

<b>Title:</b> Post-implementation review of the Live Music Act 2012  <b>IA No:</b> DCMS014  <b>Lead department or agency:</b> DCMS  <b>Other departments or agencies:</b> None.	<b>Impact Assessment (IA)</b>		
	<b>Date:</b> 09/04/2014		
	<b>Stage:</b> Post-implementation Review		
	<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> RPC Opinion Status
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Cost of Implemented Policy				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, One-Out?	Measure qualifies as One-Out?
£9.5m	£3.4m	£0.4m	YES	OUT

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

The overall objective of the Live Music Act 2012 is to increase the provision of live music without impacting negatively on the licensing objectives - public nuisance, crime and disorder, public safety, and the protection of children from harm.

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

To remove unnecessary regulatory burdens relating to live music and reduce costs that deters small venues from staging live music, thereby increasing interest and participation in live music through additional performances. To achieve this objective without harm to the licensing objectives.

**How have the policy objectives been achieved? Please highlight any unintended consequences.**

Attendance at live music appears to have remained effectively constant following the implementation of the Live Music Act, but data lags mean there is little information available at this point in time. Early indications from stakeholders indicate a positive effect, but the size of the change is not quantified.


There is no evidence to suggest that the licensing objectives have been negatively affected since the introduction of the Live Music Act. Incidents relating to the licensing objectives have all decreased substantially since the introduction of the Live Music Act, and while there is no evidence to suggest that these changes are attributable to the Live Music Act the evidence shows that implementation of the policy had not caused significant problems. Stakeholders have not presented significant concerns.

The findings of this review are inconclusive as to the overall impact of the policy because there has been insufficient time elapsed since the implementation of the Live Music Act for the policy to become fully embedded and for effects to pass through into data sets (which are lagged). A further review of the complete package of reforms to the licensing of regulated entertainment, of which the Live Music Act is one component, is planned for 2019.

**What was the original commitment to review this policy?** January 2014

Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	<b>Micro</b> 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 SELECT SIGNATORY:  Date: 9/4/2014

# Summary: Analysis & Evidence

# Implemented Policy

**Description:** Waive the need for a special licence for live music in alcohol licenced premises and workplaces between 8am and 11pm for audiences of no more than 200 people.

## FULL ECONOMIC ASSESSMENT

Price Base Year:2009	PV Base Year:2011	Time Period Years:10	Net Benefit (Present Value (PV)) (£m)		
			Low: 6.1	High: 13.0	Best Estimate: 9.5

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	0	0.2	1.9
High	0		0.5	3.9
Best Estimate	0		0.3	2.9

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

**Costs estimated in final impact assessment:** Some local authorities suggested that the proposal could potentially lead to an increase in noise related complaints. For indicative purposes, using figures from the Chartered Institute of Environmental Health and DEFRA, an estimate of potential burden on Environmental Health Officers was produced. An increase in noise complaints due to live music events could also lead to an increase in alcohol licence reviews, which would entail further costs for local authorities.

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

**Post-implementation review assessment of outcomes:** The PIR shows that the number of licence reviews declined substantially across all categories of the licensing objectives in the year 2012/13 in which the Live Music Act was implemented. These decreases were consistent with falls in previous years, and suggest that the Live Music Act has not created significant additional costs. Due to a lack of data from the relatively recent introduction of the Live Music Act, it is not possible to fully verify the original assessment.

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0	1.2	10.0
High	0		1.8	14.9
Best Estimate	0		1.5	12.4

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

**Benefits estimated in final impact assessment:** The proposal delivers direct benefits to pubs and the live music industry by removing the administrative burden of applications for licences or licence variations to stage smaller live music events. In addition there will be benefits to public and third sector organisations that no longer need to obtain TENs to stage live music. Local authorities benefit from a reduction in processing requirements where they are both applicant to the process and the relevant licensing body.

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

**Post-implementation review assessment of outcomes:** The PIR could not find any national statistical data on the number of performances. Data on participation showed that attendance at live music events fractionally declined in the year 2012/13 in which the Live Music Act was implemented. A number of wider variables will affect this indicator, and the observed decrease was comparable with fluctuations in previous years. This indicates that it is too early to see a step change in live music provision driven by the Live Music Act. However, early indications from stakeholders indicate that benefits are beginning to be seen

### Key assumptions/sensitivities/risks

Discount rate (%) 3.50%

The key issue in assessing the outcomes of Live Music Act implementation is the lack of data available. Due to data lags, the main statistical sources only show six months after implementation, meaning the policy has had little time to make an impact. The data available are also secondary, meaning that a number wider factors will influence trends in their time series. A review of the wider programme of entertainment licensing deregulation, including the Live Music Act, is planned for 2019.

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0.0	Benefits: 0.4	Net: -0.4	YES	OUT

# Post-Implementation Review - Live Music Act 2012

## Introduction

This is a review of the Live Music Act 2012<sup>1</sup> (“Live Music Act”) which was enacted in October 2012 to exempt certain live music events from the provisions of the Licensing Act 2003<sup>2</sup> (“Licensing Act”). Government committed itself to a January 2014 PIR to assess whether there were any indications of adverse impacts on the licensing objectives, as Government has a commitment to further deregulate music entertainment beyond the provisions of the Live Music Act 2012.

## Background

The Licensing Act came into force in November 2005 in England and Wales. The Licensing Act replaced eight separate licensing regimes in order to streamline the process to regulate the sale and supply of alcohol, the sale of late night refreshments, and the provision of **regulated entertainment**. The Licensing Act devolved responsibility for the administration of the licensing regime to local councils through Licensing Authorities. At the core of the Licensing Act are the following four licensing objectives which Licensing Authorities must promote with equal importance:

- The prevention of crime and disorder.
- Public safety.
- The prevention of public nuisance.
- The protection of children from harm.

The provision of the following constitutes regulated entertainment if it is put on for the public or for profit:

- Performance of a play.
- Exhibition of a film.
- Indoor sporting event.
- Boxing or wrestling entertainment.
- Playing of recorded music.
- Performance of dance.
- **Performance of live music.**

The Licensing Act requires anyone wishing to hold a licensable activity to obtain authorisation through the application for a premises licence – one licence covering all licensable activities – or up to 12 temporary event notices (TENS) per year. The application process for a premises licence involves (among other things) advertising in a local newspaper and outside the premises for a specified period of time to give local residents and responsible authorities the opportunity to make representations against, or in favour of, the application in question. Moreover, the

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<sup>1</sup> <http://www.legislation.gov.uk/ukpga/2012/2/contents/enacted>

<sup>2</sup> <http://www.legislation.gov.uk/ukpga/2003/17/contents>

administrative cost of making such an application is estimated to be between £386 and £950, plus a fee payable to the licensing authority which can vary between £100 and £635 depending on the premises in question.

In the case of live music, conditions attached to the licence can further increase the cost of attaining the licence. Such conditions can include the installation of sound-proofing measures such as rubber seals around doorways and noise limiters on amplification equipment, the latter of which can cost up to £3,000. People who want to hold live music events on an occasional basis can do so by sending a Temporary Event Notice to licensing authority at a flat rate fee of £21, plus an estimated administrative cost of £16.

### Rationale for policy intervention

The regulatory requirements of the Licensing Act proved to be both time consuming and costly to those providing regulated entertainment. Whilst the burdens imposed by the Licensing Act were originally justified through the need to prevent potentially adverse impacts on the licensing objectives – as set out above – stakeholders strongly argued that the requirements of the Licensing Act were disproportionately burdensome with respect to the performance of live music. Indeed, stakeholders argued that the Licensing Act was deterring live music events from being put on. Given the strength of the UK music sector and the cultural importance of live music events, the government sought to make changes to the regulatory requirements of the Licensing Act through the Live Music Act.

Under the Live Music Act, the requirement for an authorisation to hold a live music event is waived if the event in question meets the following conditions:

- It takes place between 8am and 11pm.
- It takes place at licenced premises (for supply of alcohol) or a workplace.
- The audience is no more than 200 people.

The Government considered that both amplified and unamplified music events for audiences of 200 people or less between 8am and 11pm were unlikely to have an adverse impact on the licensing objectives. There are already other robust laws and safeguards in place to safeguard the public and to provide remedy in the event of any disturbances. As a result of this, the proposal to exempt live music from the provisions of the Licensing Act was enacted in October 2012. This post-implementation review (PIR) will assess the impact of the Live Music Act in accordance with the PIR plan set out in the accompanying final stage impact assessment<sup>3</sup>.

### Objective of Review

The purpose of this PIR is to assess the extent to which the Live Music Act has increased the provision of live music - through reductions in the administrative burden on individuals and organisations wishing to stage live music events - and impacted the licensing objectives. This review is important in the context of the Government's on-going programme of wider deregulation in entertainment licensing.

### Approach of Review

The review will use the DCMS and Home Office Licensing Statistical Bulletins for the licensing statistics and the DCMS Taking Part Survey to assess live music event attendance. These data

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<sup>3</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/77594/Live\\_Music\\_Impact\\_Assessment\\_Final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/77594/Live_Music_Impact_Assessment_Final.pdf)

sources need to be compared against a counterfactual baseline. The review has also taken the views of stakeholders into account in judging policy performance.

It is important to note that there are several constraints on the depth of the review. Firstly, little time has elapsed since the Live Music Act was implemented. This means that there has been limited time for the policy to have effect and, in particular, for data (which is lagged) demonstrating impact to be collected. Secondly, the policy intervention is relatively small. The original impact assessment estimated that the policy would reduce business burdens by £0.4m annually. This means that any impact on statistical indicators is likely to be small. Third, the Government is committing a broader review of all entertainment deregulation by 2019, of which the Live Music Act will be a part. For all these reasons, and applying the principle of proportionality, this review will focus on drawing conclusions for available secondary data sources and not commission primary research. Monetisation of impacts will not be attempted.

## Success Criteria

### **Provision and attendance of live music events:**

Licensing statistics<sup>4</sup> provide some useful contextual information. Licensing statistics show the number of premises licences and club premises certificates obtained in a given year, and breakdown the number of authorisations for different types of regulated entertainment (with one licence able to hold multiple forms of regulated entertainment). Between 31 March 2012 and 31 March 2013, in which time the Live Music Act was implemented, the number of premises licences and club premises certificates that authorised live music provision fell from 68,723 to 67,790, a change of 1.4%. The fall was more apparent in club premises certificates which declined 4.3%. These changes may be attributable to Live Music Act as fewer licence designations are being made under reduced regulatory requirements, and would indicate some degree of administrative cost savings. However, licensing statistics do not assess causal drivers of changes and cannot give certainty that the Live Music Act is the predominant factor in the change observed. Because the statistics related to pre-existing licences, they cannot give an indication of whether the Live Music Act has increased the provision of live music itself.

Another way of approaching the issue of provision is by using attendance at live music events as a proxy (although the supply of events is not directly related – more events can feasibly be consistent with declining participation). Attendance is measured through the DCMS Taking Part Survey<sup>5</sup>. The survey provides a percentage figure for the proportion of the population which attends a live music event each year. Given that the Live Music Act was implemented in October 2012, the financial year 2012/13 could provide some indication of the extent to which they have affected the attendance of live music relative to the preceding financial year, 2011/12.

Taking Part participation data tends to be very stable over time. In the last five years, attendance has been between 35% and 40%. The participation figures for each year in question are presented below:

- In 2008/09 **35.3%** of those surveyed attended a live music event.
- In 2009/10 **37.0%** of those surveyed attended a live music event.
- In 2010/11 **36.3%** of those surveyed attended a live music event.

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<sup>4</sup> <https://www.gov.uk/government/publications/entertainment-licensing-2013>  
<https://www.gov.uk/government/publications/alcohol-entertainment-and-late-night-refreshment-licensing-england-and-wales-april-2009-to-march-2010>

<sup>5</sup> <https://www.gov.uk/government/collections/taking-part>

- In 2011/12 **37.5%** of those surveyed attended a live music event.
- In 2012/13 **37.0%** of those surveyed attended a live music event.

An interesting test of impact is whether there has been a step change in participation in the time period following implementation of the Live Music Act. The data shows that in the year the Live Music Act was introduced, participation declined 0.5%. There are of course a number of wider economic and social factors that determine participation beyond the supply of events, and in all likelihood these effects are likely to dominate a national data set. The mean participation in the period 2008/09-2011/12 is 36.5%, and the standard deviation around the mean is 0.8%. The change in participation level in 2012/13 is therefore within one standard deviation of the mean. This demonstrates that there has been no step change in participation since the implementation of the Live Music Act. This outcome seems within the bounds of reasonable interpretation; given that there was only six months in 2012/13 for the Live Music Act to have an effect on supply a comparatively small change might be expected. The fact that participation declined is likely to indicate that there were other influences that outweighed any positive increases brought about by increased numbers of events.

This interpretation is consistent with micro data provided by stakeholders. The 'Rocktober Report'<sup>6</sup> was cited as evidence that the implementation of the Live Music Act 2012 was working as intended and that live music on the ground was starting to benefit, albeit that the 200 audience limit was preventing greater impact. While it was difficult to quantify precisely the impact of the LMA, it was suggested that the 29% loss in music venues reported by the Live Music Forum in 2010/11 was now being eroded. The ALMR Annual Benchmarking Report 2013 was also cited as showing increased expenditure by pub operators of all sizes and trading styles on music entertainment. As a percentage of turnover expenditure on music entertainment had increased by 42% since the introduction of the Live Music Act, from 3.8% of turnover to 5.4%. It was noted that while PRS and PPL music fees had increased over the same period, this had been broadly in line with inflation and the upturn in music entertainment expenditure was likely to have been significantly influenced by the increased ease of hosting live music events. It was also reported that PRS for Music had found that, on average, music venues took £306 more in wet sales on a day when they staged live music.

## **Licensing objectives:**

In order to assess the impact of the Live Music Act 2012 on the four licensing objectives, DCMS and Home Office licensing statistics can be used as part of the assessment. Included in the Home Office Licensing Statistics is data which reveals the number of licences reviewed by authorities according to the type of licensing objective threatened: crime and disorder, public safety, public nuisance and protection of children from harm. The headline figures in each case both prior to and after the legislation was enacted is set out below. Particular attention should be paid to the prevention of public nuisance, considering that one of the primary concerns raised in the run up to the act going through parliament was the impact on noise pollution and the resulting nuisance.

### **1. The prevention of crime and disorder.**

- In 2011/12 there were **646** licence reviews.
- In 2012/13 there were **574** licence reviews.
- Equates to an **11% decrease** between 2011/2012 and 2012/2013.

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<sup>6</sup> [http://www.ukmusic.org/assets/general/UKMUSIC\\_-\\_The\\_Rocktober\\_Report.pdf](http://www.ukmusic.org/assets/general/UKMUSIC_-_The_Rocktober_Report.pdf)

## 2. Public safety.

- In 2011/12 there were **292** licence reviews.
- In 2012/13 there were **266** licence reviews.
- Equates to a **9% decrease** between 2011/2012 and 2012/2013.

## 3. The prevention of public nuisance.

- In 2011/12 there were **309** licence reviews.
- In 2012/13 there were **268** licence reviews.
- Equates to a **13% decrease** between 2011/2012 and 2012/2013.

## 4. The protection of children from harm.

- In 2011/12 there were **186** licence reviews.
- In 2012/13 there were **165** licence reviews.
- Equates to an **11% decrease** between 2011/2012 and 2012/2013.

The data suggests that despite the Live Music Act 2012, the number of licence reviews for all four licensing objectives actually decreased by between 9% and 13% over the course of the financial years in question. However, given that the number of licenced premises changes year to year, these figures should be contextualised to take this into account. To do this the review figures are presented in the form of reviews per 1000 licenced premises below:

## 1. The prevention of crime and disorder.

- In 2011/12 there were **3.2** reviews per 1000 licences.
- In 2012/13 there were **2.6** reviews per 1000 licences.
- Equates to a **13% decrease** between 2011/2012 and 2012/2013.

## 2. Public safety.

- In 2011/12 there were **1.4** reviews per 1000 licences.
- In 2012/13 there were **1.2** reviews per 1000 licences.
- Equates to a **7% decrease** between 2011/2012 and 2012/2013.

## 3. The prevention of public nuisance.

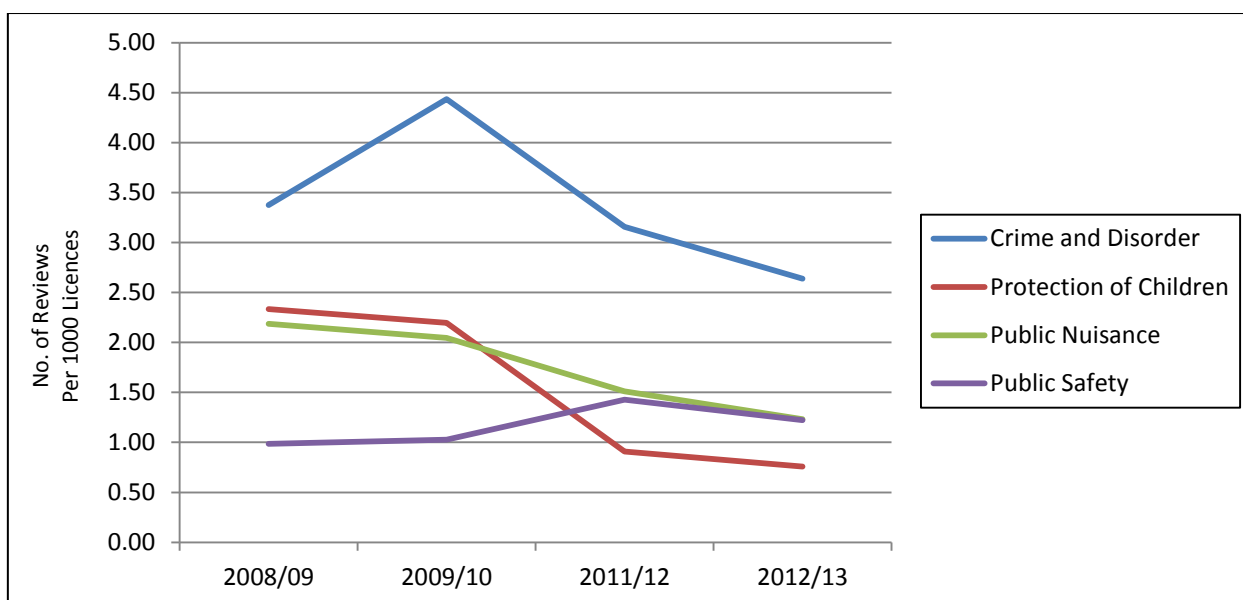
- In 2011/12 there were **1.5** reviews per 1000 licences.
- In 2012/13 there were **1.2** reviews per 1000 licences.
- Equates to a **13% decrease** between 2011/2012 and 2012/2013.

## 4. The protection of children from harm.

- In 2011/12 there were **0.91** reviews per 1000 licences.
- In 2012/13 there were **0.76** reviews per 1000 licences.
- Equates to an **11% decrease** between 2011/2012 and 2012/2013.

This data would imply that there has been a significant positive change the number of licence reviews following the implementation of the Live Music Act. In contrast to the participation data, however, there is more considerable variation in data, with a trend for decline in instances of licence reviews across all four of the licensing objectives. In order to assess these changes fairly, historical data is examined and a baseline is considered in terms of a cumulative annual growth rate (CAGR) for each of the licensing objectives below. Comparing the 2012/13 year on year change to the CAGR gives an impression of whether there has really been a step change decrease in licensing issues associated with the introduction of the Live Music Act.

Graph 1 – Number of licence reviews per 1000 licences per year due to incidents relating to the licensing objectives from 2009/09 to 2012/13 (excluding 2010/11).



Graph 1 shows that for three of the four licensing objectives, there is broadly a downward trend in the number of reviews per 1000 licences between the financial years 2008/09 and 2012/13. The year 2010/11 has no figure, and is therefore excluded, because responsibility for these statistics transferred from DCMS to the Home Office in that year and were not collated or published. When considering the data for the other years, only for public safety do we see a trend increase in the number of incidents.

Table 2 – Baseline calculation (CAGR) and 2012/13 year change figures:

Licensing Objective	CAGR	2012/13 Change
Crime and Disorder	-1.7%	-16.4%
Protection of Children	-21.0%	-16.5%
Public Nuisance	-8.8%	-18.4%
Public Safety	9.7%	-14.2%



Table 2 shows that the % year change for 2012/13 was actually of a greater negative value than the baselines or CAGR figures for all the licensing objectives except the protection of children, although this did show a substantial decline. There are no strong theoretical grounds to reason that partial liberalisation of the licensing regime would lead to a fall in problems, the fact that substantial decreases in licence reviews occurred (near to or at a higher rate than the baseline) in the same year as implementation of the Live Music Act allay concerns that the Live Music Act may have contributed to deterioration in performance against the licensing objectives.

An alternative way of assessing whether incidents of public nuisance have increased as a result of increases in live music provision is potentially through the use of noise pollution data by the Department for the Environment, Food and Rural Affairs (DEFRA). According to the data, to date, there is no evidence of problems that could be attributed to the Live Music Act in terms of additional noise pollution or public disorder. This therefore provides support to the licensing review evidence that suggests the act has not had an adverse impact on the public nuisance licensing objective. Stakeholders have not raised any evidence based concerns.

## Conclusion

This review needs to be seen in context. In most cases, PIRs are undertaken within three to five years of the legislation being enacted to allow for the policy to bed in after implementation and in order for any time lags in data availability to pass. Only six months separated the implementation of the Live Music Act and the last financial year of data points with which to measure the impacts – October 2012 to March 2013. Therefore, the impacts presented in this PIR are unlikely to be as representative as one undertaken three to five years down the line when venues would have had time to take advantage of the new regulations and a time series of data had been built up.

With this in mind, and considering the limitations of the data presented in this review, it is difficult to make a definite judgement as to whether the Live Music Act has been a success. So far there has only been limited evidence of live music event attendance and provision picked up in national statistics, although stakeholder reports are increasingly buoyant about the impact. It also seems that the licensing objectives were not adversely affected – on the contrary licence reviews tended to decline around or above the trend rate observed in previous years.

Further review of this policy would help determine the direction and scale of impact more conclusively. Given that the Live Music Act 2012 is part of a wider series of deregulatory measures intended to reduce the regulatory excesses of the Licensing Act 2003 – Plays, Dance and Indoor Sport (2013), Legislative Reform Order (2014) and Film and Community Premises (2014) – a PIR of the package of measures in has been planned for 2019, five years after the implementation of the final part of this package of deregulation. At this point, there should be sufficient data and stakeholder feedback to provide of proper assessment of policy outcomes.