

Title: Proposal to exempt regulated entertainment from the provisions of the Licensing Act 2003. IA No: DCMS033 Lead department or agency: Department for Culture, Media and Sport Other departments or agencies: N/A	Impact Assessment (IA)
	Date: 07/03/13
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary legislation
	Contact for enquiries: Harvey Vasey 0207 211 2275
Summary: Intervention and Options	RPC Opinion: Fast Track Red Tape Challenge

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009	In scope of One-In, One-Out?	Measure qualifies as
£16.8m	£9.4m	£-1.4m	YES	OUT

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

The Licensing Act 2003 requires many public or “for -profit” entertainment activities to be licensed. This regulation adds unnecessary burden to many charities, civil society organisations and local clubs. It prevents or hinders many cultural and community interactions. It impacts negatively on many businesses and SMEs, preventing diversification into new markets associated with entertainment provision.

What are the policy objectives and the intended effects?

- To remove unnecessary bureaucracy and cost from community performance activities
- To remove costs for local sporting organisations
- To bolster creativity, community participation, local cultural expansion and volunteering opportunities
- To grow the creative economy and remove burdens from small and medium sized business

What policy options have been considered, including any alternatives to regulation? Please justify preferred option.

The consultation examined the deregulation of various entertainment activities against key parameters (such as a range of audience sizes, various performance end times). It also looked in detail at the impact of deregulation on each individual activity, examining risks and opportunities. The rationale for the final policy position is set out in the evidence base below and in the Government’s response to the consultation. In summary, the main elements of the final policy position are as below – all activities subject to a closure time of **11pm**:

- Indoor sport:** deregulated to audiences of 1000 or less.
- Plays, dance:** deregulated to audiences of 500 or less.
- Live and recorded music:** deregulated in the limited circumstances of alcohol licenced premises (and workplaces in the case of live music) to audiences of 500 or less.
- Exemptions from licensing:** *No audience limit:* events held by local authorities (including to parish council level); schools; nurseries; hospitals; circuses. *Audience limit of 500:* events held by community premises such as church halls, village halls, community centres and arts centres; events held under permission at premises owned by: local authorities, schools, nurseries and hospitals.

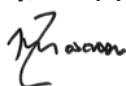
The policy is expected to deliver the policy objectives, at a minimum risk to the licencing objectives. The impact assessment demonstrates that the expected benefits are likely to outweigh possible costs for society as a whole, households, businesses, and local government.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 01/2016

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.	Micro YES	< 20 YES	Small YES	Medium YES	Large 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 (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister:



Date:
18/4/13

FULL ECONOMIC ASSESSMENT

Price Base Year 2009	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 16.2	High: 17.4	Best Estimate: 16.8
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant	Total Cost (Present Value)	
Low	NA	0	NA	NA	
High	NA		NA	NA	
Best Estimate	0.0		0.4	3.0	
Description and scale of key monetised costs by ‘main affected groups’					
There are no costs to business. The policy proposal is considered unlikely to generate significant social costs on the basis of qualitative risk assessment. Higher risk activities are not scheduled for general deregulation; this includes boxing and wrestling, mixed martial arts, cage fighting, adult entertainment, and film. Only low risk activities scheduled for deregulation and are subject to significant controls: limited audience sizes, bespoke premises controls, and a cut-off time of 23:00. In all cases, significant protections will continue to remain in place under the licensing regime, health and safety and noise nuisance legislation. Nevertheless, there is a possibility of some increased costs to society. A small illustrative increase in costs has been assumed to “stress test” the benefit side of the proposal using a “worst case” scenario. This is modelled in two potential cost areas. First, a 5% increase in existing noise complaints recorded by the Chartered Institute of Environmental Health, with impacts on households and local authorities estimated on the basis of DEFRA guidance at a cost of £0.6m and £1.9m respectively over the appraisal period. Second, a 10% increase in existing licence reviews recorded by licensing statistics, with local authority information on impact showing cost of £0.5m over the appraisal period.					
Other key non-monetised costs by ‘main affected groups’					
No non-monetised costs have been identified.					
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant	Total Benefit (Present Value)	
Low	0.0	0	2.2	19.2	
High	0.0		2.4	20.4	
Best Estimate	0.0		2.3	19.8	
Description and scale of key monetised benefits by ‘main affected groups’					
The main monetised benefits are produced from reduced business and third sector organisation cost burdens relating to licences and temporary event notices, amounting to £9.4m and £3.4m respectively over the appraisal period. There are additional benefits to local authorities that have to process licence applications without a fee from public sector institutions. Similar benefits accrue to other regulatory authorities. This amounts to at least £7.0m over the appraisal period. It is important to note that this benefit more than offsets the “worst case” cost estimate to local authorities, meaning that there is no increase in new burdens.					
Other key non-monetised benefits by ‘main affected groups’					
Some very important benefits of the policy have been dealt with in a qualitative way only.					
The main benefit of the proposal is to encourage growth in the provision of entertainment. This has three tiers of benefit: 1) The Big Society gains more widely as barriers to small scale community events are removed; 2) Individuals gain for increased opportunity for engagement with culture and can derive substantial wellbeing benefits, and; 3) Businesses, including SMEs, have the opportunity to exploit markets more easily creating increased opportunities for contribution to the economy.					
Key assumptions/sensitivities/risks				Discount rate (%)	3.50%
The potentially most significant benefits related to the growth in the provision of cultural and sporting activity have not been monetised. This is because policy outcomes are complex and there are, as yet, no reliable forecasting models. The monetised benefits calculations lack data at local level and are therefore subject to a number of assumptions. Potential downsides to the policy have been considered through a qualitative risk assessment, and combined with a worst case illustration of costs to stress test the economic case for the policy. Sensitivities have been applied to illustrate uncertainties. Crucially, the illustrative potential costs do not outweigh the benefits for society as a whole, or business, local government, and household stakeholder groups.					

BUSINESS ASSESSMENT

Direct impact on business (Equivalent Annual) £m:				In scope of OIOO?	Measure qualifies as		
Costs:	0.0	Benefits:	1.4	Net:	-1.4	YES	OUT

Evidence Base

Policy background and objective

1. Under current legislation - the Licensing Act 2003 (2003 Act) - licences are required to host entertainment activities that are attended by the public or in private with a view to profit. Entertainment regulation is one of the 2003 Act's three functions, along with alcohol sales and late night refreshment. The 2003 Act aimed to create an environment in which all activities deemed licensable could be administered under a single regime. The 2003 Act aims to deliver the following licensing objectives in each of these areas:
 - the prevention of crime and disorder
 - public safety
 - the prevention of public nuisance
 - the protection of children from harm
2. The 2003 Act details the entertainment activity types that are currently regulated in a schedule (Schedule 1) that can be amended by secondary legislation:
 - a performance of a play;
 - an exhibition of a film;
 - an indoor sporting event;
 - a boxing or wrestling entertainment;
 - a performance of live music (or of facilities for making music or dancing);
 - any playing of recorded music; and
 - a performance of dance
3. Administratively, the regulation of entertainment under the 2003 Act works well *where entertainment activities occur in conjunction with alcohol sale and supply*, as the presence of alcohol can create a higher risk environment. After some years of operation it has, however, become clear that licensing small scale entertainment held without alcohol - a significant proportion of activities - is disproportionate to the risk of harm under the licensing objectives. Many charities, community organisations, culture sector, leisure industry are hampered by the licensing cost and administrative process.
4. The objective of these proposals is therefore:
 - to remove bureaucracy and cost from community performance activities
 - to bolster creativity, community participation, local cultural expansion and volunteering opportunities
 - to grow the creative economy and remove burdens from small and medium sized business
 - to remove costs for local sport regulation

Options considered

5. The recent DCMS consultation explored deregulation of most Schedule One activities with the exception of the higher risk activities boxing and wrestling, adult entertainment and cage fighting. The consultation set out a blank canvas, with a central proposal to deregulate these activities for audiences of up to 4,999 people, but asking detailed questions as to risks around four main variables:
 - audience size
 - performance end time limitations
 - venue
 - other controls for individual activities
6. Responses from the consultation gave a clear view that deregulation requires controls in some situations,

and the information received has played a full part in shaping the final position. The rationale for the final policy positions is set out in full in the DCMS response to the consultation¹ and for sake of brevity is not repeated here.

7. At the time of consulting, the live music activity was heavily regulated by the 2003 Act. The DCMS consultation in 2011 set out that the Government intended to support the *Live Music Bill*, having previously consulted on similar measures. The Bill intended, between 08:00-23:00, to deregulate:
 - *unamplified* live music performance in any location, with no audience size restrictions
 - *amplified live* music performance in premises licenced to sell alcohol and workplaces, for audiences of up to 200 people².

The Bill was enacted in February 2012, and will come into force on 1 October 2012. Assessment of the new policy position for live music, set out below, is built in addition to the new baseline of the 2012 Live Music Act.

Final policy position

8. The consultation flagged up views from experts that expressed a view that audience levels in general needed to be lower than the 4,999 proposed in the consultation to help ensure public safety and prevent local infrastructure overload. In general an upper audience threshold of **500** people will apply, unless, like indoor sport or in wider exemptions, there is thought to be a lower risk rating due an events wider operational makeup.
9. **Performance end times of 23:00 will apply to all deregulated activities** to minimise any risk of excess noise outside of day time hours, when the impact of noise disturbance on households is highest and local authorities are least able to deal with any issues that arise.
10. The final policy position is as follows:
 - *Performances of plays*: to be deregulated in all locations to audiences of up to 500 people
 - *The exhibition of dance*: to be deregulated in all locations to audiences of up to 500 people
 - *Indoor sport*: to be deregulated in all locations to audiences of up to 1000 people
 - *Live music*: to be deregulated from the existing audience limits of 200 people in *on-licensed premises* and *workplaces* to audiences of up to 500 people.
 - *Recorded music*: as with live music, to be deregulated in *on-licensed premises* (but not workplaces) for audiences of up to 500 people.
 - *Exemptions (a-c)*:
 - a) The following would be exempt from all Schedule One activities between 08:00-23:00 with no audience limitations:
 - Activities hosted by Local Authorities (including parish councils) on Local Authority owned premises

¹ <http://www.dcms.gov.uk/consultations/9650.aspx>

² Subject to any conditions placed on a premises licence after a licence review, under the Licensing Act 2003.

- Activities hosted by hospitals, nurseries, schools (save for Higher Education) on their own premises
- b) *The following will be exempt, with no audience limitations, from the regulation of live music, recorded music, indoor sport, the performance of a play, an exhibition of dance, between 08:00-23:00*
 - Circuses
- c) *The following premises will be exempt from regulation for live and recorded music between 08:00-23:00 with audience limitations of 500 people:*
 - Activities held on premises owned by Local Authorities (including parish councils) with the specific permission of that Authority
 - Activities hosted on premises owned by hospitals, nurseries, and schools (save for Higher Education) with the specific permission of that organisation
 - Community premises (such as church halls, village halls, community centres, arts centres etc.).
- Other regulation
 - *Adult entertainment* will not be deregulated from the exhibition of dance activity
 - *Film exhibition* deregulation is not included in these proposals save for inclusion in the narrow circumstances of exemption a) above.
 - *Cage fighting and mixed martial arts* will be clarified as regulated activities, to ensure those activities will not be deregulated as part of the deregulation of indoor sport, and to make clear the regulatory position when such activities are held outdoors.
 - *Boxing and wrestling* will not be deregulated, with the exception of the Olympic sports of Greco-Roman and Freestyle wrestling in prescribed circumstances.

Appraisal of benefits and costs

Benefits and costs: introduction

11. This section of the impact assessment sets out the impacts expected under the preferred policy option. The methodological approach taken within the impact assessment is considered first, with particular reference to the principle of proportionality. Potential benefits and costs are then considered individually, before being compared in the policy conclusion.

Proportionality and methodology

12. The level of analysis required should be proportionate to the proposed intervention. There are several dimensions to the intervention that need to be considered.
13. These proposals are not novel. Live music was deregulated in certain circumstances under the Live Music Act 2012, and this method is extended under the new proposals to other forms of entertainment, whilst some particularly low risk activities are deregulated altogether under certain audience limits. Because of this the scale of the impact is expected to be small, and distribution of impacts is not likely to be

inequitable. These aspects of the policy suggest a relatively low evidence requirement. However, the large response to the consultation process showed that there is interest and sensitivity in certain areas, which have been the basis for the Government's revised proposal. This suggests an evidence base that is responsive to these concerns.

14. The methodological approach therefore to set out both benefits and costs in as much detail as allowed by existing evidence and sensible analytical assumptions. More attention is paid to stress testing the robustness of the cost impact analysis, and assurance around the overall position is gained from taking a conservative position that ensures benefits are not overstated, while considering a "worst case" costs scenario. The analysis is complicated by the complex nature of the policy proposal and a corresponding lack of statistical granularity, combined with a consultation response that produced little reliable quantitative information.
15. Likely outcomes from the policy proposal are monetised wherever possible. Impacts are measured in 2009 prices, and the analysis makes clear whether impacts are presented in annual constant prices or present values over a ten year appraisal period.

Benefits

16. The proposal is deregulatory in nature. It aims to cut away unnecessary bureaucracy for both business and civil society, lightening costly regulatory enforcement regimes for government in the process.
17. There are therefore several key benefits that are likely to result from the proposals:

Benefit (a): Growth in cultural and sporting entertainment activities as restrictions to performance are removed

Benefit (b): Business and civil society cost savings as unnecessary entertainment regulation is removed

Benefit (c): Local Authority cost savings as a layer of regulatory administration is removed

Each area of potential benefit is addressed separately below.

Benefit (a): Growth in cultural and sporting entertainment

18. Removal of regulatory barriers, through both cost savings in fees and administrative burdens is likely to encourage the staging of cultural and sporting activities. There are three main areas of benefits:
 - i) **Individual:** consumers benefit for increased opportunity to attend cultural and sporting activities and therefore raise their individual subjective wellbeing through exposure to culture.
 - ii) **Social:** not for profit performances are encouraged and support the Big Society by fostering a sense of community.
 - iii) **Economic:** businesses are encouraged to stage more activities and raise revenues, increase investment, and support employment in the process.

Introduction to growth in cultural and sporting entertainment: size of impact

19. These effects are to an extent intuitive, but there is a lack of robust evidence available to quantify and monetise the size of this important effect. There is no body of research on the importance of regulatory barriers, or more generally cost factors, in the provision of live entertainment by either businesses or civil society. This means that it is difficult to forecast the increase in live entertainment supply under the policy proposal. Even if it was possible to do this in an accurate way, there is a lack of existing literature available to translate increases in live music participation with economic, social, and individual benefits. Engaging in primary research in this area is likely to be disproportionately costly to the intervention that is being proposed, and has no guarantee of delivering the kind of information that would be required to fully elucidate the impact of a policy change³.
20. Given the lack of availability to the existing evidence base, an illustration of possible impact short of a full assessment has been considered. To illustrate, the Live Music Survey 2007⁴ found that 3% of venues that had not put on live music in the last 12 months stated that a change in licensing arrangements would encourage them to put on live music, while 4% of venues that had put on live music in the last 12 months stated that a change in licensing arrangements would encourage them to put on more live music. The Culture and Sport Evidence (CASE) Programme⁵ has developed a model of engagement that shows how participation rates would change under a range of variables. Adjusting the variable “proportion of individuals for whom supply issues are not a problem” in line with the Live Music Survey by between 1% and 3% gives an indication of additional participation that might be induced by the policy change. The estimated impact is illustrated in *Table 1* for the forms of live entertainment that are captured in the model (live music, theatre, and dance). This does not include other forms of entertainment that are proposed for deregulation, including recorded music and sport.

Table 1: Illustrative increases in engagement with live entertainment

Live entertainment	1% increase in supply	3% increase in supply
Live music	122,000	354,000
Dance	109,399	328,199
Theatre	89,530	268,590

21. The pattern of growth in entertainment is also important. Barriers to the staging of entertainment that exist under the current system apply disproportionately to small events with lower attendance rates, since the burdens associated with compliance represent a higher proportion of total costs for projects that have limited event turnover or investment capital. This is particularly applicable in two areas.
- Firstly, events that are particularly specialised sometimes attract low audience numbers, due to the niche interest in the performances. Deregulation could therefore encourage growth in innovative entertainment events, with positive spill over effects in the wider cultural scene.
 - Secondly, events in smaller communities including rural areas are sometimes underprovided, due to market failures brought about by low population density and geographical distance to market alternatives. Whilst deregulation would not solve these problems, it would remove an additional cost barrier.

There is little evidence to substantiate or forecast these impacts, although the consultation responses were clear that these are good reasons to believe that the distribution of growth opportunities will be desirable for these groups.

³ DCMS (2007) *The Feasibility of a Live Music Economic Impact Study*

⁴ DCMS (2007) *Live Music Survey*

⁵ DCMS (2010) *Understanding the Drivers of Engagement in Culture and Sport: Summary Report*; DCMS (2010) *Understanding the Drivers of Engagement in Culture and Sport: Technical Report*

Benefit (a) i) Benefits to individuals from growth in entertainment

22. Increased attendance could potentially provide significant enjoyment and social benefit for the general population, in terms of improved individual subjective wellbeing. Individuals enjoy attending performances of live entertainment, and engagement with culture in this way can have an effect on how happy a person feels. Evidence from CASE⁶ programme has shown that attendance at live performances provide a positive boost to subjective wellbeing and that this generally increases the more often an individual engages.
23. As an indicative figure, using data from the British Household Panel Survey, it is estimated that the gain in subjective wellbeing from attending a concert at least once a week is about a third of that associated with being employed (compared to being unemployed). Even attending a concert just once a year can lead to an increase in subjective wellbeing equivalent to around a sixth of that associated with being employed. The subjective wellbeing estimates used in cultural appraisal are, however, at an early stage of development and the specific monetary outputs must be treated with extreme caution. Given the lack of maturity in the techniques applied to monetise individual subjective wellbeing estimates, a monetisation of the indicative change in engagement should be resisted.

Benefit (A) ii) Social benefits from growth in entertainment

24. Increased attendance could is very likely to provide social benefits above and beyond the individual wellbeing effects described above. There is little research that applies directly to the live entertainment forms affected by the proposed policy, but culture more generally is thought to have a positive impact on social groups by acting as a focal point around which communities can come together. In this way the CASE Programme identifies that 'engagement in culture is associated with a better knowledge of one's own culture and other cultures. Such outcomes provide a socialisation function, producing a common standard of citizenship and social cohesion'.
25. Provision of cultural and sporting activities can therefore be seen as an important driver of the Big Society, and any deregulation of live entertainment provision that encourages increased performance and attendance would be likely to realise social benefits. There is, however, no literature that attempts to quantify or monetise the relationship between cultural engagement and the social fabric. This means that the social benefits likely to flow from the indicative change in engagement described above cannot be valued in core economic terms at present.

Benefit (a) iii) Economic benefits from growth in entertainment

26. Increased attendance could potentially provide economic benefits, as businesses are encouraged to stage more entertainment and can therefore earn increased revenues. This would result in an increased contribution of live entertainment to the UK economy, in terms of gross value added (GVA) and sustainable employment, and support economic recovery. DCMS estimates the size of the creative industries, and most recently has found that in 2009 'Music, Visual and Performing Arts' was a significant market worth around £4bn to the UK economy in GVA terms, and employed approximately 300,000 people⁷. The industry body UK Music has estimated that live music alone contributes £864m gross domestic product (GDP) to the UK economy on an annual basis from live music driven tourism⁸.
27. Neither set of statistics is entirely appropriate to be used as a basis on which economic impact for the proposed deregulation of live entertainment can be estimated. DCMS statistics have too broad a definition of economic activity that goes beyond live entertainment to include, for instance, studio recording of music. UK Music statistics are perhaps more applicable to large scale music events that are not in scope of the deregulation, and do not include other forms of live entertainment. Nevertheless, for illustrative purposes, applying 1% and 3% increases to the lower of these two statistics gives an annual

⁶ DCMS (2010) *Understanding the Value of Engagement in Culture and Sport: Summary Report*;
DCMS (2010) *Understanding the Value of Engagement in Culture and Sport: Technical Report*

⁷ DCMS (2011) *Creative Industries Economic Estimates*

⁸ UK Music (2011) *Destination Music*

benefit of between £9m and £26m. This estimate is not considered to be sufficiently robust to be included in the economic assessment.

28. Overall, then, it seems that substantial benefits could be obtained as the market is opened up to increased numbers of performances by removal of regulatory barriers. These individual, social and economic impacts are likely to be the primary benefit of the policy intervention. It is, however, very difficult to quantify and monetise the size of this effect due to the absence of good forecasting models for participation in events, and reliable yardsticks for converting these changes into monetised values. These benefits have not, therefore, been formally included in the policy appraisal, but we do estimate a significant positive impact, and the overall assessment made is therefore likely to be extremely conservative.

Benefit (b) Business cost savings

29. Business savings are anticipated in main two areas as regulatory requirements are removed:

- savings associated with premises licensed for regulated entertainment
- savings from activities hosted under Temporary Event Notices (TENs)

All benefits estimated in this section are based on the existing stock of business that have been approved to provide regulated entertainment – they do not make allowances for the possibility of increased benefits where removal of burdens leads to further growth in entertainment post deregulation, so total administrative benefits are likely to be underestimated.

Reduction in venue/premises licensing burden

30. The licensing system regulates the provision of alcohol, late night refreshment, and regulated entertainment. The proposed deregulation of Schedule One activities is therefore likely to reduce some cost burdens that businesses face in complying with the licensing system.
31. Within the venue licensing aspect of the regulations there are four possible benefits where licence fees are paid:
- licences that are renewed on an annual basis
 - new licences
 - major variations to existing licences
 - minor variations to existing licences.

The approach to assessing the size of the potential saving in each case is to isolate from licensing statistics how many applications in each category of licence relate to regulated entertainment only. Adjustments also need to be made to ensure that the licensing statistics as far as possible accurately reflect the scope of the policy proposal. These adjusted statistics can then be combined with cost estimates to give a monetised assessment of the cost saving that is likely to accrue to businesses.

32. According to the most recent Licensing Statistical Bulletin⁹ published in 2010 there are approximately 202,000 premises licences and 17,000 club premises licences. *Table 2* describes how these headline statistics are scaled down to reflect the scope of the proposed policy. The first step is to calculate the proportion that have some form of regulated entertainment. This proportion is then applied to licences that do not include any form of alcohol sales. From this total, licences held by public sector organisations where no fee is payable are subtracted to leave a figure of 8,600 business licences in scope.

⁹ DCMS (2010) National Statistics Bulletin: Alcohol, Entertainment and Late Night Refreshment Licensing

Table 2: Annually reviewed licences

Annually renewed licences in 2009-10	Premises Licences	Club Premises Licences
Number of licences	202,000	17,000
Including regulated entertainment	120,100	13,300
Share with regulated entertainment	59%	78%
Licences with no alcohol sales	35,900	300
No alcohol sales and regulated entertainment	21,345	235
Share in scope of policy	11%	1%
Licences held by public sector organisations	12,979	
Business held licences in scope	8,366	

33. Licencing statistics show that each year there are some additional regulatory activities. New licences are issued, and both major variations and minor variations are made to existing licences. The size of this regulatory activity is estimated in *Table 3*. This takes the total number of instances and applies a scaling factor, defined as the share of in scope of policy from *Table 2* above, to ensure that out of scope licences are excluded from the calculation.

Table 3: New licences, major variations, and minor variations

Licence changes in 2009-10	Total number			Number in scope		
	Premises	Clubs	Total	Premises	Clubs	Total
New licences	9,100	125	9,225	962	13	975
Major variations	6,400	290	6,690	676	31	707
Minor variations	2,296	104	2,400	243	11	254

Table 2 and *Table 3* give an estimate of the population of licences that would be in scope under a full deregulation of live entertainment. The policy proposal retains a number of protections, with a view to protecting the licensing objectives, which mean that the preferred option falls short of a full deregulation. *Table 4* sets out the key adjustments, and the assumptions applied to the calculations in *Table 2* and *Table 3* to ensure that the analysis reflects the true shape of the policy proposal.

Table 4: Tailoring analysis to the final policy proposal¹⁰

Live entertainment forms deregulated exclude film, boxing and wrestling, and adult entertainment.	This has been assessed by taking licensing statistics on the share of designations made for particular forms of live entertainment as a proxy for the share of licences that would only include recorded music and boxing or wrestling. This amounts to only an 8% reduction in licences. This is not a perfect measure, but it is the best approximation that can be made with available data.
Maximum venue size is limited to 500 people. Live Music is already deregulated to 200 people.	There are two separate issues here. The first is that venue size will be limited to a maximum of 500 people across all venues apart from sport where the limit will be 1,000 people. The second issue is that for entertainment designated as live music, venues that hold up to 200 people have already been released from regulatory requirements under the Live Music Act 2012. Adjustments are therefore made based on data on venue size. Live music designations are scaled to 16%, half of the 32% of venues identified as being 200 people or more in the 2007 Live Music Survey. This survey is augmented with data on theatres obtained during

¹⁰ The proposal is complex and contains a number of clauses that affect entertainment activities that are not large in size. These aspects of the proposal have not been explicitly dealt with in modelling adjustments, because an absence of data makes the calculations intractable without disproportionate work. Referring to the proposal listed in Paragraph 10 "exemptions" and adult entertainment, cage fighting and mixed martial arts aspects of "other regulation" have not been accounted for in the modelling. The modelling does, however, make adjustments to take account of major aspects of proposal.

	consultation to scale the venues for all other forms of entertainment to 81%, apart from indoor sport which was scaled to 92%, reflecting the larger venue size limit.
Live entertainment will continue to be regulated between 23:00 and 07:00.	The cut-off time may mean that some venues will continue to need to have a licence to provide live entertainment. There is no data available to analyse this clause accurately. It is considered very unlikely that a significant number of venues would want to stage live entertainment after 23:00 and before 07:00 without the provision of alcohol. An adjustment of 0% to 5% is therefore applied to create a range in the high and low benefits calculation respectively.

34. These adjustments leave a population of licences that are only for regulated entertainment, and are within scope of the proposed policy. There are cost savings to business from no longer having to complete these licences, as both the licence fee and the administrative burden of applying are lifted.
35. The 2009-10 licensing data is a source of information on the fee costs. Annual licence fees, assuming an equal proportion of venues across each band that benefit from the proposal, amount to an average cost of £194 per licence. New licences and major variations to licences ranged between fees of £100 and £1,905 across Bands A to E. New applications and major variations to licences also require businesses to make the public aware of the alterations for advertising. This presents businesses with an additional cost burden that can run to hundreds of pounds. There is, however, a lack of precise information on this cost burden and it has not been included in the calculation. The average fee cost of applying for these licences has been calculated as £238 based on a weighted average of licences across bands. The minor variation to licence fee is £89 per application. The Minor Variations Impact Assessment¹¹ contained estimates that the administrative cost of a full variation is in the range of £385 to £950 per application. The administrative cost of a minor variation is estimated to be £35 per application.
36. The estimates of licences within scope are combined with the cost estimates to give a monetised assessment of the cost saving to business that would be expected under the policy proposal. This results in an annual cost saving to business of approximately **£1.1m** in constant prices, which amounts to a present value saving of **£9.4m** over the entire appraisal period. This is counted as a deregulatory “OUT” to business, with the benefit being both direct and robustly monetised.

Reduction in TEN burden

37. Temporary Event Notices (TENs) are commonly used where there is not demand for repeat performances that would be better covered through the licensing system, to provide time limited permission to provide the types of entertainment listed in Schedule One to the Act. Similar to premises licences, TENs have both a cost impact both in terms of the fee charged and the effort that needs to be expended in the course of the application process. Deregulating the requirement for TENs under the policy proposal will reduce these burdens and realise a saving to businesses and civil society organisations that use them.
38. According to the most recent Licensing Statistical Bulletin, there were 124,400 TENs in 2009-10¹². TENs may authorise the full range of licensable activities, including regulated entertainment and the provision of alcohol. While local authorities keep historical records of all TENs issued, the statistics on the reasons for individual TEN applications are not routinely kept by Local Authorities meaning that it is difficult to ascertain the number of applications made purely for live entertainment, or the type of live entertainment specified. This lack of data makes assessment of benefits from deregulation difficult, since it is tricky to tailor the analysis to match the complexities of the policy proposal.
39. To gather some more detailed data on regulated entertainment provision under TENs, a sample of 4,132 publically available TENs applications made to Local Authorities has been assessed. Applications for

¹¹ DCMS (2008) Consultation on Minor Variations and Community Premises

¹² DCMS (2010) National Statistics Bulletin: Alcohol, Entertainment and Late Night Refreshment Licensing

regulated entertainment only numbered 634, approximately 15%, from the sample population. Applying this proportion to the TENs population, gives an estimated total of 19,088 TENs that were only for regulated entertainment. The policy proposal does however not apply to all forms of regulated entertainment, at all times, and for all venue sizes. In the absence of better data, adjustments are made based on licencing data as described in *Table 3*. The approach is slightly different in the case of venue size; because TENs only apply to events that have less than 500 people an adjustment is only required in the case of live music to take account of the Live Music Act and not for other types of live entertainment.

40. The estimates of licences within scope are then combined with cost estimates to give a monetised assessment of the cost saving that would be expected under the policy proposal. TENs applications are charged a fee of £21, and involve an administrative burden of £16 per application. This results in an annual cost saving of approximately **£0.4m** in constant prices, which amounts to a present value saving of **£3.4m** over the entire appraisal period. Assessing where these benefits accrue is more difficult. TENs are often used by businesses or civil society organisations, although they are also used by public sector organisations including schools in particular (to put on plays, for instance). There is a lack of accurate information on the exact proportion of the total number of TENs allocated to public sector organisations rather than businesses, and official licensing statistics offer no basis on which to make an assumption. The examination of the TENs sample did not yield any useful information on the split between business or civil society organisations and public sector organisations either because Licensing Authorities do not record this information in their licensing registers. It is, however, anticipated that the majority of TENs are used by businesses or civil society organisations that are in scope of “One-in, One-out.” This view is supported by the consultation. For example, the PTA-UK estimates that there are around 12,000 primary schools whose civil society run Parent Teacher Association hold a disco each year. This would represent approximately 55% of the 19,088 TENs identified as in scope of the policy alone, and the overall proportion is likely to be much higher given that this is only one interest group. Given that the overwhelming majority of the cost saving associated with TENs is likely to accrue to businesses and civil society organisations but the exact proportion is unknown, a conservative assumption of only 75% of the estimated cost saving from reduced requirement to obtain TENs is counted as a deregulatory “OUT” to business.

Benefit (c): Local authority cost savings

41. Local authorities are responsible for the operation of the controls that are currently imposed on the live entertainment sector. They therefore potentially stand to gain from deregulation as administrative burdens are reduced. The fees that are charged to licence and TEN holders are, however, designed on a cost recovery basis. This means that as the regulatory requirements are removed, there will be a benefit from reduced administrative burdens which will directly be offset by a reduction in fee income. This implies that there will be no net effect on local authorities.
42. There are, however, some circumstances in which licence fees are not charged to the applicant. This applies for annual licence renewals obtained by publicly funded institutions such as schools, hospitals and village halls. In this case the local authority is likely to make an administrative saving, since there is no fee compensation for their current level of regulatory activity. There is thus likely to be a positive effect on local authorities from the policy proposal.
43. Licences held by publicly funded institutions also need to be considered, separately to the business impact described above. There are 12,979 licences held by public institutions such as schools and hospitals. This figure for licence renewals covers all forms of live entertainment, and therefore needs to be adjusted to fit the scope of the policy proposals. This scaling is done with respect to the same principles as the business licence adjustments described in *Table 4*, although no adjustment is made for venue size since the proposal is to exempt public institutions from this requirement. This reduces the number of licences in scope to 11,671.
44. There is an administrative saving for the local authority associated with each licence that is no longer required. On the basis that licence fees are charged on a cost recovery basis, the administrative saving is

assumed to be the licence fee that the public sector institution would have had to pay if it had been a business. The overwhelming majority of public sector institutions would be categorised as Band A premises, which attract a licence renewal fee of £70. Combining this assumption with the number of licence renewals in scope gives the total annual cost saving to local authorities. This amounts to **£0.8m** per annum in constant prices, and a total present value cost saving of **£7.0m** over the appraisal period. This benefit is taken as a reduction in local government burdens.

45. The consultation response pointed out that there would be additional administrative cost savings to other regulatory authorities, as the current system of automatic notification of low risk activities under the 2003 Act would cease. These benefits are important to recognise, and are likely to accrue along similar lines to the cost savings from not having to process TEN applications, but insufficient data was received in the consultation response to provide a quantitative estimate of the financial impact.

Costs

46. Although the final policy position has been designed to ensure minimum likelihood of costs arising, there are some potential downside risks. The Licensing Act enshrines four key objectives for public protection: prevention from crime and disorder; public safety; prevention of public nuisance; protection of children from harm. It is important to consider the extent to which the deregulation of live entertainment in the policy proposal risks perversely affecting these aims.
47. Overall, the proposal that is being considered is moderate: it retains most existing layers of regulatory protection, and is very selective in the way in which it deregulates element of live entertainment. Crucially, the proposal does not deregulate particular forms of live entertainment that are considered to be high risk, and imposes restrictions on venue size and a cut off time where deregulation does occur. Given concerns about deterioration of public protections raised in the consultation process, a more detailed consideration of potential downside risk is nevertheless required. Potential costs are considered from two perspectives:

- (a) Individual qualitative risk assessments of each area of live entertainment to be deregulated
- (b) Indicative cost estimates to illustrate how potential cost burdens compare to potential benefits

Each area of potential cost is addressed separately below.

(a) Qualitative risk assessment by activity

48. The preferred policy option takes a selective approach to deregulation of cultural and sporting activities. Taking into account the consultation responses to an original proposal that was broad brush (all forms of regulated entertainment included, up to a venue size of 5,000, and no cut off time restrictions), the final proposal is tailored to ensure that protections are maintained around live entertainment forms where deregulation would risk a substantial downside. The basis for this has been a qualitative individual risk assessment against the licencing objectives, which is detailed in *Table 5*.

Table 5: Qualitative individual risk assessment for live entertainment forms

Live entertainment form and proposal	Qualitative individual risk assessment against the licensing objectives for live entertainment forms
Indoor sport	<ul style="list-style-type: none"> • This activity was thought to be particularly suited to deregulation. • It will apply mostly to premises that are designed specifically to host sporting activities, and which have a set of well-developed operational safety criteria underpinned by legislation outside of the 2003 Act. • An example that was quoted several times by respondents to the consultation were swimming galas hosted at local authority venues, where Health and Safety and Fire Safety laws already clearly apply, and where the

	<p>provision of spectator seating is already covered (including under Building regulations).</p> <ul style="list-style-type: none"> • Such premises (built indoor premises) will have already been subject to planning and building regulations. • Activities such as national darts championships will remain regulated as, in addition to the range of other controls available, alcohol will be sold and controls from the 2003 Act can apply. • Events taking place after 11pm will not be deregulated to remove late night disturbance concerns.
Plays and Dance	<ul style="list-style-type: none"> • The business case for the deregulation for community benefit for plays and dance has been widely accepted. Audiences risks associated with these activities have generally been regarded as low risk due to other controls available. • Limiting such activities to 500 people will mean that activities taking place outdoors will be in line with the Temporary Events Notice regime, which has been in place successfully for many years. • 500 is a limit that has become established within the events industry as being the upper limit for smaller outdoor events beyond which additional safety considerations would be to apply such as tiered seating, large scale stages and lighting rigging and other temporary structures - which all pose a safety risk and would need to be considered. • As with indoor sport, Health and Safety and Fire Safety law provides considerable protection to attendees, so additional regulation is no longer necessary. • An 11pm closure time removes late night noise concerns.
Live music	<ul style="list-style-type: none"> • This new policy is a simple an extension of the existing deregulation for live music under the Live Music Act 2012. • Extending audience thresholds in alcohol licensed premises from 200 to 500 should provide little in the way of additional risk. It is expected that premises that have the capacity to host audiences of 500 people will already be using the opportunity to deregulate for audiences of 200 people. The deregulation will simply allow more people into venues, using existing safeguards under the 2003 Act for alcohol sale and public safety. • As with the 2003 Act, the sanction of a licence review can be applied for irresponsible behaviour – this will be bolstered by recent changes to the legislation as licensing authorities themselves can instigate a review, as well as the local residents, business, and the police. These sanctions carry serious implications for licence holders who could see their business shut down, with heavy fines and jail sentences all possible under the 2003 Act. • Existing health and safety and fire protections from other legislation will continue to apply. • In respect of workplaces, the extended capacity threshold will allow larger venues (such as large department stores) to host flagship events to larger audiences using the existing arrangement for up to 200 people. • The existing limit of 11pm closure time will continue to apply in respect of any deregulated activity.
Recorded music	<ul style="list-style-type: none"> • The proposal for recorded music deregulation would mirror the existing suspension of live music regulation in alcohol licensed premises. This is a common sense approach to bring clarity to the whole area of modern music, which is often partially live and recorded in nature. • Licensing sanctions under the 2003 Act would continue to apply to premises hosting recorded music, so that as now licensing authorities can review premises licenses of any problematic venues. • A common limit – 500 - people would ensure appropriate read across to the

	<p>other activities.</p> <ul style="list-style-type: none"> • As with the 2003 Act, the sanction of a licence review can be instigated to deal with irresponsible behaviour. This process is bolstered by recent changes to the legislation as licensing authorities themselves can instigate a review, as well as the local residents, business, and the police. These sanctions carry serious implications for licence holders who could see their business shut down, with heavy fines and jail sentences all possible under the 2003 Act. • Existing health and safety and fire protections from other legislation will continue to apply. • The existing limit of 11pm closure time will continue to apply in respect of any deregulated activity.
Exemptions	<p>The principle of exemptions from all Schedule One activities has a clear precedent under the 2003 Act. Exemptions are in place for activities held in places of religious worship and in other circumstances such as garden fetes.</p> <p>The new exemptions are based on practical experience of issues since the 2003 Act came into force and the acknowledgement of the negative effect that the legislation has on either low risk local community interaction, or where appropriate controls are already in place.</p> <p><i>a) Exempt from all Schedule One activities between 08:00-23:00 with no audience limitations:</i></p> <ul style="list-style-type: none"> ▪ <i>Activities hosted by Local Authorities (including parish councils) on Local Authority owned premises</i> ▪ <i>Activities hosted by hospitals, nurseries, schools (save for Higher Education) on their own premises</i> <p>These exemptions apply solely to activities hosted under the aegis of trusted, highly competent organisations with genuine systems of local accountability. Risk assessment processes undertaken in all circumstances will largely replicate existing assessment processes and all large events are likely to take place under some form of local authority control.</p> <p><i>b) The following will be exempt, with no audience limitations, from the regulation of live music, recorded music, indoor sport, the performance of a play, an exhibition of dance, between 08:00-23:00</i></p> <ul style="list-style-type: none"> ▪ <i>Circuses</i> <p>Circuses are subject to ongoing monitoring under existing legislation and are tracked under a central database. Circuses were not licenced before the 2003 Act and the activities for which they are currently licensed (“performance of a play” - scripted performance of a clown’s show; “indoor sport” – trapeze acts; interpretations of incidental music) are very limiting to travelling performance moving across licensing authorities. Existing Health and Safety and Noise legislation applies more proportionately, and circuses should be removed from the Act.</p> <p><i>c) The following premises will be exempt from regulation for live and recorded music between 08:00-23:00 with audience limitations of 500 people:</i></p> <ul style="list-style-type: none"> ▪ Activities held on premises owned by Local Authorities (including parish councils) with the specific permission of that Authority

	<ul style="list-style-type: none"> ▪ Activities hosted on premises owned by hospitals, nurseries, and schools (save for Higher Education) with the specific permission of that organisation ▪ Community premises (such as church halls, village halls, community centres, arts centres etc). <p>Most other activities in Schedule One will be deregulated more widely, but this exemption permits music activity deregulation only in appropriate local circumstances, ensuring a genuine balance between civil society activity and regulation by making use of existing control structures.</p>
Exempted forms of wrestling	These activities are thought specialist and unproblematic in relation to the Act's four licensing objectives.

49. The risk assessment analysis demonstrates that the proposal is concentrated in live entertainment areas where there is little cause for concern. Areas that would potentially have jeopardised one or more of the licensing objectives have been omitted entirely, subjected to individual restrictions on venue size and time limit. Policy making also took account of concerns from the police in response to the consultation, so that only events of the lowest possible risk category could take place without some form of prior notification to relevant authorities. With all these protections in place, the overall risk to the licensing objectives is considered to be minimal, although of course there is the possibility for some very small negative impacts to be generated by the policy proposal.

(b) Indicative estimates of potential costs

50. The qualitative individual risk assessment indicates strongly that the policy is designed in such a way as to ensure that risks from deregulation are minimised. The qualitative nature of the risk assessment means, however, that it is difficult to visualise how some very small potential negative impacts might translate into monetised costs. This is important, because it is necessary to have a sense of how any costs that do arise might balance against the benefits that have previously been identified.

51. It is extremely difficult to accurately monetise the risk that is associated with the policy proposal. The main difficulties are identifying to what extent the proposal will encourage the growth of live entertainment performances, and understanding how statistics on current performance against the licensing objectives relate specifically to the forms of live entertainment that are being deregulated. These difficulties mean that a precise approach to risk quantification and monetisation is not possible. It is nevertheless important to stress test the robustness of the policy. This is done by setting up an illustrative scenario for potential cost impacts.

52. The risk assessment makes it clear that there is no reason to expect deterioration in performance against prevention of crime and disorder, protection of children from harm, or public safety. This is because final policy has taken into account comments made by local authorities and the police, removing areas of higher risk likelihood and paring down circumstances in which even the lowest risk activities could have any kind of potential for deleterious effect (table 5). The adopted policy position takes full account of public order advice to eliminate concerns around infrastructure overload and any potential risks from issues such as "bring your own" alcohol activity at small events, so that risk from such activity is now considered highly unlikely.

53. This assumption is underpinned by licensing data from the 2011/12 financial year. In 2011/12, 125217 Temporary Events Notices were notified to licensing authorities. Of that total, 206 TENs received police counter notices (0.16%). The vast majority of those 206 are likely to relate to the high risk potential of alcohol provision, which would remain regulated under the new policy position. As a further illustration, paragraph 39 explains that the ratio of TENs related to alcohol provision and TENs related solely to the

provision of entertainment has been found to be 85% to 15%, therefore with the retention of controls around higher risk entertainment activities, these figures demonstrate that any potential for harm is very small indeed.

54. The risk assessment also shows that negative impacts on performance in the prevention of public nuisance dimension of the licensing objectives are more likely to occur, although impact is anticipated to be minimal. It is these areas that an illustration of costs impacts is useful, and can thought of as a quantitative “worst case” assessment of impact.
55. The key area of impact of public nuisance is noise pollution. Increased numbers of performances have the potential to raise local noise levels. Under the vast majority of ordinary circumstances, the increase in noise level would not be high enough to be considered deterioration in local environmental quality. Occasionally, however, noise levels might reach levels which disturb residents in the area. This has direct costs to households affected, and it also has indirect costs to local authorities that have a legal obligation to investigate and, where appropriate, deal with noise complaints.
56. Noise problems from venues occur on a relatively infrequent basis. The National Noise Survey 2008¹³ states that only 3% of those interviewed specifically identified public houses, clubs, or other entertainment venues as a source of noise that was bothering them. This indicates that venues that can stage live entertainment tend not to be particularly heavy noise polluters. Indeed, this information does not distinguish between pure live entertainment events, and those that also serve alcohol where the risk of disturbance is likely to be much higher. The impact of the relatively small deregulation proposed is therefore likely to be small.
57. The Chartered Institute of Environmental Health (CIEH) provides figures on the number of noise issues in 2010-11¹⁴. These numbers can be adjusted to provide a reasonable baseline for live entertainment related noise disturbances. This is described in *Table 6*. Column (A) presents CIEH data from a sample of 154 local authorities on the incidence of different levels of noise disturbance in England and Wales. Column (B) scales this CIEH sample up to the population of 354 local authorities on a linear basis.
58. The CIEH survey covers all venues that are designated as ‘commercial and leisure’: this includes venues that provide live entertainment but also covers licenced venues out of scope of the deregulation and indeed other businesses such as retailers. Column (C) therefore makes a double adjustment to create a suitable baseline: it arbitrarily assumes that 50% of all commercial and leisure premises fall under the licensing system; and it assumes from licensing statistics that 61% of licenced venues provide some form of live entertainment and are in scope of the policy proposal. This is assumed baseline impact of live entertainment, from which Column (D) describes an assumed 5% increase under the proposed policy change.

Table 6: Possible change in noise disturbances in live entertainment venues under policy proposal

Severity of disturbance	(A) CIEH LA statistical sample	(B) Scaling to LA population	(C) Only live entertainment	(D) 5% increase under policy
Complaints	17,110	39,173	11,931	597
Incidents	13,842	31,691	9,652	483
Statutory nuisance	3,530	8,082	2,461	123
Abatement notices	375	859	261	13
Prosecutions	0	0	0	0

Values can be attached to the increase in disturbances for both the individual and the local authority concerned. The estimated values are presented in *Table 7*.

¹³ Environmental Protection UK (2008) *National Noise Survey 2008*

¹⁴ CIEH (2011) *Noise Nuisance 2010/11*

Table 7: Estimated total cost impact per noise disturbances to local authorities and complainants

Severity of disturbance	Cost to local authority / £	Cost to complainant / £
Complaints	132	60
Incidents	178	81
Statutory nuisance	357	0
Abatement notices	1,013	0
Prosecutions	10,000	0

59. These cost estimates are based on the length of time it takes to deal with a disturbance as presented in a study undertaken by DEFRA¹⁵. This presents a range average of time impacts for complaints and incidents across the full spectrum of economic and domestic activities that cause noise disturbances. The lower end of these estimates are around two to four hours; although the high range is much greater the low range of values have been taken as appropriate for live entertainments that overwhelmingly tend to be short in duration. No information is provided on statutory nuisances, abatement notices or prosecutions. Statutory nuisances are treated as the equivalent of a high estimate for an incident, and abatement notices and prosecutions are assumed to take ten hours to resolve. Prosecutions are ignored because the incidence data shows no occurrences.
60. These time assumptions are combined with hourly cost assumptions. Costs to local authorities are also taken from the DEFRA study and are estimated to be £50.63, while costs to complainants are derived from DFT¹⁶ research on the value of work and leisure time and are estimated to be £20.00. Costs to complainants from statutory nuisances, abatement notices, and prosecutions are assumed to be zero, since they will already have been recognised in repeated complaints and incidents that have been included in the assessment. This logic does not apply to local authority costs where each escalation of a disturbance has additional administrative burdens associated with it.
61. The illustrative change in noise disturbances presented in *Table 6* is combined with the cost impact estimates in *Table 7* to give a cost scenario for the policy proposal. The cost to complainants is thus estimated to be **£0.1m** per annum in constant prices, or **£0.6m** in present value terms over the appraisal period. Similarly, the cost to local authorities is **£0.2m** per annum in constant prices, or **£1.9m** in present value terms over the appraisal period.
62. There might be a further administrative burden for the local authority if deregulation leads to increased numbers of licence reviews. The most recent information on the number of reviews across all licences comes from the Licensing Statistical Bulletin for 2009-10. The reason and number of reviews are presented in *Table 8*.

Table 8: Reason and number of reviews

Reason for review	Number of reviews
Crime and disorder	970
Protection of children	458
Public nuisance	444
Public safety	222

63. The qualitative risk assessment makes it clear that impacts against the licencing objectives of crime and disorder, protection of children, and public safety are extremely unlikely. There are adequate protections in place against public nuisance, but some impact is possible here particularly in term of noise as discussed previously. Having assumed a 5% increase in noise disturbances to illustrate the possible effect

¹⁵ DEFRA (2012) Unpublished

¹⁶ DFT (2012) Values of Time and Operating Costs

on complainants and local authorities, there might be a knock on impact on the number of reviews undertaken in this area.

64. Given the difficulties in estimating the impact of the policy proposal on the growth in live entertainment, it is difficult to forecast accurately the change in reviews. The qualitative risk assessment makes it clear that impacts are expected to be minimal. Nevertheless, an assumption of the increase in reviews provides a guide to the potential costs that could arise from the policy proposal. In order to be conservative, an assumption of a 10% increase in reviews is made. This is double the assumed increase in noise disturbances, and amounts to an increase of 44 reviews of public nuisance. Local authorities have confirmed information on the cost per review through the consultation process, estimating a cost per review of £1,200. Combining the number of reviews and cost per review given an annual constant prices cost of less than **£0.1m**. This translates to a cost of **£0.5m** in present value terms over the appraisal period.
65. Aside from the issue of noise, other impacts were examined in the process of policy making, such as the potential for increased draw upon service from various regulatory authorities. However, as the final policy position has been considerably altered to minimise any potential public order risk, as outlined in the risk assessment table any cost impact is thought nugatory.
66. Any costs for transitional training for licensing authorities are taken account of within the wider Fees regime that underpins the Licensing Act 2003. No wider business familiarisation costs are expected. The policy cuts out bureaucracy for business, and with strong public announcements it is not anticipated that any significant business time will be taken up by the new guidance.

Net benefits

67. Having examined the potential benefits and costs of the preferred policy option, it is necessary to consider the overall position of these impacts supports the policy recommendation. It is important to take account of the concerns of particular stakeholder groups in drawing these conclusions, and the perspectives are particularly important for this policy:
- (a) Societal net benefits
 - (b) Business net benefits
 - (c) Local government net benefits

Each perspective from which net benefits needs to be considered is addressed separately below.

(a) Societal net benefits

68. The analysis demonstrates that the proposal represents a net benefit to society. There are substantial benefits identified in terms of opportunity for growth in live entertainment markets, leading to positive effects on the individual and community wellbeing, as well as increased business opportunities. As explained above, this impact, which we estimate to be considerable, has not been quantified due to a lack of maturity in existing modelling. There is also an administrative saving to businesses and local authorities as administrative burdens are reduced. This impact has been quantified and amounts to **£2.3m** per annum in constant prices, or **£19.8m** in present value terms over the appraisal period.
69. Potential downsides to deregulation have been considered and subjected to a rigorous qualitative risk assessment, as well as an illustrative scenario for the impact of increased levels of noise disturbances on individuals and local authorities amounting to **£0.4m** per annum in constant prices, or **£3.0m** in present value terms over the appraisal period.
70. Taking the monetised benefit and cost estimates together gives a monetised net benefit of **£2.0m** per annum in constant prices, amounting to a net benefit of **£16.8m** over the appraisal period in present

value terms. This is likely to be a significant underestimate of the overall net benefit to society because opportunities for growth in the live entertainment market, associated with both wellbeing and economic benefits, have not been monetised in the calculation.

(b) Business net benefits

71. The analysis demonstrates that the proposal represents a net benefit to business as measured by the One-in, One-out (OIOO) methodology. Direct cost burdens are removed from businesses as they are alleviated from the requirement to obtain licences and TENs in order to stage live entertainment. There are no direct costs imposed on businesses under the proposal. There is therefore a net direct benefit to business, and the proposal is recognised as a deregulatory “OUT” under the OIOO methodology.
72. This is estimated to be **£-1.4m** in equivalent annual net cost to business terms. In addition there are likely to be further indirect benefits to businesses from any growth in the live entertainment market, but this has not been quantified and is out of scope under OIOO methodology. There is likely to be a positive effect on small businesses, and therefore competition, since removal of regulatory burden lifts a larger proportion of the cost base for a smaller business than a larger business.

(c) Local government net benefits

73. The analysis demonstrates that the proposal represents a net benefit to local authorities. Local authorities enjoy a cost saving from reduced administrative burdens from the processing of licence applications from public sector organisations. This amounts to **£0.8m** per annum. The possibility of downsides has been considered thoroughly through a comprehensive qualitative risk assessment. This demonstrates that there is unlikely to be any significant detrimental impact on performance against the licencing objectives. Nevertheless there is a possibility that the policy would have some impact on noise pollution, and therefore increase costs to local authorities under their obligation to deal with noise disturbances and conduct reviews. Possible costs associated with this have been illustrated as a “worst case” scenario and amount to **£0.3m** per annum. There is thus a net benefit to local government of **£0.5m** per annum, or **£4.7m** in net present value terms.

Overall policy position

74. The evidence base supports the policy: the analysis demonstrates that the proposal yields net benefits to society, businesses, and local authorities. There are no perverse distributional outcomes across any of these stakeholder groups. The analysis has been conducted on an extremely conservative basis that only takes into account the administrative savings of the deregulation, and a pessimistic view of potential costs. The proposal is, in addition to those benefits monetised, likely to deliver real benefits in terms of growth in entertainment.

Specific impact tests

Economic

75. The proposal offers several economic impacts, all of which have been analysed. Opportunities for growth have been discussed qualitatively, while specific impacts on individuals, businesses, and local authorities have each been considered both separately and as a package. Distributional issues within stakeholder groups, such as impact on businesses of different size, have been considered and no significant impacts have been identified.

Social

76. The proposal increases opportunities for positive social impacts from improved individual and community wellbeing, and these outcomes have been analysed qualitatively. Rural impacts have not been considered in the main assessment. There is potential for proportionately greater benefits to accrue in rural areas,

where lower audience numbers and incidence of market supply mean that the costs of the licensing system are more likely to create a hindrance to individual and community participation. The proposal has been considered against the licencing objectives and subjected to a risk assessment that finds negligible impacts on crime and disorder, public safety, and protection of children. No perverse impact is anticipated on equalities, or human rights.

Environmental

77. The potential for the proposal to increase levels of noise pollution has been thoroughly discussed, and subjected to both a risk assessment and an illustrative assessment of costs. There are likely to be at worst negligible impacts on other key environmental outcomes, such as climate change, air quality, biodiversity, water use, built environment and natural environment.

Post Implementation Review Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences.

<p>Basis of the review:</p> <p>There is a political commitment to review the impact of deregulating regulated entertainment.</p>
<p>Review objective:</p> <p>The purpose of the PIR will be to assess the impact of the deregulation, particularly to assess if there has been any unexpected cost, or negative impact on the licensing objectives (public nuisance, crime and disorder, public safety, and protection of children from harm), and to assess whether it has increased the provision of regulated entertainment.</p>
<p>Review approach and rationale:</p> <p>The review will monitor local authority data on licensing, police statistics, regulated entertainment event statistics, and consult with stakeholders in order to adequately assess the validity of concerns about costs, resources and crime and disorder.</p>
<p>Baseline:</p> <p>The baseline for licensing statistics will be the DCMS Licensing Statistical Bulletin 2009-2010. Although this is being transferred to the Home Office and it is expected to cover fewer entertainment related statistics in the future it will continue to provide headline data on licence numbers, number of TENs, etc. The baseline for looking at attendance at live music events will be taken from the annual DCMS Taking Part Survey.</p>
<p>Success criteria:</p> <p>The overall objective is to increase the number of regulated entertainment events, without impacting negatively on the licensing objectives.</p>
<p>Monitoring information arrangements:</p> <p>The DCMS annual Taking Part Survey will be used to monitor the prevalence of attendance at live music events. Local authority data on reviews and licensing statistics collated in the future by the Home Office will be used to monitor data on licence numbers, number of TENs, etc.</p>
<p>Reasons for not planning a review:</p> <p>Not applicable.</p>