

Title: Child Performers - Licensing Process IA No: DFE 0023 Lead department or agency: Department for Education Other departments or agencies: Department for Culture, Media and Sport	Impact Assessment (IA)		
	Date: 16 May 2012		
	Stage: Consultation		
	Source of intervention: Domestic		
	Type of measure: Primary legislation		
	Contact for enquiries: Éilish Newman 07557 846 488		
Summary: Intervention and Options			RPC Opinion: Amber

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?
£4.02m	£0.36m	£-0.04m	Yes OUT

What is the problem under consideration? Why is government intervention necessary? A child who takes part in a performance or in activities such as paid modelling or paid sport must be licensed for that purpose. The current legislation dates back to the 1960s and is overly prescriptive, complex and inflexible. Both the local authorities (that issue) and production organisations (that apply) for licences have lobbied for new legislation which is less bureaucratic, up to date and fit for purpose. If no action is taken, current legislation will continue to hamper effective business practices for the entertainment industry and not allow children to take up safe and appropriate performance opportunities. Government intervention is necessary to ensure burdens are reduced whilst keeping adequate safeguards in place to protect children

What are the policy objectives and the intended effects?
The aim is to:

- 1) Bring the regulations up to date and reduce unnecessary burdens and bureaucracy
- 2) Ensure that the regulations are robust and accurately reflect current safeguarding practices but also that they are proportionate and place responsibilities at the appropriate level.
- 3) To streamline and rationalise the requirements to be satisfied for receiving a licence ensuring that there is greater clarity and consistency in new legislation and that it serves a useful safeguarding function.
- 4) To ensure that any new legislation is compliant with safeguarding obligations resulting from EU Directive.

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

- 1) Do nothing - leave the existing arrangements in place.
- 2) Remove the legislation and any local authority oversight of the licensing process. Rely solely on the individual companies to have in place adequate protections for children.
- 3) Streamline the requirements for licences and the terms and conditions attached to them in order to ensure that they serve useful safeguarding functions and do not unnecessarily hinder effective business procedures.

The third option was selected. DfE is responding to calls from a large number of stakeholders (representing the entertainment industries and licensing officers in local authorities) to modify legislation and guidance in order to reduce burdens and bring measures up to date.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 06/2017					
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.		Micro Yes	< 20 Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded: N/A	Non-traded: 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:

Summary: Analysis & Evidence

Policy Option 1

Description: Do nothing - leave the existing arrangements in place (reference case)

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: £0m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate	£0m	£0m	£0m

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

The costs of the other options are expressed relative to this do nothing case.

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

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			
High			
Best Estimate	£0m	£0m	£0m

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

The benefits of the other options are expressed relative to this do nothing case.

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

Key assumptions/sensitivities/risks	Discount rate (%)	3.5%
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BUSINESS ASSESSMENT (Option 1)

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

Summary: Analysis & Evidence

Policy Option 2

Description: Remove the legislation and any local authority oversight of the licensing process

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £4.53m	High: £34.28m	Best Estimate: £19.41m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0.05m	£0.00m	£0.05m
High	£1.59m	£0.00m	£1.59m
Best Estimate	£0.82m	£0.00m	£0.82m

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

There are likely to be one-off transition costs for this policy since Local Authorities (LAs) and production companies will need to dedicate time to adjust their processes in light of the new system.

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

The potential long term costs of increased safeguarding issues which might come about if the legislation is not in place is not monetised.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	£0.00m	£0.71m	£6.13m
High	£0.00m	£3.99m	£34.33m
Best Estimate	£0.00m	£2.35m	£20.23m

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

On-going benefits accrue through the reduction of resources expended through production companies and LAs in applying for, reviewing, and clearing licences.

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

None thought to occur here.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Using estimates from production companies and LA performance and employment managers we have been able to provide estimates of the potential impacts of this option. However, it is not possible to verify all assumptions and estimates. We will endeavour to improve these estimates and assumptions in later stages of the IA.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: £0.1m	Benefits: £0.9m	Net: £0.8m	Yes	OUT

Summary: Analysis & Evidence

Policy Option 3

Description: Streamline the requirements for licences and the terms and conditions attached to them

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £-18.99m	High: £27.03m	Best Estimate: £4.02m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)	
Low	£0.04m	1	£0.07m	£0.65m
High	£0.43m		£2.19m	£19.31m
Best Estimate	£0.23m		£1.13m	£9.98m

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

There are likely to be one-off transition costs for this policy since LAs and production companies will need to dedicate time to get used to the new process. On-going costs are likely to arise for production companies and LAs. Under-14 restrictions and hanging the number of 'free' days will likely increase the number of licences needing to be cleared and applied for.

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

Likely non-monetised costs are related to the increase in the speed of turnaround for licence decisions and increase in time completing and clearing licences based on a risk assessment. These are non-monetised in this IA since we think that the affects will be negligible. However, consultation will inform us whether these costs are larger and should be included in the next IA stage.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)	
Low	£0.00m	1	£0.04m	£0.32m
High	£0.00m		£3.22m	£27.68m
Best Estimate	£0.00m		£1.63m	£14.00m

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

We do not consider there to be any one-off benefits - there are likely to be on-going reductions in burdens as a result streamlining the licensing process. These will fall on LAs and production companies but also GPs and parents with the removal of compulsory medicals. There may also be an additional benefit from temporary organisational approval to non-amateur staff but we have not included these in the total benefit since the data is not robust enough to highlight the full impact.

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

Non-monetised benefits will come from reductions in burdens to under-14s as we are not able to estimate the true benefit of allowing children to perform at a younger age. The reduction in burdens to production companies for reducing time needed to submit is a transfer payment so not monetised here. There is also a potential that safeguarding issues could be avoided if LAs are able to focus on inspections rather than licences as a result of the changes.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Using estimates from production companies and LA performance and employment managers we have been able to provide estimates of the potential impacts of the policy, to illustrate possible costs of streamlining and updating the process. However it is not possible to verify all assumptions and estimates. We will endeavour to improve these estimates and assumptions in later stages of the IA through consultation.

BUSINESS ASSESSMENT (Option 3)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: £0.4m	Benefits: £0.5m	Net: £0.0m	Yes	OUT

Evidence Base (for summary sheets)

The current legislation, which dates back to the 1960s, is very prescriptive about the requirements for applying for a licence and the terms and conditions attached once it has been granted. It also places some prohibitions on activities that children can participate which restricts the opportunities for children and restricts production company practices. Our view is that the entire licensing process needs to be rationalised and simplified so that essential information can be provided to local authorities for consistent and faster licensing decisions. This will include revising a number of elements of the licensing process which are set out below.

Currently, legislation does not allow for performance licences to be issued to children under the age of 14 for any performances except a limited number of prescribed activities, which are broadly acting, taking part in a musical performance or certain dance performances. In the modern era children's participation in performances, particularly in broadcast, vary greatly and there does not appear to be any reason to have a blanket restriction in place prohibiting performances based solely on age. Additionally, legislation stipulates that the LA must satisfy itself on a number of issues prior to granting a licence. This can lead to difficulties given the flexibility that is often required in entertainment productions and also the quick turnaround often needed for applications. For example, at present the licence must set out the exact date on which filming is to take place and if other factors meant that the filming of the child had to be pushed back to the next day, the licence would no longer be valid. We propose to have a new licence which would allow for a small amount of flexibility in dates so that licences do not have to be re-processed.

In many cases, a medical examination is required prior to a licence being approved (the only exception to this requirement is where a child has had an examination within 6 months prior to the current licence application). These examinations tend to be costly and time consuming and are usually carried out on otherwise healthy children. We are proposing to scrap compulsory medical requirements and instead allow local authorities discretion to request one where there is evidence of need on a case by case basis. This would also reduce the time local authorities currently spend chasing up outstanding medical reports. On this point, quantification of the time savings will be developed in subsequent stages of this impact assessment.

Once a licence has been granted there can be a number of rigid rules attached to it, for example, the regulations stipulate the hours a day/week/month in which children can participate in productions, these rules vary e.g. according to age or type of production e.g. broadcast or non-broadcast. This can create very complicated set of rules. Our intention is to streamline these regulations into a simpler and straightforward set of rules which are based on three broad age ranges for children.

Rationale for intervention:

The rigid and prescriptive nature of much of the legislation no longer fit the purpose of either safeguarding children or allowing for effective production methods. Both LAs and the industry have challenged the need for such a degree of prescription and we are in agreement that is not necessary and in some cases can have negative effect on the effective production processes and also children's participation in productions. We propose that a more meaningful form of risk assessment is used to ensure that the activity is safe and suitable for children, given their age and circumstances.

In addition, we do not consider that there is any requirement to continue to impose a prohibition on involving children in a variety of performances based on age. This is unnecessarily restrictive on opportunities for both production companies and children as it may prevent performances taking place. However, in lifting this restriction on industry we would want to continue to safeguard children by ensuring the activities that they take part in are safe, suitable and age appropriate.

Policy Objective:

To streamline and rationalise the requirements to be satisfied for receiving a licence ensuring that there is greater clarity and consistency in new legislation, unnecessary bureaucracy and processes are reduced and that it serves a useful safeguarding function. We want to allow local authorities to be able to

respond more flexibly based on the needs of the individual child and circumstances for which a licence is required, releasing them from overly prescriptive processes and requirements in all circumstances so that they can concentrate effort and resources more efficiently on higher risk scenarios. This is a more efficient approach, which will not compromise safeguarding measures and may enhance their effectiveness.

Options:

- 1) Do nothing – continue with the existing legislation.
- 2) Remove the legislation and any local authority oversight of the licensing process. Rely solely on the individual organisations to have in place adequate protections for children.
- 3) Streamline the process for obtaining a licence and the terms and conditions attached to them in order to ensure that they serve useful safeguarding functions and do not unnecessarily hinder effective business procedures. This includes lifting blanket restrictions on children under 14 years old and replacing it with a method of more meaningful risk assessment based on age and circumstances of the child to consider whether any activity poses a risk. It also includes consulting on removing the current exemption on not requiring a licence for the first 4 days in any 6 months.

Impact of Option 1:

This is not an ideal solution as the problems described above would continue to occur.

Impact of Option 2:

In considering the option, the main concern was that safeguarding children is the primary purpose of this legislation. By abolishing all legislation, there would be no mechanisms for standardising and enforcing a basic level of protection for child performers. The Government is bound to some safeguarding obligations due to an EU Directive in this area and there is a non-regression clause as part of that Directive. Additionally, children working in other areas of industry, for example in retail, benefit from regulations about working hours and rest breaks etc and we consider that children taking part in performances should not be omitted from this protection.

Impact of Option 3:

We propose to lift the current blanket restriction which only allows licences to be granted to children under 14 in a small number of circumstances. Instead, in agreement with partners, we propose a method of risk assessment which assesses the activity and the individual child to consider the level of risk and any mitigating actions to be put in place. This is likely to be straightforward in most cases as it is our understating that this type of risk assessment is common practice as part of organisations own internal best practice procedures. A new licensing process would ensure that this information is shared with the local authority. Although the lifting of restrictions on children under 14 may mean that children are able to take part in more productions, particularly broadcast programming, and therefore possibly there could be an increase in the number of licences applied for, we consider that it would be excessively restrictive on the practices of industry and the opportunities available to children to leave the legislation as it is.

The streamlining of regulations on working hours for children will assist in allowing more flexibility for production companies and will no longer result in an overly complicated set of regulation for children and their chaperones to adhere to. The scrapping of compulsory medicals prior to issuing a licence will save in unnecessary cost to parents and production companies and save time in the application process as licenses will not be held up awaiting results of medicals. By introducing a greater degree of flexibility and rationalisation into the process, we anticipate that LAs will not need to spend as much time considering applications for licences and therefore the process will be sped up overall, whilst maintaining an adequate level of protection for children.

At present applications must be received by LAs at least 21 days in advance in order to be considered. This timing was based on the LA having to make certain investigations about the child and the proposed activity. As we are planning to lift many of those responsibilities from the LA, we believe that it is reasonable to seek a quicker turnaround time for applications. Currently many LAs already pledge to accept applications provided they are submitted 10 working days in advance of being needed. We consider that this is a reasonable amount of time for a LA to consider and grant a licence and propose to set this out in new legislation.

Currently, a child is exempt from requiring a licence if they have not performed for more than 4 days in the previous 6 month period. However, although this is a useful exemption in terms of proportionality, there were concerns that in some cases, this exemption is being exploited to escape the requirements of the regulations. We have been asked to consider whether there should be such an exemption. It is our intention therefore to consult on proposals for i) scrapping the exemption; ii) retaining it in the interest of proportionality; or iii) reducing it to an exemption for 2 days. Although scrapping or reducing the exemption may result in more applications for licences, we believe that it is appropriate to consult all interested partners for views on what is the best balance for proportionality and necessary safeguards.

We plan to retain current exemptions for performances organised by schools and where the performers cannot be known in advance, for example unpaid auditions.

In addition to the proposals above, we propose to use this consultation to consider how else the licensing process might be improved. We are keen to further reduce burdens on organisations but with a clear objective of ensuring that protection of children remains the key focus of new legislation.

We propose to consult on giving LAs a new power which will give production companies an additional flexibility to offer 'organisational' approval to non- amateur groups for productions which involve a large number of children aged 13 or over. For example, a concert which brings together 50 or more children would no longer need multiple LAs to approve individual licenses for all the children involved, which would incur large burdens on both LAs and production companies. Instead, we propose to change the regulation for productions such as this so that the LA where the performance is to take place can provide a one-off approval for the organisation putting on the performance, even if it is a professional production for commercial purpose. This will significantly reduce the burdens on both organisations and LAs in putting on this type of production and allow more children to be involved in such shows. The consultation would ask if such an approval would be useful and suggestions on how the scheme might operate.

Costs and Benefits:

While regular data collections are not in place to provide robust estimates of the impacts of the policy, we have been able to produce best estimates of the likely impacts of the proposed policy using estimates from our LA and production company contacts. Unfortunately the assumptions are not all verifiable but we will endeavour to improve these assumptions and estimates through consultation before further stages of the IA. We have assessed the likely impacts of options 2 and 3 (preferred) to highlight the costs and benefits of each. Assumptions and estimates have been detailed below.

The detail of the costs and benefits of each option is given below. However, a table of the main costs and benefits for each option is given here as a summary:

Option 2	Detail	Lower	Upper
Costs: one-off	Transition costs for LAs and production companies	£0.05m	£1.59m
Costs: on-going (per annum)	Long term impacts of increased safeguarding issues	Non-monetised	Non-monetised
Benefits: one-off	Consider none to occur here	-	-
Benefits: on-going (per annum)	Reduction in admin burdens to LAs and production companies	£0.71m	£3.99m
Option 3			
Costs: one-off	Transition costs for LAs and production companies	£0.04m	£0.43m
Costs: on-going (per annum)	Increased number of licence applications as a result of changes (burdens to production companies and LAs)	£0.07m	£2.19m
Benefits: one-off	Consider none to occur here	-	-
Benefits: on-going (per annum)	Reductions in burdens to LAs and production companies from	£0.04m	£3.22m

	streamlining and updating the process		
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Option 2 (remove the legislation and LA oversight of the licensing process)

Costs

Transition costs are likely to fall on LAs and production companies in this option. This is because even without legislation LAs are likely to continue to provide safeguarding guidelines or checks on production companies (although they would not be obligated to do so). There would therefore be costs to the LAs to amend their current guidance and training to take account of the new system. Using data from the Annual Survey of Hourly Earnings (ASHE) from ONS we can estimate that a LA administrative staff will earn approximately £13/hr. We have made a best estimate assumption that it would take between 1 and 5 days for each LA to revise its training and guidance and formulate how it would protect safeguarding in the absence of legislation. Since we know there are 150 LAs the gross wage transition costs to LAs are estimated to be between £14,000- £68,000.

For transition costs for professional production companies can use the approx wage/hr of production company admin staff to derive a valuation. For the amateur sector of production companies we know that the majority of staff are volunteers. Valuing volunteer activity is methodologically challenging.¹ Approaches commonly adopted include valuing their time using the wages earned by workers performing similar tasks in the paid private production sector or valuation using estimates of the wages that the volunteers earn in their work for pay. A lower bound estimate of the later is given by the national minimum wage (NMW). For the professional sector of production companies we do not have adequate data to know the wages of their admin staff. However, we have provided a best upper limit estimate of £30,000 a year for earnings of admin staff for professional companies.

Again we estimate the amount of time it would take for production companies to familiarise themselves with the new policy (although many may not choose to follow any guidelines set by the LA as legislation would no longer be in place). Estimates from amateur production society representatives tell us there are approximately 3000 amateur production companies. While we have attempted to use a best estimate of the number of companies here, 3000 companies was reached using estimates from company representatives, but a number of amateur production companies may not be part of a society and we might therefore have not captured them. We do not have an estimate for the number of professional companies, but have provided a best estimate assumption of approx 2000 professional production companies, giving a total of approx 5000 production companies. We hope that in the next stage of this impact assessment we can find a more representative estimate. We assume that it takes between half a day and 2 days for production companies to familiarise themselves with the new policy (best estimate assumption). This puts gross wage transition costs to production companies at between £26,000 - £1.2m

We do not estimate there to be any monetisable on going costs for option 2. This is largely because we are not able to monetise the potential long term costs of increased safeguarding issues which might come about if the legislation is not in place. We cannot know the full extent of what would happen in LAs without legislation since it would not be right to attempt to test what would happen if safeguarding rules were not in place.

Overall costs for option 2:

Costs	Lower	Upper
One-off	£0.05m	£1.59m
On-going (per annum)	£0.00m	£0.00m
PV of Costs over 10 years	£0.05m	£1.59m

Note: a mark up is applied to account for non-wage labour costs. It is assumed that non-wage labour costs constitute 21 per cent of total labour costs. This is based on analysis of the 2004 UK Labour Cost Survey (LCS).

¹ See Brown, E. (1999). Assessing the value of volunteer activity. *Nonprofit and Voluntary Sector Quarterly* 28 (3).

Benefits

There are not likely to be any one-off benefits for option 2. However, there are a number of on-going benefits resulting from a reduction in burdens to LAs and production companies. Whilst it is likely that if legislation was removed, LAs and production companies would carry on some form of safeguarding procedures, we do not have adequate data to show how many LAs would do this, so we have simply assumed that without legislation, all production companies and LAs would not complete or clear licences or have inspections.

Estimates from LA employment and performance managers show that there are approx 10,000 licences per year and that it takes LA admin staff between approx 2.5 hrs – 2 days to review and clear a licence. Using ASHE data on wage/hr we have on-going gross wage benefits of between £325,000 - £2m for LA staff. For production companies we again use the NMW for voluntary staff in amateur production companies as a lower limit and an upper limit of £30,000 per year for professional company staff. Estimates from production company representatives shows that it takes approx 5 hrs to complete a licence application. We have therefore used a range of between 4 and 6 hrs. These estimates and assumptions give on-going gross wage benefits to production companies of approx £237,000 - £1.2m.

Benefits for option 2:

Benefits	Lower	Upper
One-off	£0.00m	£0.00m
On-going (per annum)	£0.71m	£3.99m
PV of Benefits over 10 years	£6.13m	£34.33m

Note: a mark up is applied to account for non-wage labour costs. It is assumed that non-wage labour costs constitute 21 per cent of total labour costs. This is based on analysis of the 2004 UK Labour Cost Survey (LCS).

Overall NPV:

	lower	Upper
PV of Costs over 10 years	£0.05m	£1.59m
PV of Benefits over 10 years	£6.13m	£34.33m
NPV over 10 years	£4.53m (lower benefits less upper costs)	£34.28m (upper benefits less lower costs)

While the benefits for this option are much larger than the costs, they would be more than offset with any costs resulting from poor protection of children.

Option 3 (streamline the requirements for licences and the terms and conditions attached to them)

Costs

There are likely to be a number of one-off costs associated with option 3, the preferred option. Transition costs are likely to be felt by both LAs and production companies as they familiarise themselves with the new process. As before, ASHE estimates show that admin staff in LAs earn approx £13/hr, there are 150 LAs and we assume that it may take between 1 and 3 days per LA to get used to the new process. We estimate gross wage costs of between £14,000- £41,000.

For production companies, again we do not have adequate data to fully represent the wages of all production company members. We use the NMW as a proxy for the value of volunteer time. For professional company staff we use an upper limit of £30,000 per year as we assume that this will encompass the majority of professional company admin staff. Estimates from amateur production society representatives suggests there are approx 3000 amateur production companies. While this may not capture all amateur production companies it is a best estimate given available data. We do not have equivalent estimates from professional company staff, but we have assumed a best estimate of 2000 professional companies. We also assume that between 25% and 85% of production companies have children participating (best estimate using estimates from society representatives (larger for all companies since we do not have adequate estimates from professional companies)). We assume it

takes between 2 hrs and ½ a day to familiarise with the new process. This gives approximate gross wage costs of between £15,000 and £300,000.

Overall one-off gross wage costs are estimated at between £28,000 and £338,000 (with a best estimate of £183,000).

There are likely to be a number of on-going costs as a result of the proposed changes. Lifting the under-14 restriction will likely increase the number of licences that production companies submit and LAs clear and changing the number of 'free' days from 4 to 2 will also likely increase the number of licences. For increased licences as a result of lifting the under-14 restriction, we use the wage range described above of NMW for amateur production admin staff and an upper limit of £30,000 per year for professional company staff. We use production company estimates of approx 5hrs to complete a licence (and so use a range of between 4 and 6 hrs) and assume that licences may increase by between 5% and 30% as a result of the changes to policy (best estimate assumption). This gives on-going gross wage costs to production companies of between £12,000 and £360,000. For LAs they would have to clear the increased number of licences due to lifting the under-14 restrictions. Using LA and ASHE data, gross wage costs through LAs are likely to be between £16,000 - £585,000 a year.

One policy that is being considered is increasing the number of 'free' days from 4 to 2. This is only one option to be considered in the consultation (the other options are to keep the free days in place and to remove the 'free' day allowance completely). If this policy was introduced there would likely be an increase in the number of licences completed and cleared. We assume that licences would increase by between 5% and 25% if this policy was introduced. Using wage and time estimates and assumptions described above the likely wage costs to production companies are between £12,000 - £300,000. For LAs we use ASHE and LA data to estimate wage costs of between £16,000 - £488,000 per year. We provide the estimate of costs for 2 free days since this is the middle ground of the policy proposals. At a later stage of IA we hope to be able to produce a more robust estimate of this impact.

There are non-monetised costs associated with these policy changes. The first change is to increase the speed in turnaround as production companies would be able to send in the licence forms 10 days before they were required rather than 21. This could add additional burdens to LA staff as they would have to turnaround the decision more quickly. However, we have included this as a non-monetised cost in this IA since we believe the impacts to be negligible since most LAs are currently operating at a 10-day turnaround. If there were costs associated with this change they would also likely be transfer payments since the reduction in time for LAs would be directly linked to the increased time to production companies. We therefore do not monetise these costs here.

There may be an increase in costs to production companies and LAs as licences may take a little more time to complete and clear. However, we have deemed this to be a non-monetised cost since we believe these costs to be negligible since the licence application will be made simpler with the inclusion of a risk assessment since for most LAs/production companies it would be moving from a system of answering a risk assessment anyway, or answering the same questions throughout the document to a system where questions are in the same place. However, if consultation deems these costs to be larger than anticipated here we will include these in the cost estimates in later stages of the IA.

Overall costs for option 3:

Costs	Lower	Upper
One-off	£0.04m	£0.43m
On-going (per annum)	£0.07m	£2.19m
PV of Costs over 10 years	£0.65m	£19.31m

Note: a mark up is applied to account for non-wage labour costs. It is assumed that non-wage labour costs constitute 21 per cent of total labour costs. This is based on analysis of the 2004 UK Labour Cost Survey (LCS).

Benefits

We do not consider there to be any one-off benefits as a result of the proposed changes. However, there will be a number of on-going benefits through reductions in burdens to LAs and production companies.

There may be a reduction in burdens to LAs and production companies as the proposals make the licensing system more flexible on dates. A number of licences per year may be re-submissions of previous licences that have the wrong dates. By making licences more flexible on dates it may reduce the number of re-submissions. We have assumed that this could reduce the number of licences submitted each year by between 5% and 40% (assumption). We use ASHE estimates and LA data for time spent on each licence (2.5-15hrs per licence) to find wage benefits of between £16,000 - £780,000. For production companies this estimate is between £12,000 - £480,000 (using LA data and assumptions on wages discussed above).

There may be reduced burdens if licences are more flexible on age ranges. We have a lack of data on how this would impact, but again we assume that there may be a reduction in the number of licences submitted if there is greater flexibility since production companies could complete the wrong questions currently and have to re-submit. We assume that between 0 and 25% of licences would decrease as a result of this change. Using LA, ASHE data and assumptions we estimate gross wage benefits of between £0-£488,000 for LAs and £0 and £300,000 for production companies.

The current system requires compulsory medicals in some cases when they may be unnecessary if the children are healthy. For professional companies the medicals would usually be carried out by the insurers' doctors and paid for by the professional company. For amateur production companies there would be no insurers doctor so would need the child's GP to complete the medical (and bill be footed by parent) (information from production companies and LA). We have assumed that of the 10,000 licences each year, between 10% and 50% had compulsory medicals. Of those we have assumed that between 5% and 30% weren't needed. For professional companies this could result in a reduction of between 15 and 450 licences (30% of licences are from professional companies). Data from LA suggests that it may take only half an hour to up to 3 hours to complete a medical examination. We have used ASHE data on the wage of health professionals to find gross wage benefits of between £240- £43,000.

For amateur production companies the parent would need to arrange for the medical and reports have found that it could be free, or could cost up to £140 per medical per child. For ? 70% of licences are from amateur production companies, if between 10% and 50% needed medicals and 5% and 30% were unnecessary, there could be between 35 and 1050 medicals per year that would not need to be conducted. Using price range of £0-£140 and times as above, benefits of £0 - £441,000 could be received. Since these benefits would be felt by the parent we also include benefits for the children's GPs who would not need to carry out unnecessary medicals. Again using ASHE data we find gross wage benefits of between £560- £101,000 per year.

Benefits for option 3:

Benefits	Lower	Upper
One-off	-	-
On-going (per annum)	£0.04m	£3.22m
PV of Benefits over 10 years	£0.32m	£27.68m

Note: a mark up is applied to account for non-wage labour costs. It is assumed that non-wage labour costs constitute 21 per cent of total labour costs. This is based on analysis of the 2004 UK Labour Cost Survey (LCS).

There is also an additional benefit for this option since part of the consultation will consider introducing temporary organisational approval to non-amateur groups with large numbers of children. We do not have adequate data to assess the true impact of this policy, but have provided a scenario to estimate the potential benefits. If 100 children were in 1 performance for 1 production company across 5 LAs it would reduce the number of licences by 99 across the 5 LAs so that only 1 LA would clear 1 licence. This scenario gives benefits of between £3,200 and £19,000 for LAs and between £2,300 and £12,000 for production companies. We have not included these estimates in the total benefit calculations since the data is not robust enough to provide a true assessment of the impact. However, we hope that later stages of the IA will allow us to improve these assumptions and consider it in the total benefits.

There are also likely to be a number of non-monetised benefits for this option. We cannot know all the benefits of allowing children to perform at a younger age as a result of the under-14 restriction being lifted. We therefore add this as a non-monetised benefit.

There may be benefits to production companies of reducing the time needed to submit a licence application form from 21 to 10 days. However, as discussed in the costs section, we consider this to be negligible.

There may also be an increase in safeguarding measures if LAs are able to focus on inspections rather than administrative tasks around licenses if the licensing process is made more streamlined and up to date. We cannot monetise this benefit since we do not know the scope of the impact. Quantification of this will improve at the final stage impact assessment. If a safeguarding issue was avoided then there could be potentially large long term benefits to that child – again, this is extremely difficult to quantify, as the harm may include long term psychological impacts for the child, along with potential costs of health and social care.

Overall NPV:

	lower	Upper
PV of Costs over 10 years	£0.65m	£19.31m
PV of Benefits over 10 years	£0.32m	£27.68m
NPV over 10 years	£-18.99m (lower benefits less upper costs)	£27.03m (upper benefits less lower costs)

This gives a best estimate of NPV of £4.02m over 10 years.

Risks and Assumptions:

The focus and responsibility of safeguarding children in performances is primarily on the production company. This is because they will have the day to day dealings with the child and determine the activities that they will be taking part in. It is primarily for production companies to be aware of their responsibilities and legal requirements, this is a role that production companies currently have and are willing to take on. However, the LA will continue to have and will enhance its role in ensuring compliance of the regulations after a licence has been granted. We anticipate that their focus will shift to a monitoring role rather than considering and approving detailed aspects of the child’s participation to approve a licence. We are aware that LAs have a good deal of expertise in child performance safeguarding. We consider therefore that this proposal will have a positive effect on child protection because the risk assessment will be carried out by the applicant as part of the pre-application activity. LAs will have more time to focus on the quality of the risk assessment and subsequently monitoring compliance on the basis of the risk assessment as a result of needing to spend less time on purely administrative activities.

Summary and preferred option with description of implementation plan

We propose to implement Option 3. Within the option there are elements which we have chosen to consult on to consider the best way forward, for example whether to retain, abolish or reduce an exemption period.

Wider impact:

This legislation will put in place equal protections for all children under 16 that are taking part in performances. We do not consider therefore, that it will unfairly disadvantage anyone in terms of age, gender, disability, race, religion or sexual orientation. In addition, the purpose of reviewing the legislation is to improve the consistency with which it is implemented across local authority areas by improving the clarity of roles and responsibilities. By reducing the burdens on amateur performance groups, it is more likely that children will be able to take up opportunities to perform in their own communities.

Small firm impact test:

We do not have an adequate estimate of the proportion of small businesses in the performance sector. However we have estimates from LA representatives that the majority of licences are received from amateur production companies. While some of the proposed changes above may add additional costs to production companies we estimate that overall there will be a reduction in burdens as the licensing

process is streamlined and made more flexible. This reduction in burdens is unlikely to disproportionately affect small businesses since the proposals set out above are likely to affect all companies proportionately. However, if small businesses were to be proportionately more affected by these proposed changes, it is likely that they are more likely to benefit from the changes, since reducing burdens will save time for staff who are more likely to volunteers. Due to the nature of the sector it is also more likely that small production companies are likely to have to compete with other companies in the informal sector, who are not compliant, reducing administration burdens for amateur production companies may confer an even greater advantage than for larger companies.

Micro businesses exemption:

We do not envisage that micro businesses should be exempt from this legislation. The legislation exists to offer protections to children involved in performances and we consider that all children should be offered those protection regardless of the size of the firm that they are working with. For example, one of the requirements of an organisation working with children is to ensure that if a child is to miss school as a result of a performance, they must make arrangements for alternative provisions for that child. It does not follow that a child can only be offered education provision if the firm that they are working with is of a certain size. Similarly, a condition of having a licence is that a chaperone is appointed to take care of the child during production (to ensure they are safe, work within legal framework for hours and breaks, understand what is required of them and object to anything which may harm the welfare and well being of a child), again, there is no reason that a child should be denied these safeguarding measures owing simply to the size of the organisation that they are working with.

OIOO:

Although a number of additional burdens have been highlighted for businesses we estimate that overall the reduction in burdens to businesses will outweigh any new burdens. This has given an OIOO assessment of OUT as the benefits outweigh the small increase in new burdens to businesses.

Post Implementation Review Plan:

<p>Basis of the review</p> <p>There is a child performance advisory group made up of industry, child welfare professionals and charities and the National Network for Children in Entertainment and Employment. We are working closely with this group through the consultation period and will continue to do so during implementation, monitoring and reviewing following the commencement of the reforms.</p> <p>There has been no commitment to conduct a post implementation review as proposals are yet to be consulted on, but we anticipate that a review would be appropriate once new arrangements have had sufficient time to bed in (5 years).</p>
<p>Review Objective</p> <p>The objective of the PIR would be to check that the new legislative framework was working effectively to ensure that appropriate safeguarding arrangements are consistently made to protect children who take part in performances, and that their opportunities to do so are not constrained by unnecessary bureaucratic processes and requirements.</p>
<p>Review approach and rationale</p> <p>The approach would be to conduct a scan of stakeholder views.</p>
<p>Baseline</p> <p>Current day practice and stakeholder views (as set out in policy review report)</p>
<p>Success criteria</p> <ol style="list-style-type: none"> 1) effective safeguarding of children who take part in performances 2) stakeholder views

Monitoring Information arrangements

We do not plan to collect data which would represent a new burden to LAs or production companies.