

<b>Title: Temporary Event Notices (TENs): Reducing the burdens of the Licensing Act 2003</b>  <b>IA No:</b> HO  <b>Lead department or agency:</b> Home Office  <b>Other departments or agencies:</b> DCMS	<b>Impact Assessment (IA)</b>		
	<b>Date:</b> 24 July 2012		
	<b>Stage:</b> Consultation		
	<b>Source of intervention:</b> Domestic		
	<b>Type of measure:</b> Primary legislation		
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<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> Awaiting Scrutiny
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£2.0m	£2.0m	-£0.2m	Yes   OUT

**What is the problem under consideration? Why is government intervention necessary?**

The Government is committed to reducing administrative burdens and giving more flexibility to local authorities to take decisions that reflect the needs of their local community. This IA evaluates the Government's commitment to consult on an increase in the number of Temporary Events Notices (TENs) allowed each year and/or introducing a simplified TENs system that licensing authorities (LAs) could set and operate locally. The current TENs system has been challenged by some for being unnecessarily bureaucratic and burdensome for LAs and TENs users and community organisations. A simplified system based on local needs and/or an increase in the number of TENs allowed is expected to contribute to the Government's aim to cutting red tape and supporting growth.

**What are the policy objectives and the intended effects?**

To reduce the unnecessary bureaucratic burdens of the licensing process, without undermining the four objectives of the Licensing Act 2003: the prevention of crime and disorder; public safety; the prevention of public nuisance; and the protection of children from harm.


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

**Option 1:** To make no changes (do nothing).  
**Option 2:** To introduce a simplified, locally determined TENs process. This option would enable a licensing authority, after consultation with the police, to decide that it will permit licensable activities to go ahead on an occasional basis according to a simplified local process and criteria that it stipulates (in other words, for example, one in which persons applying for TENs would not have to complete the current full prescribed form and the process of the LA agreeing if a temporary event could go ahead would be more light-touch) **and/or;**  
**Option 3:** To increase the current limit for TENs that can be used at any single premises from 12 per year to 15 or 18 per year.

The figures above illustrate the potential net present values of Option 3 although this is not necessarily the preferred option.

<b>Will the policy be reviewed?</b> It will/will not be reviewed. <b>If applicable, set review date:</b> TBC following consultation					
Does implementation go beyond minimum EU requirements?			Yes		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	<b>Micro</b> Yes	<b>&lt; 20</b> Yes	<b>Small</b> Yes	<b>Medium</b> Yes	<b>Large</b> Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)			<b>Traded:</b> N/A		<b>Non-traded:</b> N/A

*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 Minister: Jeremy Browne MP  Date: 20-09-12

# Summary: Analysis & Evidence

# Policy Option 2

Description: To introduce a simplified locally determined TENs process

FULL ECONOMIC ASSESSMENT

Price Base Year 2010/11	PV Base Year 2010/11	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: NK

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	1	Optional	Optional
High	Optional		Optional	Optional
Best Estimate				

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

There is not expected to be any cost to business, community organisations or charities, as this approach would permit a simpler, localised TEN process that is expected to reduce the administrative burden on business, community organisations or charities, and licensing authorities.

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

The detail of how the TENs process would be simplified and what measures would be put in place at a local level has not yet been developed and will be considered during the consultation. However, there would be implementation costs to licensing authorities for devising and communicating a new TENs system. This will be explained as part of the final stage Impact Assessment. There is a minor risk of an increase in alcohol related crime and health harms due to increased availability and consumption. It is not possible to quantify.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	1	Optional	Optional
High	Optional		Optional	Optional
Best Estimate				

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

There will be a benefit to business due to the reduction in time taken to complete and submit a TEN. This option would also reduce the administration burden on licensing authorities for administering TENs. It is not possible to monetise these benefits in this pre-consultation Assessment. This will be updated in the final stage IA.

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

There will be a benefit to businesses and licensing authorities due to a simplified TEN process and less time by TENs users to submit and and for LAs to consider TENs. This would reduce their administrative and financial burden. It is not possible to quantify this benefit in this pre-consultation stage IA. This issue will be considered throughout the consultation process.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5%
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Further consultation is required with licensing authorities, businesses and community organisations to determine the merits of a simpler, locally determined TEN process. It is possible that licensing authorities (LAs) could introduce a less effective system compared to the current system which could deter businesses or community organisations from using a TEN and/or increase the number of challenges. As this is a discretionary power, there is a risk that LAs do not feel there is sufficient incentive to introduce it. There is also a risk of increased enforcement activity if there is an increase in the number of TENs.

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs:	Yes	OUT
Benefits:		
Net:		

# Summary: Analysis & Evidence

# Policy Option 3

Description: Increase the current limit for TENs that can be used at a single premises from 12 to 15 or 18 per year

Price Base Year 2010/11	PV Base Year 2010/11	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0.4	High: 3.5	Best Estimate: 2.0

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	1	0.1	0.9
High	Optional		0.4	3.6
Best Estimate	neg		0.3	2.3

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

This option would not introduce any new, or compulsory, administrative or financial burdens on business. There will be an annual cost to business or community organisations who give TENs, estimated at £0.1m-£0.4m per year. Any cost to licensing authorities to process TENs is expected to be covered by the fees.

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

There could be an administrative burden to licensing authorities for processing an increase in the number of TENs given to them. However, the fee for a TEN will cover any administration costs. Licensing authorities may want to communicate this change in policy to key contacts in their area although costs are expected to be negligible and have not been quantified in this Impact Assessment. There is a minor risk of an increase in alcohol related crime and health harms due to increased availability/consumption (as above.)

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	1	0.1	1.3
High	Optional		0.8	7.2
Best Estimate			0.5	4.2

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

There is expected to be a benefit to business through increased temporary activities resulting from a potential extra 3 to 6 TENs per premises per year. This has been estimated to lead to an additional 3,200-13,000 TENs at a benefit of £0.1m-£0.8m per year in increased business profits.

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

There could be a benefit to consumers due to a potential increase in the number of temporary activities taking place (for example, this could include private parties, charity events and festivals).

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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There is a risk of increased objections due to an increase in temporary licensable activities. This could result in increased enforcement activity. This option could be introduced on its own or in conjunction with option 2.

## BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: 0.3	Yes	OUT
Benefits: 0.5		
Net: 0.2		

# Evidence Base (for summary sheets)

## A. Strategic Overview

### A.1 Background

On 23 March 2012, the Government published its Alcohol Strategy, setting out a range of measures to tackle the issue of excessive alcohol consumption and its associated harms.<sup>1</sup> The Alcohol Strategy also commits to seeking views on giving licensing authorities greater freedom to take decisions that reflect the needs of their local community.

In particular, the Alcohol Strategy puts a strong focus on our ongoing work to overhaul the Licensing Act 2003 to develop a more targeted, proportionate and flexible licensing system that, where appropriate, reduces the burden of alcohol licensing and supports local growth. Building on the Red Tape Challenge, it sets out a number of ways in which we wish to reduce the burdens on local organisations such as community and arts groups and schools, and businesses for whom alcohol sales are ancillary or who are not associated with crime and disorder. It also sets out proposals for making the day to day process of licensing as easy as possible for all businesses.

#### *Temporary Event Notices (TENs)*

The system of permitted temporary activities under the 2003 Act enables licensable activities to be carried out without the need for a premises licence or any other authorisation. Licensable activities include the sale of alcohol; or the provision of late night refreshment or regulated entertainment. A person wishing to hold an event at which such activities are proposed to be carried on gives notice of the event through a “temporary event notice” or “TEN”. A TEN can be used by an existing premises, which, for example, wishes to extend its hours beyond its usual closing time or for one-off events that are being organised on non-licensed premises (for example, a dance or concert organised by a voluntary group in a village hall).

The TEN is submitted to the licensing authority on a prescribed (currently seven-page) form on which the TENs user is asked to set out the nature of the licensable activities they will be undertaking (selling alcohol; providing late night refreshment; providing regulated entertainment, such as live music etc). The fee of £21 must be received by the licensing authority at the same time. The TEN is also sent to the police and environmental health authority (EHA) both of which have the opportunity to send an objection to the licensing authority. Various limitations apply. For example, the event must not exceed 168 hours; and no more than 500 people can be in attendance at the premises at any one time. Currently, there is a maximum of 12 TENs permitted per year on a single premises, up to a total maximum duration of 21 days. Proposed activities that exceed these limits will require a premises licence or club premises certificate.

The Government intends to consult on two proposals to introduce greater local discretion to the Temporary Event Notice (TEN) regime under the Licensing Act 2003 in England and Wales. This includes proposals to enable licensing authorities to introduce simpler, locally-determined processes for issuing a TEN **and** increasing the current limit for TENs that can be used in a single premises from 12 per year to 15 or 18 per year. These two proposals need not be mutually exclusive. These proposals follow the Government’s recent substantial changes to the TEN system through the Police Reform and Social Responsibility Act 2011.<sup>2</sup>

The proposal for a simplified, locally-determined TENs process has not been developed with any detail. This is because, by definition, the exact nature of the schemes to be implemented will be a

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<sup>1</sup> The Alcohol Strategy is available on the Home Office website: <http://www.homeoffice.gov.uk/publications/alcohol-drugs/alcohol/alcohol-strategy>

<sup>2</sup> For a full list of changes to the TENs system under the PRSR Act 2011 please visit the legislation website: <http://www.legislation.gov.uk/ukpga/2011/13/contents/enacted>

matter for local discretion and flexibility for licensing authorities. The Government announced this<sup>3</sup> following the “Red Tape Challenge” consultation in relation to the hospitality industry. It noted its intention to “decentralise Temporary Event Notice (TEN) forms and processes giving licensing authorities the power to accept TENs according to a locally-determined form or processes. To ensure that this is less burdensome for TENs users, each LA would also be required to continue to accept TENs made according to the nationally-prescribed form and process. Ideas and sample suggestions generated as part of the Red Tape Challenge initiative included the possibility of a locally-set scheme whereby a licensing authority might choose to accept simple notification by organisations or individuals of plans to stage a “low risk” event (where the organisers were known to the licensing authority) via a short email rather than them having to complete the existing full seven page prescribed TENs form. The scheme might involve the police, EHA or licensing authority seeking further clarification or detail if needed, or if there were no concerns agreeing via email proposal. The safeguards and nature of the email communication would be for licensing authorities to determine locally. Such ideas will be explored further as part of technical consultation work running alongside the Government’s public consultation.

**Impact of the wider Alcohol Strategy:** It is important to note that there will be impacts (both costs and benefits) from the other policies arising from the Government’s Alcohol Strategy but for the purpose of this pre-consultation assessment we are appraising proposals to reduce the burdens of the system of permitted temporary activities in isolation. Impact assessments will be revised following public consultation to reflect the agreed and combined package of measures being taken forward.

**Pre-consultation Impact Assessment:** This is a pre-consultation Impact Assessment and is based on the best available evidence at the point of publication. We have set out within the Impact Assessment the areas where we hope to increase our evidence base through the consultation process. Impact estimates (both costs and benefits) therefore remain subject to change.

## **A.2 Groups Affected**

### **Licensing authorities**

Licensing authorities will be responsible for simplifying, designing and implementing a localised TENs process and processing TENs given to them. They will also be responsible for considering any objections regarding a TEN and taking enforcement action where necessary.

### **The police and enforcement authorities**

Bodies that administer and enforce the Licensing Act 2003 include (but are not limited to) licensing authorities, the police, environmental health and trading standards. The police and enforcement authorities may be affected due to a potential increase in enforcement activity resulting from a simpler, more accessible TEN system.

### **TEN users**

TEN users will be affected. This will include commercial businesses such as alcohol retailers, pubs, clubs, and restaurants as well as personal licence holders including parent-teacher associations; circuses; small arts and music festivals; and markets where alcohol is sold.

## **A.3 Consultation**

### **Within Government**

Cabinet Committee clearances were gained for the publication of the Alcohol Strategy. These clearances include official and Ministerial level discussions with other Government departments, including the Department of Health, Department for Business, Innovation and Skills, Her Majesty’s Treasury, HM Revenue and Customs, The Department for Culture, Media and Sport, and the Department for Communities and Local Government.

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<sup>3</sup> “Government sets hospitality food and drink businesses free from regulation” Press release 088/11, 28..09.11  
[http://www.culture.gov.uk/news/media\\_releases/8465.aspx](http://www.culture.gov.uk/news/media_releases/8465.aspx)



## Public Consultation

This Impact Assessment has been created in advance of a public consultation. Respondents to the Red Tape Challenge in 2011 suggested that the burdens of licensing be reduced in respect of TENs. Government officials have previously held discussions with local authorities and the alcohol industry. To assist with the effective design of our consultation, officials will continue to hold discussions with representatives from the alcohol industry, licensing authorities and the police.

## B. Rationale

An effective and proportionate regulatory framework is essential to public safety and crime prevention and will also ensure that responsible businesses are not undermined by irresponsible businesses. If misused, alcohol is a dangerous substance and the Government takes the view that the overall framework provided by the Licensing Act 2003, as amended by the Police Reform and Social Responsibility 2011, is appropriate. However, a well-run and diverse hospitality industry has the potential to boost growth and representatives of this industry have highlighted concerns as part of the Red Tape Challenge about some of its administrative burdens. The Government is committed to removing unnecessary regulation and exploring further how it can make the day to day process of licensing as easy as possible for all responsible businesses. The policy objective behind this proposal in this Impact Assessment is to reduce the administrative burdens of the Licensing Act 2003 (“the 2003 Act”) without undermining the licensing objectives<sup>4</sup>.

Representatives of the hospitality industry and not for profit organisations, such as charities and members’ clubs, have previously requested increasing the TEN limit to 15 or 18. For example, an increase was proposed during the passage of the Police Reform and Social Responsibility Act.

## C. Objectives

The policy aim is to reduce the bureaucracy of the licensing system and give more powers to local authorities to simplify the TEN system and reduce the burdens on business and local authorities.

## D. Options

Option 1 is to make no changes (do nothing). However, the Government has recently overhauled the TEN system through the Police Reform and Social Responsibility Act 2011.

Option 2 is to permit local discretion to introduce a simplified TEN process. This option would enable a licensing authority, after consultation with the police, to decide that it will permit licensable activities to go ahead on a temporary basis according to a simplified local process and criteria that the licensing authority stipulates **and/or**;

Option 3 is to increase the current limit for TENs that can be used at a single premises from 12 per year to 15 or 18 per year.

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<sup>4</sup> The four licensing objectives (which all have equal status) are: the prevention of public nuisance; the prevention of crime and disorder; public safety; and the protection of children from harm.

## E. Appraisal (Costs and Benefits)

### GENERAL ASSUMPTIONS & DATA

The following estimates are based on a number of assumptions. There are many unknown variables and it is therefore difficult to predict the impacts of the options at this stage. This is a consequence of the Government's aim to empower local authorities to determine their own outcomes. Option 2 in particular would involve a substantial increase in local discretion.

#### **OPTION 2 – To introduce a simplified locally determined TEN process**

The introduction of a simplified and locally determined TEN process will require consultation with licensing authorities, the police, and community organisations and businesses who use TENs.

**There is uncertainty as to how attractive a power to prescribe a TEN process locally** would be to licensing authorities and whether they would favour this approach.

As noted above, locally determined processes could take a number of different approaches which will need to be explored further. Based on initial discussions with local authorities and businesses it is possible that a simplified process could result in the following approaches. However, this remains uncertain at this stage and further consultation is required:

- Relaxation of the criteria to give a TEN by permitting TENs to be submitted up to 24 hours before a temporary event is due to take place (currently five days under the Licensing Act);
- Allowing TENs to authorise multiple events;
- Licensing authorities accepting simplified TENs via a simple email or via the local authority website.
- Simplifying the TEN form (currently 7 pages with details on types of activities planned).

**Costs of Option 2 (excl. OIOO):** This is a discretionary process which need not be adopted by licensing authorities. However, simplifying the process could benefit holders of community events and individuals who currently may be discouraged by the current TEN system. Although this could result in increased revenue to licensing authorities as a whole, due to an increase in the number of TENs being submitted (at a current cost of £21 per TEN), this is expected to be cost neutral as the TEN fee only covers the cost of processing a TEN.

Notwithstanding the cost issues, there is a possibility or **risk that licensing authorities may choose not to develop a lighter touch, simpler TENs system on a discretionary basis**. They may feel it is too onerous a task or not worth the administrative processes involved in running a two tier system. We will seek to assess the likelihood of this risk in technical consultations involving LAs and others that we will run alongside the public consultation exercise. **Mitigating factors** include: (i) ensuring the legislative framework that we must introduce to enable this discretionary power for licensing authorities allows as much flexibility and scope as possible; (ii) producing clear guidance to licensing authorities via the statutory guidance that the Home Secretary is required to issue on the Licensing Act 2003 on the options available; (iii) Home Office working with key partners such as the LGA and 'beacon' licensing authorities to spread good practice of models that work.

There may be **implementation costs** to licensing authorities for devising a new system. However, it is important to note that a locally determined option for TENs is not likely to be adopted by licensing authorities if it incurs a significant cost to them, or is a significant administrative burden. We do not therefore expect this option to be a cost risk for licensing authorities.

It is therefore not possible at this pre-consultation stage to quantify costs to licensing authorities for the time taken to devise or communicate a new TENs system. The cost will depend on the number of licensing authorities that opt for a simplified system, how the system has been simplified and the time taken for licensing authorities to devise it. We will discuss this in detail with licensing authorities throughout the consultation process to ensure that this is quantified in the final stage Impact Assessment.



**Transition costs.** Licensing authorities will need to familiarise themselves with the changes they have chosen to adopt. It is a key principle of the legislation that the cost of licensing processes are met on a costs recoverable basis. On top of that transition costs are therefore likely to be negligible. We will consider this further as part of the forthcoming consultation and in the New Burdens Assessment.

**Increased crime and health costs:**

As with the other deregulatory measures in the Government’s Alcohol Strategy, Option 2 is primarily intended to reduce bureaucratic burdens on businesses and others. In this respect, it is fundamentally different from other proposals in the Alcohol Strategy aimed at reducing the harms caused by excessive alcohol consumption – for example, the measures on minimum unit pricing (MUP) and health as a licensing objective (in areas where the cumulative impact of businesses selling alcohol has contributed to health) both in terms of their scale and the targeted impacts they are intended to have. The proposal at Option 2 is aimed at providing greater local discretion for licensing authorities to consider whether some or all groups, including charities and voluntary groups, would benefit from a simpler TENS process, but without undermining the statutory licensing objectives.<sup>5</sup>

Nevertheless, there is a risk that Option 2 may lead to a very small increase in the overall consumption of alcohol as it increases opportunities to sell it. There is no data on the typical consumption associated with TENS so we cannot quantify this.

Alcohol consumption is associated with crime, particularly violent crime, and ill health<sup>[1]</sup>. There is therefore a risk that any increase in alcohol consumption brought about through Option 2 could lead to an increase in alcohol-related crime and health harms. In seeking to assess this risk, we have considered different modelling options, including the possible use of the Sheffield School of Health and Related Research model (“SchHARR model”), which has been developed specifically to explore the impact of alcohol control policies, such as pricing, on alcohol consumption and harms. However, given the lack of evidence on the consumption effect of this proposal and the different nature and application of the SchHARR model<sup>6</sup>, it is not currently possible to model these harms. We are carrying out a technical consultation with licensing authorities and key partners and will seek to gather evidence on the likely take up of powers to implement a simpler, localised TENS scheme by licensing authorities (the increased number of TENS that this is likely to generate and indication of the consequent effect on consumption) as part of this work. This will be used to inform any final stage Impact Assessment.

We believe that the risks of crime and health harms are small and can be mitigated. The nature of temporary events and the nature of the measure is such that we believe it would not result in high levels of harmful consumption. In devising a lighter-touch, simplified system of TENS – possibly targeting certain groups, such as charities and church events or ‘lower risk’ environments – LAs would be required by law in any event to have regard to promoting the four statutory licensing objectives (including preventing crime and disorder).

**COSTS (OIOO)**

There are not expected to be any transition or annual costs to business.

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<sup>5</sup> The duty on licensing authorities under Section 4 of the Licensing Act 2003 to promote: the prevention of crime and disorder; public safety; the prevention of public nuisance; and the protection of children from harm.

<sup>[1]</sup> See impact assessments on minimum unit pricing and ban on multi-buy promotions for a summary of the evidence.

<sup>6</sup> The SchHARR model estimates, at a very detailed level, the impacts of the policy concerned on the *consumption* levels for different types of alcohol consumers, and then goes on to use these figures to estimate the eventual impact on factors such as crime and health. Because of the level of detail in which the analysis is done, it would not be possible to input a consumption effect directly, even if such an estimate existed.

## **BENEFITS**

**Benefits of Option 2 (excl. OIOO):** There is expected to be a benefit to licensing authorities due to a reduction in the time taken to administer the TEN process. It is not possible to monetise this benefit at this stage as it is not clear how much time a simplified TEN process would save licensing authorities. This issue will be explored further with licensing authorities and businesses throughout the consultation process.

### **BENEFITS (OIOO)**

A relaxed TEN system is intended to reduce the administrative burden on business and community organisations as a direct result of reduced time taken to complete TENs. Businesses and community organisations could be encouraged to conduct more temporary licensable activities than they would normally, therefore resulting in increased business profits. These issues will be explored further throughout the consultation.

### **NET EFFECT**

Option 2 would be a NET OUT as it aims to reduce the administrative burden on business and community organisations in giving TENs.

### **OPTION 3 – Increase the current limit for TENs that can be used at a single premises from 12 to 15 or 18 per year**

This option would provide businesses and community organisations with the opportunity to increase the number of TENs that they can use at their premises from 12 per year to 15 or 18 per year. This option would not reduce administrative burdens but would provide flexibility and permit additional temporary activities for businesses and community organisations. This option could be combined with option 2 to ensure a reduction in administrative burdens.

## **COSTS**

### **Costs of Option 3 (excl. OIOO):**

#### *Transition costs*

Licensing authorities may want to communicate these policies to key contacts in their area in addition to any national communication via the Home Office website. As this forms part of a Licensing Authority's core business (and therefore would typically be covered by the fees), these costs have not been quantified in this Impact Assessment and are expected to be negligible. Licensing authorities have already experienced wide-sweeping changes to TENs as part of legislative changes introduced by the Police and Social Responsibility Act 2012; the Home Office publicised these via workshops and its website and it is envisaged it would do so with the changes to TENs limits proposed in this measure. It is therefore assumed that the majority of communication costs would be borne by the Home Office rather than licensing authorities. However, we intend to use the consultation to test this assumption.

The revenue from the fees is not included as a benefit to licensing authorities as it is expected that this revenue will cover the cost of processing the TENs.

A relaxation in the number of TENs permitted per premises, per year, could result in an increase in the number of TENs being used. This would increase the administrative burden on licensing authorities who would be responsible for administering the TENs given to them. However, it is expected that the TEN fee will recover the administration costs of any TEN (as is currently the case).

An increase in the number of TENs could lead to increases in objections from the police and environmental health under the Licensing Act 2003, at the prompting of local residents or businesses affected by the increased level of licensable activities authorised by the TENs.

This could place an administrative burden on licensing authorities who would be required to consider the objections. It is not possible to monetise this potential burden as it is not possible to estimate how many businesses or licence holders will increase their TEN activity and what proportion of these, if any, would lead to objections from the police and environmental health. However, this issue will be discussed with licensing authorities, the police and environmental health throughout the consultation process.

It is important to note that, under the current regime, there is no review process for a TEN. On very rare occasions there may be a hearing if the licensing authority has rejected a TEN which has been disputed by the person(s) submitting the TEN. There is no data available which can verify the number of TEN hearings; however, as this is extremely rare we would not expect this option to result in an increase of hearings.

### **Costs (INs)**

This option would not introduce any new or compulsory administrative or financial burdens on business.

The cost to business to give a TEN is £21 for the fee and an estimated 1 hour to fill in the form<sup>7</sup>. One TEN therefore has an estimated to cost business £32.62.

Following discussions with licensing authorities it is estimated that it is typically licensed premises, rather than unlicensed premises, that use the maximum number of TENs per year. From evidence supplied by a small number of licensing authorities, it is estimated that between **0.5-1%** of premises licence holders use the maximum number of TENs per year. The evidence also suggests that very few premises that do not possess licences or certificates meet the current limit of 12. This is equal to **1,080-2,160** licence holders<sup>8</sup>. We assume that these licence holders will use the new maximum of an additional 3 (or 6) TENs per year. Therefore, there is estimated to be an additional **3,240-6,490** (or **6,490-12,970**) TENs per year.<sup>9</sup>

The cost to business of filling in the additional TENs is therefore estimated to be £106k-£423k per year.

### **Increased crime and health costs:**

As with the other deregulatory measures in the Government's Alcohol Strategy, Option 3 is primarily intended to reduce bureaucratic burdens on businesses and others. In this it is fundamentally different from other proposals in the Alcohol Strategy aimed at reducing the harms caused by excessive alcohol consumption. By increasing TENs limits, the proposal at Option 3 provides greater opportunities for businesses and other groups, including charities and voluntary groups, to hold more one-off events under the TENs system than currently, without undermining the statutory licensing objectives.<sup>10</sup>

Nevertheless, there is a risk that Option 3 may lead to a very small increase in the overall consumption of alcohol as it increases opportunities to sell it. There is no data on the typical consumption associated with TENS so we cannot quantify this.

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<sup>7</sup> We use an estimate of the hourly wage for a bar manager at £11.62. This is the median hourly wage for publicans and managers of licensed premises (on-trade). Data was obtained from the 2011 Annual Survey of Hours and Earnings - <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-256648> The one hour estimate comes from DCMS 'Proposal to introduce a new process for Electronic Applications', 2009 <http://www.ialibrary.bis.gov.uk/ImpactAssessment/?!AID=bfcce47f9673483eb59e33fec2a7cefe>

<sup>8</sup> There were 216,200 premise and club licences in force in 2010, DCMS National Statistics, Alcohol, Entertainment and Late Night Refreshment Licensing Bulletin, [http://www.culture.gov.uk/images/research/Licensing\\_Statistics\\_Bulletin2010.pdf](http://www.culture.gov.uk/images/research/Licensing_Statistics_Bulletin2010.pdf)

<sup>9</sup> Figures to 3.s.f

<sup>10</sup> The duty on licensing authorities under Section 4 of the Licensing Act 2003 to promote: the prevention of crime and disorder; public safety; the prevention of public nuisance; and the protection of children from harm.

Alcohol consumption is associated with crime, particularly violent crime, and ill health.<sup>[1]</sup> There is therefore a risk that any increase in alcohol consumption brought about through Option 3 could lead to an increase in alcohol-related crime and health harms. In seeking to assess this risk, we have considered different modelling options, including the possible use of the Sheffield School of Health and Related Research model (“SchHARR model”), which has been developed specifically to explore the impact of alcohol control policies, such as pricing, on alcohol consumption and harms. However, given the lack of evidence on the consumption effect of this proposal and the different nature and application of the SchHARR model, it is not currently possible to model these harms<sup>11</sup>. We are carrying out a technical consultation with licensing authorities and key partners and will seek to gather evidence on the likely take up of further opportunities to put more temporary events per year (the increased number of TENS that this is likely to generate and indication of the consequent effect on consumption) as part of this work. This will be used to inform any final stage Impact Assessment.

We believe that the risks of crime and health harms are small and can be mitigated. The nature of temporary events and the nature of the measure is such that we believe it would not result in high levels of harmful consumption. LAs (and the police and environmental health who consider TENS and have the power of objection) would be required by law in any event to have regard to promoting the four statutory licensing objectives (including preventing crime and disorder) in considering whether to block TENS and so prevent events occurring.

## **BENEFITS**

### **Benefits of Option 3 (excl. OIOO):**

There could be a benefit to consumers due to a potential increase in the number of temporary activities taking place (for example, this could include private parties, charity events and festivals).

### **Benefits (OUTs)**

There will be benefit to business and community organisations through increased temporary activities resulting from a potential extra 3 to 6 TENS per year.

For licensed premises, a TEN will often be used to extend hours for a special event and is therefore likely to have a small effect on annual profits. We have assumed this is equal to half a day’s profit. This could be argued to be a conservative estimate as a TEN could be used for a special event which could be expected to earn greater than average profits. However, it would typically only be a marginal extension of hours; therefore an assumption of half a day’s profit seems reasonable. Profits, in terms of net margins, are estimated to equal 13.42%<sup>12</sup> of turnover for the alcohol industry. The British Beer and Pub Association (BBPA) have estimated that a ‘typical established pub’ could have a turnover ranging from £250,000 to £350,000 per year. Whilst this is not representative of the turnover for licence holders in the off-trade, it is expected that a TEN for a licensed premises, such as for a temporary extension of hours, is predominantly used in the on-trade. Estimated profits are therefore £33,550-46,970 per year. Half a day’s profit would therefore result in an average gain of **£46-£64**.

If an additional 3 TENS were permitted the annual benefit to business is estimated to be between **£149k-£417k** whilst permitting an additional 6 TENS is estimated to benefit business by **£298k-£835k**.

These estimates are based on a small sample of feedback from licensing authorities and will need to be considered further throughout the consultation process through discussions with licensing authorities. It is therefore possible that these estimates may be amended for the final stage Impact Assessment.

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[1] See impact assessments on minimum unit pricing and ban on multi-buy promotions for a summary of the evidence.

<sup>11</sup> The SchHARR model estimates, at a very detailed level, the impacts of the policy concerned on the *consumption* levels for different types of alcohol consumers, and then goes on to use these figures to estimate the eventual impact on factors such as crime and health. Because of the level of detail in which the analysis is done, it would not be possible to input a consumption effect directly, even if such an estimate existed.

<sup>12</sup> Taken from Morningstar financial data on average net returns for the alcohol industry, [www.morningstar.co.uk](http://www.morningstar.co.uk)

We do not know how many unlicensed premises (including community events, charities and circuses etc.) would increase their TEN limit. However, this will be explored throughout the consultation process.

**Table 1: Profit from additional TENs (£m)**

	<b>Low</b>	<b>Best</b>	<b>High</b>
<b>3 extra TENs</b>	0.15	0.27	.0.42
<b>6 extra TENs</b>	0.30	0.54	0.83

**NET EFFECT (OIOO)**

Option 3 is a NET OUT as it reduces the regulation on business and allows additional profitable activities to take place at an estimated benefit of up to £0.2m per year.

**F. Risks**

**OPTION 2 – To introduce a simplified locally determined TEN process**

It is not clear whether licensing authorities will favour a locally determined TEN process. This issue can be considered through consultation.

**OPTION 3 – Increase the current limit for TENs that can be used at a single premises from 12 to 15 or 18 per year**

There is a risk of increased representations due to an increased number of temporary licensable activities. This could result in an increase in enforcement activity. However, we would expect any increase in enforcement activity to be marginal as the recent changes to TENs (under the Police Reform and Social Responsibility Act) have tightened the TEN process to reduce loopholes. This issue will be explored further throughout the Government’s public consultation.

**G. Enforcement**

Enforcement will be the responsibility of licensing authorities, Environmental Health, and the police. These enforcement authorities are existing bodies that are already responsible for enforcing the licensing conditions of the Licensing Act 2003. The Government will discuss this issue further throughout the consultation process.

**H. Summary and Recommendations**

The table below outlines the costs and benefits of the proposed changes.

<b>Table H.1 Costs and Benefits</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
<b>2</b>	Potential cost to licensing authorities through the time taken to devise a new TEN system. (not quantified)	There will be a benefit to businesses and licensing authorities due to a simplified TEN process and less time taken to submit and consider TENs. This would reduce the administrative and financial burden. (not quantified)
<b>3</b>	There could be an administrative burden to licensing authorities for processing an increase in the number of TENs. However, the TEN fee is expected to cover any administration costs. The cost to business to give a TEN is estimated to be £2.3m (PV over 10 years) (not quantified)	There is expected to be a benefit to business through increased temporary activities resulting from a potential extra 3 to 6 TENs per year. £4.2m (PV over 10 years)

This Assessment suggests that consultation is required before determining the most appropriate option(s) in terms of reducing the bureaucracy for both businesses and licensing authorities. Options 2 and 3 will therefore form part of the Government's forthcoming public consultation on the delivery of the Alcohol Strategy.

## **I. Implementation**

The Government plans to implement these changes via primary legislation. It is not known at this stage when these measures could be implemented.

## **J. Monitoring and Evaluation**

The Government will consider a review process throughout its consultation.

## **K. Feedback**

In order to accurately assess the effectiveness of either option 2 or 3, the Government will seek views from those who will be most affected by the policy. The Home Office will therefore seek feedback from the alcohol industry and its representatives, the police, licensing authorities, responsible authorities and resident groups and other Government departments when considering the effectiveness of the measures.

This could be achieved by regular meetings between those organisations affected and Government officials as well as technical consultation groups.