific provision in the regulations enabling greater flexibility around, for example, the types of claim in relation to which the functions may be delegated. Subsection (3) also allows the Secretary of State to include measures in regulations to ensure appropriate governance around claims handling and decision making.*

Example (5): How a local policing body could delegate riot compensation claims

A riot breaks out in a single large urban force area. As a result 80 claims are made of which 60 are of a relatively low value (e.g. under £10k) and are straightforward. The remaining claims are of a high value and are complex as they relate to a block of flats with shops on the ground floor that were all extensively damaged.

Potential courses of action for the local policing body (assuming these are provided for by regulations under clause 4(2)):

(a) Handle all the claims internally but commission loss adjusters to carry out investigations on the high

value complex claims making recommendations to the local policing body.

(b) Handle all the low value claims internally but contract out both the handling and investigations to loss adjusters for the high value complex claims making recommendations to the local policing body.

(c) Contract out the handling of all claims setting out a delegated limit so that loss adjusters can take decisions on low value claims. On high value claims loss adjusters would be required to recommend a course of action to the local policing body.

Clause 5: Transfer of claims to the Secretary of State

- 34 Subsections (1) and (3) allow the Secretary of State, through a direction, to assume responsibility for claims handling and/or decision-making on riot compensation claims. Such a direction must be published (see subsection (5)). These provisions are only intended to be used in the event of widespread civil disturbances or at the request of a local policing body (in limited circumstances). (See Example (6)).
- 35 Subsection (2) creates a degree of flexibility in that the Secretary of State may assume responsibility for all claims handling and/or decision making or instead just certain types of claim.
- 36 Subsection (3) also provides clarity of the circumstances under which the Secretary of State can make a direction. Subsection (3) also allows a local policing body to ask the Secretary of State to take on claims handling functions if a riot only occurs within their force area (see Example (6)).
- 37 In order to ensure consultation between appropriate parties subsection (4) imposes a requirement on the Secretary of State to consult affected local policing bodies before making a direction.

Example (6): Circumstances where responsibility for riot compensation claims could transfer from local policing bodies

Scenario (a): a disturbance breaks out in a town, which is on the outskirts of a large metropolitan area resulting in damage to a large number of shops. A breakaway group of 20 individuals then go onto another neighbouring town covered by a different force area, causing more damage.

Under this scenario the Secretary of State, after consultation with the two responsible local policing bodies, could assume responsibility for claims handling and decision-making and implement a riot claims bureau to carry out this function (under clause 6). It is expected that the local policing body would participate in the overall running of the Bureau.

Scenario (b): a single force receives an unexpected and high number of claims following a large disturbance occurring only within their area. They request assistance from the Secretary of State.

After considering this request the Secretary of State agrees to implement a riot claims bureau to handle and decide claims. N.B. there is no obligation on the part of the local policing body to request a transfer of their functions to the Secretary of State or for the Secretary of State to accept such a request.

Clause 6: Delegation of Secretary of State's functions

- 38 If the Secretary of State decides under clause 5 to assume claims handling and decision-

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making responsibility for riot compensation claims then *subsection (1)* permits the Secretary of State to establish a riot claims bureau (an ad hoc body) to carry out such functions.

- 39 *Subsection (2)* provides that the regulations must confirm that the principal function of the riot claims bureau is to exercise the claims handling and/or decision-making functions in relation to claims on behalf of the Secretary of State.
- 40 *Subsection (3)* outlines detail that may be set out in regulations dealing with the composition and running of the bureau.
- 41 *Subsections (4) and (5)* allows for the Secretary of State to make regulations to delegate claims handling and decision-making functions to a person other than the riot claims bureau. This provision could be used, for example, to transfer decision-making in relation to motor vehicle claims to a specialist organisation.

Decisions on claims

Clause 7: Decision on validity of claims

- 42 *Subsection (1)* imposes a primary obligation on the decision-maker to determine whether a claim for compensation is valid.
- 43 *Subsection (2)* makes clear that this decision on validity will depend on whether the claim is in respect of riot damage as defined in clause 1, and whether the claim is in respect of property as defined in clauses 1 and 2.
- 44 Compliance with procedural requirements, set out in regulations made under clause 3, will be necessary to ensure a claim is valid. For example failure to comply with the time limits for submission of information could lead to the claim being held to be invalid.
- 45 *Subsection (3)* states that the Secretary of State may issue guidance to decision-makers on matters that will be material to decisions as to validity of claims, such as whether the civil disturbance in which losses were sustained met the definition a riot.

Example (7) - What guidance for decision-makers may contain

Definition of a riot

Guidance for decision-makers will contain further detail around the definition of a riot, in particular around issues such as individuals or small groups who break away from a larger group and cause damage.

Claims handling

A particular issue from the August 2011 riot was the circumstances under which it might be acceptable to submit evidence outside of prescribed periods. Our guidance will contain some examples where this might be acceptable, which will include delays in being able to submit details of rebuilding costs due to planning permission issues.

Guidance for decision-makers is also likely to cover the circumstances around which a claim may be classified as dormant, where despite repeated attempts by the local policing body over a period of time no contact has been made by the claimant.

Clause 8: Amount and payment of compensation

- 46 *Subsection (1)* imposes a new compensation cap of a maximum payment per claim of £1 million. This can be changed by regulations (see *subsection (9)*).
- 47 *Subsection (2)* makes it clear that the amount of compensation shall not reflect any consequential loss resulting from the loss or damage to the property with the exception of losses specified in *subsection (3)*. Other types of consequential loss that are not covered include (but are not limited to) loss of productivity, loss of profit, loss of income and loss of rent.
- 48 *Subsection (3)* allows for compensation to be paid when a claimant incurs additional costs as a result of requiring alternative accommodation (i.e. expenses over and above their normal rent or mortgage payments, such as letting agent fees, or the cost of temporary accommodation). This provision is limited to affected individuals and does not permit subrogation by insurers.
- 49 *Subsection (4)* specifies that the Secretary of State may make regulations which set out the particular factors to be taken into account by decision-makers when determining claims. These may include setting a maximum time period for alternative accommodation costs under *subsection (3)* to be covered.
- 50 *Subsection (5)(a)* allows the regulations to prescribe in detail the basis upon which compensation will be calculated. This will include a new entitlement enabling property to largely be replaced on a new-for-old basis. There will be exceptions to this where indemnity or depreciated value will be paid, the aim being consistency with the insurance industry. See *Example (8)*.
- 51 *Subsection (5)(b)* makes clear that the regulations may require local policing bodies to take account of what has been paid out on any related insurance claim when deciding the level of compensation that is fair and reasonable. This is to ensure propriety and to prevent double recovery in relation to claims made to the relevant local policing body that arise from inadequate insurance.
- 52 *Subsection (6)(a)* specifies that regulations may allow the decision-maker to award increased compensation to allow claimants to recoup costs or expenses. This may include recovery of the costs incurred by successful claimants who have engaged their own loss adjusters to provide further evidence for the local policing body.
- 53 *Subsection (6)(b)* will allow the regulations to provide the ability for local policing bodies to make a deduction equivalent to an excess which could be applied to claimants who make a claim under the scheme.
- 54 *Subsection (6)(c)* makes clear that the regulations may set out what will be the effect of the claimant's conduct on the calculation of compensation. See *Example (8)*.
- 55 *Subsection (6)(d)* states that regulations will provide a mechanism for decision-makers to refuse a claim where they believe (on balance of probabilities) that fraud has been employed in connection with the claim. The regulations may also give the decision-maker the ability to refuse other claims brought by the same individual even where fraud is only found to have occurred in another claim. See *Example (8)*.
- 56 *Subsection (7)(a)*: in order to be consistent with insurance claims, it is intended that the regulations will provide a time limit by which claims will lapse if the claimant has failed to provide the requisite evidence or has simply not maintained contact. Insurance policies typically state this to be six years in line with the statute of limitations.

- 57 *Subsection (7)(b)* refers to provision to be made in regulations allowing local policing bodies to make an interim payment on a claim. This may be helpful to a business in, for example, circumstances where there has been a difficulty in establishing one element of the claim, but where the rest of the claim is not in dispute. A payment could be made on the settled aspects of the claim, which might assist the business to continuing trading.
- 58 *Subsection (7)(c)* is an additional mechanism to subsection (6)(b), by which the regulations may provide that the relevant local policing body or a riot claims bureau may release money in instalments. This reflects general insurance industry practice in total loss claims where money is often released in stages as building work progresses.
- 59 *Subsection (7)(d)* points to flexibility that may be provided in regulations to allow local policing bodies to use approved repairers instead of providing financial settlements. The intention of this is to speed up resolution of minor damage claims.
- 60 *Subsection (7)(e)* permits the regulations to deal with the administrative requirements that must be satisfied before money may be released or repairs carried out. This may include the need for obtaining quotes from a number of different repairers and for claimants to sign an agreement on a settlement offer before money is released.
- 61 *Subsection (8)* requires the local policing body to pay the compensation decided upon, taking into account the requirements of the Bill and the regulations made under it.

Example (8) - Regulations around determining claims

Subsection (5)(a) - regulations may set out the areas where depreciative or indemnity will be paid, for example cars, perishable stock and sale stock.

Subsection (6)(c) - regulations may set out the types of conduct that can be taken into consideration. Examples of this may include disqualifying an individual's claim where he/she has been convicted of a relevant criminal offence during the disturbance for which he/she has submitted a claim. Account may also be taken of any evidence that shows a claimant incited rioters or deliberately left their house/business premises open during a riot.

Subsection (6)(d) - examples of what could be considered as fraud include claiming for loss or damage that was sustained before or after the period of the riot; deliberately over-estimating stock losses; or claiming for non-existent damage to a house/business premises.

Clause 9: Review and appeals

- 62 *Clause 9* requires the Secretary of State to make regulations dealing with the rights of review and repeal of decisions in relation to the validity of claims and the amount and payment of compensation.
- 63 If a claimant is unhappy with the decision on their case, pursuant to these regulations, they will first be required to seek a review, which will be carried out by the decision-making authority. Should the claimant remain dissatisfied then they will have the right of appeal. Further details as to the scope of the appeal and its venue will be provided in the regulations that the Secretary of State is required to make under clause 9.

General

Clause 10: Repeal of the Riot (Damages) Act 1886 and consequential amendments

64 *Clause 10* repeals the 1886 Act and provides for consequential amendments.

Clause 11: Regulations

65 *Subsections (2) and (3)* provide that regulations to be made under the Bill are to be subject to the negative resolution procedure. This is with three exceptions. Firstly, any regulations made under clause 2(4) which restrict or are capable of restricting the categories of property in respect of which a claim may be made are to be subject to the affirmative procedure. Secondly, any *reduction* to the compensation cap (referenced at clause 8(8)) must also be subject to the affirmative procedure. Finally regulations dealing with commencement will not be subject to any parliamentary procedure.

Clause 12: Commencement, extent and short title

66 See 'Commencement' section below.

Commencement

67 Clause 12 provides that clauses 1 to 10 and the Schedule will be commenced by commencement regulations. Clauses 11 and 12 of the Bill will come into force on the day of Royal Assent.

Financial implications of the Bill

68 The impact assessment estimates an average net annual cost of £0.1 million. This includes average annual net costs of £2.4 million to businesses and net annual average benefit of £2.3 million to public funds. The financial impacts as outlined in the impact assessment, will fall to local policing bodies (who will remain financially liable for the costs of compensation) and to the insurance industry (who will make claims on behalf of policy holders).

69 For local policing bodies, the costs are likely to increase due to proposed changes to the basis for compensation, because of the addition of liability for limited motor vehicle damages and by the provisions to be made in regulations which may allow a longer time for claims to be submitted (with the effect that more claims potentially would be valid). However the claims cap of £1m is likely to reduce the overall costs of potential claims.

70 The proposals will have an impact upon the insurance industry, which will only be able to make claims for compensation to a maximum of £1m per claim. There will also be an impact on uninsured businesses or individuals who experience a loss in excess of £1m.

71 The proposals will result in some additional costs to Government in respect the staffing and administration of any riot claims bureau formed by the Secretary of State pursuant to clause 6. It should be noted that there has only been one riot that has occurred over the last ten years in

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two or more policing areas at the same time, or which has moved from one policing area to another. These are two of the three circumstances which would permit the Secretary of State to make a direction under clause 5 (the other is where the police request such a direction). It is only where the Secretary of State makes, or is considering making, a direction, that the power to establish a riot claims bureau is triggered. Annual cost is estimated for the purposes of the impact assessment at around half a million pounds over ten years but could, in practise, be lower.

Parliamentary approval for financial costs or for charges imposed

72 A money resolution was approved by the House of Commons on 16 December 2015. The Regulatory Policy Committee have provided a green rating for the impact assessment.

Related documents

73 The following documents are relevant to this Bill:

- Independent Review of the Riot (Damages) Act -
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/255990/riot_damages_act_review.pdf
- Public Consultation, Response to the Public Consultation and Impact Assessment -
<https://www.gov.uk/government/consultations/reform-of-the-riot-damages-act--2>

Annex A - Territorial extent and application

Provision	England	Wales		Scotland		Northern Ireland	
	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Legislative Consent Motion required?	Extends to Scotland?	Legislative Consent Motion required?	Extends to Northern Ireland?	Legislative Consent Motion required?
1. Claims for compensation Clause 1 Clause 2 Clause 3 Schedule 1	Yes	Yes	No	No	No	No	No
2. The decision-maker Clause 4 Clause 5 Clause 6	Yes	Yes	No	No	No	No	No
3. Decisions on claims Clause 7 Clause 8 Clause 9	Yes	Yes	No	No	No	No	No
4. General Clause 10 Clause 11 Clause 12	Yes	Yes	No	No	No	No	No

These Explanatory Notes relate to the Riot Compensation Bill as brought from the House of Commons on 8 February 2016.

RIOT COMPENSATION BILL

EXPLANATORY NOTES

These Explanatory Notes relate to the Riot Compensation Bill as brought from the House of Commons on 8 February 2016 (HL Bill 94)

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