

Title: Relaxation of licensing hours to mark the 75 th anniversary of Victory in Europe Day (VE Day 75) IA No: HO0361 RPC Reference No: N/A Lead department or agency: Home Office Other departments or agencies: Department for Digital, Culture, Media and Sport	Impact Assessment (IA)			
	Date: 16/12/2019			
	Stage: FINAL			
	Source of intervention: Domestic			
	Type of measure: Secondary Legislation			
Contact for enquiries: alcoholteam2@homeoffice.gov.uk				

Summary: Intervention and Options	RPC Opinion: Not Applicable
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Cost of Preferred (or more likely) Option (in 2016 prices)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
£0.3m	£0.3m	-£0.3m	Non qualifying provision

What is the problem under consideration? Why is government intervention necessary?
 To mark VE Day 75 (75th anniversary of Victory in Europe Day) the Early May Bank Holiday will move from Monday 4 to Friday 8 May 2020. The Government has consulted on an order relaxing licensing hours on Friday 8 and Saturday 9 May 2020. Under the Licensing Act 2003, the Home Secretary can make an affirmative order relaxing licensing hours nationally to mark occasions of ‘*exceptional international, national or local significance*’. A relaxation of licensing hours will mean that premises already licensed to sell alcohol for consumption on the premises and premises licensed to provide regulated entertainment until 11pm, that wish to extend their opening hours will be able to do so for an additional two hours, from 11pm on Friday 8 May until 1:00am on Saturday 9 May, and from 11pm on Saturday 9 May until 1am on Sunday 10 May without the need for a Temporary Event Notice (TEN).

What are the policy objectives and the intended effects?
 It will allow local communities to join together to mark and celebrate VE Day 75 by relaxing normal licensing hours. Licensed premises wishing to extend the hours during which they can sell alcohol or provide regulated entertainment to mark VE Day 75, will save time and costs associated with a TEN, which would otherwise be required. Licensing authorities, police and environmental health authorities would save time from not having to process and consider notices given by individual premises, who would instead benefit from the general extension of licensing hours.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
Option 1: Do nothing.
Option 2: Relax licensing hours in England and Wales from 11pm on Friday 8 May to 1am on Saturday 9 May and from 11pm on Saturday 9 May to 1am on Sunday 10 May. **This is the Government’s preferred option** as it achieves the Government’s objective.

Will the policy be reviewed? It will not be reviewed. **If applicable, set review date:** N/A

Does implementation go beyond minimum EU requirements?	No			
Is this measure likely to impact on trade and investment?	No			
Are any of these organisations in scope?	Micro 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, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: Kit Malthouse Date: 11 February 2020

Summary: Analysis & Evidence

Policy Option 2

Description: Relaxation of licensing hours to mark the 75th anniversary of Victory in Europe Day (VE Day 75)

FULL ECONOMIC ASSESSMENT

Price Base Year 2018	PV Base Year 2020	Time Period Years 1	Net Benefit (Present Value (PV)) (£m)		
			Low: 0.2	High: 0.4	Best Estimate: 0.3

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.1	N/A	0.1
High	0.2	N/A	0.2
Best Estimate	0.2	N/A	0.2

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

Licensing authorities will no longer receive fees from premises submitting TENs. There are 110,771 licensed premises in England and Wales that could submit a TEN. Assuming 5 to 10 per cent of these premises would use a TEN on the VE day anniversary weekend, there is a cost to licensing authorities of £0.1 to £0.2 million. Familiarisation costs to business are estimated at £0.68 per premise, giving a range of £4,300 to £8,600.

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

Businesses whose TENs would have otherwise been withdrawn, modified or subject to a counter notice will be able to open late if licensing hours are relaxed. This could impose costs through the activities undermining the licensing objectives. There may be costs borne by police forces, who may need to deploy more resources to mitigate this risk, or divert resources from other priorities.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.3	N/A	0.3
High	0.6	N/A	0.6
Best Estimate	0.5	N/A	0.5

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

Businesses that would have submitted a TEN will save £35 (the cost of the TEN and associated admin labour costs). This is estimated to save £0.2 to £0.4 million. Licensing authorities would save the costs of processing TENs (assumed to be equivalent to the £21 fee for each TEN) estimated to be in a range of £0.1 to £0.2 million.

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

It is likely that more licensed premises will extend their licensing hours than if premises had to submit a TEN, so it is likely that overall profits to these premises will increase. Police forces will save costs associated with the reviewing and objecting to individual TENs.

Key assumptions/sensitivities/risks

Discount rate (%)

N/A

All premises licensed to provide regulated entertainment are assumed to also be licensed to sell alcohol on-site. It is assumed that 5 to 10 per cent of premises will stay open later. There is a potential risk of increased alcohol-related crime and disorder from premises that would have had otherwise a TEN rejected or modified following police/environmental health authority concerns, but that under this licensing hours extension choose to remain open later. This risk is mitigated as the number of premises this would apply to is likely to be small.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:	
Costs: 0.0	Benefits: 0.3	Net: -0.3		
			N/A	

Evidence Base (for summary sheets)

A. Strategic Overview

A.1 Background

1. Section 172 of the Licensing Act 2003 allows the Secretary of State for the Home Department to make a licensing hours order (LHO) to allow premises to open for specified, extended hours to mark occasions of 'exceptional international, national or local significance'. Since the introduction of the 2003 Act, this national power has been used to mark the Royal Wedding of the Duke and Duchess of Sussex (2018), Her Majesty The Queen's 90th Birthday (2016), England's participation in the FIFA World Cup (2014), the Diamond Jubilee celebrations (2012) and the Royal Wedding of the Duke and Duchess of Cambridge (2011).
2. An LHO can be used to relax licensing hours in licensed premises¹ in England and Wales during a period not exceeding four days. An order may be applied to all licensed premises in England and Wales or only to premises in one or more specified areas. Other variables in an order include the dates, times and licensable activities to which it applies. An LHO can be used to relax licensing hours for any or all of the licensable activities under the 2003 Act. These are:
 - the sale and supply of alcohol (on and off the premises);
 - the provision of regulated entertainment (plays, live and recorded music, indoor sport, films and boxing and wrestling); and
 - the provision of late-night refreshment (the sale of hot food and drink between 11pm and 5am).
3. In the absence of a relaxation of licensing hours, licence holders currently have the option, under the 2003 Act, of using a Temporary Event Notice (TEN) to extend their opening hours for a 'one-off', limited basis. TENs are widely used² by licensed premises but are subject to certain annual limits and may be refused if the police or environmental health authorities object on grounds of the licensing objectives³ under the 2003 Act. A maximum of 15 TENs are permitted per year at any premises, up to a maximum duration of 21 days. Any licensed premises wishing to stay open later can therefore obtain a TEN to do so, which carries a fee of £21.00 and must be submitted at least 10 working days before the event in question begins and at least five working days for a 'late' TEN.
4. The 75th anniversary of VE Day (VE Day 75) takes place on Friday 8 May 2020, which is a Bank Holiday. The government has announced its plans for a special three-day weekend to allow communities to come together to celebrate and commemorate this occasion across the UK so that tribute can be paid to the courage and determination of those who fought for our freedom or supported the war effort at home.
5. The Government considers VE Day 75 an occasion of national importance. It is likely that many pubs and other licenced premises will wish to mark this occasion beyond their normal licensed hours. The relaxation of licensing hours by virtue of an LHO will allow premises already licensed until 11pm on Friday 8 May and Saturday 9 May 2020 for the sale of alcohol for consumption on the premises and for the provision of regulated entertainment, wishing to take part in these celebrations, to be able to do so until 1am the following mornings, without the need for a TEN.
6. Unlicensed premises would not benefit from a relaxation in licensing hours and would still need to use a TEN to undertake licensable activities.
7. It would be a decision for individual premises whether or not they choose to take advantage of any national relaxation.

¹ A licensed premise is any premises authorised by a premises licence or club premises certificate to carry on licensable activities.

² *Alcohol and Late Night Refreshment Licensing Statistics, England and Wales* (ONS): In the year ending 31 March 2018, 147,200 TENs were used, representing a 6% increase of 8,900 compared with the previous year.

³ The prevention of crime and disorder, public safety, the prevention of public nuisance and the protection of children from harm.

A.2 Groups Affected

8. **Licensed premises** in England and Wales whose licence does not currently permit them to sell alcohol for consumption on the premises and/or provide regulated entertainment during the proposed relaxation period, but who wish to benefit from being able to do so. They will also benefit from the saved fees and time costs of submitting TENs.
9. **Individuals** wishing to remain in licensed premises will benefit from being able to socialise and drink later.
10. **Off-trade**, as people will be able to stay in licensed premises later, potentially leading to purchasing less alcohol from the shops. However, we do not expect this impact to be significant as we would expect on-trade premises to use TENs to stay open later on a Friday and Saturday night even in the absence of an LHO.
11. **Licensing authorities** will have fewer TENs to process in the lead up to the affected evenings. They will also receive less income from TEN fees.
12. **Police** will have fewer TENs to respond to in the lead up to the affected evenings and will lose their discretion to issue objections to TENs. Later licensing times may introduce additional costs if police forces add extra officers or increase patrolling hours for the affected nights.
13. **Environmental Health Authorities (EHAs)** will also have fewer TENs to respond to in the lead up to the affected evenings and will lose their discretion to issue objections to TENs. Currently, if police or EHA object to a TEN on the grounds of one of the licensing objectives, they must give notice of the objection to the licensing authority within two working days of receiving the TEN. Later licensing times may also introduce additional costs due to the potential for increased call outs to deal with noise nuisance.
14. **Local residents**, who might be affected by disturbances later in the night than usual as a result of later closing times.

A.3 Consultation

Within Government

15. Department for Digital, Culture, Media and Sport, Ministry of Defence.

Public Consultation

16. Prior to the public announcement, the Home Office notified Parliament of its intention to consult by writing to the Chair of the House of Commons Home Affairs Select Committee.
17. The Home Office ran a short consultation with selected partners including the Local Government Association, Institute of Licensing, National Association of Licensing and Enforcement Officers, National Organisation of Residents' Association, British Beer and Pub Association, Wine and Spirits Trade Association, UKHospitality, the Institute of Alcohol Studies, Alcohol Change, the NPCC and APCC leads on alcohol, The Royal British Legion and the Welsh Government.
18. The consultation ran for twelve days from 25 October to 11 November 2019 and a total of 19 responses were received from the National Association of Licensing and Enforcement Officers, the British Beer and Pub Association, UKHospitality, one District Council and the NPCC Lead on Alcohol on behalf of fifteen force areas. It asked six closed questions on the scope, duration and geographical extent of an order and one open question inviting comments around the proposals in the consultation.
19. A majority of the respondents (17 out of 19) stated or implied that they were in favour of, or had no objections to, a relaxation of licensing hours to mark VE Day 75. Not all respondents to the consultation answered all six closed questions. The responses to the six closed questions are as follows:

20. Q1. Should licensing hours be extended on Friday 8 May 2020 until 1am the following morning? 18 out of the 19 respondents answered this question, of which 17 stated or implied that they were in favour of, or had no objections to, this proposal and one was against this proposal. Several police responses in favour of the proposal noted that multiple venues in their force areas are already licensed to be open on a Friday until these hours.
21. Q2. Should licensing hours be extended on Saturday 9 May 2020 until 1am the following morning? 18 out of the 19 respondents answered this question, of which 16 stated or implied that they were in favour of, or had no objections to, this proposal and two were against this proposal. Several police responses in favour of the proposal noted that multiple venues in their force areas are already licensed to be open on a Saturday until these hours.
22. Q3. Should an LHO apply to the entirety of England and Wales on both nights in question? 18 out of the 19 respondents answered this question, of which 18 stated or implied that they were in favour of, or had no objections to, this proposal and none were against this proposal. One respondent noted that placing regional restrictions would create a disproportionate demand on specific areas, which would draw revellers from other parts of the country.
23. Q4. Should an LHO apply to the sale of alcohol for consumption on the premises on both nights in question until 1am the following morning? 18 out of the 19 respondents answered this question, of which 18 stated or implied that they were in favour of, or had no objections to, this proposal and none were against this proposal. Of the 18 responses in favour, one felt that the LHO should apply only on the Friday and not the Saturday.
24. Q5. Should an LHO apply to premises licensed to provide regulated entertainment on both nights in question until 1am the following morning, only where an alcohol licence is held? 18 out of the 19 respondents answered this question, of which 17 stated or implied that they were in favour of, or had no objections to, this proposal and one was against this proposal. Of the 17 responses in favour, one felt that the LHO should apply only on the Friday and not the Saturday.
25. Q6. Should an LHO apply to premises licensed to provide regulated entertainment on both nights in question until 1am the following morning, regardless of whether an alcohol licence is held? 17 out of the 19 respondents answered this question, of which nine stated or implied that they were in favour of, or had no objections to, this proposal and eight were against this proposal. Of the 9 responses in favour, one felt that the LHO should apply only on the Friday and not the Saturday.
26. Given the mixed views in response to Q5 and Q6 of the consultation, the Government has decided that an LHO will apply to premises licensed to provide regulated entertainment, regardless of whether an alcohol licence is held.
27. A summary of the responses to the one open question are as follows:
Q7. Are there any other comments relating to the proposals in the consultation?
- Local authority representatives felt that a licensing hours extension would reduce the burdens on, and potentially the number of TENs received from premises that, licensing authorities would need to process.
 - Representatives of the licensed trade felt that an extension would be an opportunity for the nation to come together and celebrate, and a boost for the pub sector.
 - A majority of the police force areas that responded had no objections to a licensing hours extension; several forces noted that many premises in their areas are already licensed to be open later on weekends, and that Bank Holiday's tend to see a surge in TENs applications. Therefore an extension was welcomed to reduce the administrative burden on licensing staff.
 - In contrast, the same forces also noted that operationally, an extension will create additional policing demand as any increased availability of alcohol is likely to do, especially with the move of the Bank Holiday to a Friday. However, they deemed the impacts of this to be negligible and sustainable as they perceived the VE Day 75 celebrations as an occasion that would bring families together to celebrate, mostly during the daytime.

B. Rationale for intervention.

28. An LHO will benefit business that would otherwise have to apply for a TEN to extend their opening hours or apply for a variation to their licence (which are costly and are usually used for permanent changes to the licence rather than one-off occasions). A modest relaxation of licensing hours for two additional hours on the two nights in question will ease the burden on licensing authorities and police as it would negate the need for them to consider an increased number of TENs from premises that wish to stay open longer to facilitate the VE Day 75 celebrations. A licensing order would mean that premises would not have to use one of their annual TEN entitlements for VE Day 75.

C. Policy objective

29. The Government wishes to mark VE Day 75 as an occasion of national significance by extending licensing hours from 11pm on Friday 8 May and from 11pm on Saturday 9 May until 1am the following mornings, as these are the days when most people will want to go out to socialise and mark this occasion. This will allow celebrations to continue to a reasonable hour and the majority of pubs and other licensed premises that would normally close earlier than 1am will benefit from the public holiday without the need for a TEN.

D. Description of options considered.

30. Option 1: Do nothing.
31. Option 2: Extend licensing hours from 11pm on Friday 8 and Saturday 9 May 2020 to 1am the following mornings in England and Wales.
32. **The Government's preferred option** is Option 2 as it presents the maximum benefit to business. It will remove the burden from licensed premises who wish to extend their opening hours beyond normal licensed hours from having to give TENs, and from licensing authorities, the police and environmental health authorities from having to process and consider a high number of TENs.

E. Appraisal.

General assumptions and data

33. All costs and benefits are calculated against Option 2.

OPTION 2 – Extend licensing hours from 11pm on the nights of Friday 8th May and Saturday 9th May 2020 until 1AM the following mornings

Appraisal

Licensed Premises

34. As of March 2018, there were 113,063 premises and 12,813 club premises who were licensed to supply alcohol for consumption on the premises.⁴
35. This LHO, in addition to premises licensed for on-sales of alcohol, also allows premises that are licensed to provide regulated entertainment to stay open later without requiring a TEN. Such premises may have a licence covering several forms of entertainment, and this licence could also cover alcohol and late-night refreshment. However, data is not available on the number of premises licensed to sell alcohol for consumption on the premises and to provide regulated entertainment. It is therefore assumed that all premises licensed to sell alcohol also hold a license to provide regulated entertainment. This may underestimate the total number of premises affected, if there are some premises that are licensed to provide regulated entertainment which are not licensed to sell alcohol on the premises.
36. Figures obtained by the Home Office in April 2010 suggest 12 per cent of licensed premises were already licensed to stay open later than 1am on a Saturday night. As a result, any LHO would not affect these premises, because they are already licensed to stay open late. This means 88 per

⁴Home Office: *Alcohol and Late Night Refreshment Licensing (TAB 3: Premises licences and club premises certificates by licensable activity authorised)* – sum of premises on-sale only/on- and off-sale/club premise on-sale:
<https://www.gov.uk/government/statistics/alcohol-and-late-night-refreshment-licensing-england-and-wales-31-march-2018>

cent of premises licensed to sell alcohol close before 1am on a Saturday night and so would be affected by a LHO⁵. It is assumed that this proportion also applies to Friday night. It would be these premises that would stand to benefit from this change.

37. It is estimated there are 110,771⁶ personal licensed and club licensed premises that could potentially benefit from the extension of licensing hours⁷.
38. It is assumed that 5 to 10 per cent of these premises will choose to stay open later on the VE day weekend, with a best estimate of 7.5 per cent. In the absence of data, this is an illustrative assumption which is consistent with previous IAs relating to LHOs⁸. This translates to a best estimate of premises that will stay open on the VE day weekend of 8,308, with high and low estimates of 11,077 and 5,539 respectively⁹.
39. Licensed premises are allowed to use 15 TENs per year. It is assumed a best estimate of 0.75 per cent of licensed premises use all their TENs within a given year, with high and low estimates of 1 and 0.5 per cent respectively¹⁰.

TENs

40. A TEN application costs £21.00 for licensed premises¹¹.
41. It is assumed that only premises that would make a profit greater than the total cost of a TEN application would make a TENs application. It is estimated that the total gross cost of a TENs is £33.18, calculated in Benefit 1.
42. In 2018, 2.5 per cent of TENs were rejected (either modified, withdrawn or subject to a counter notice)¹².
43. A single TEN would allow licensed premises to stay open late on Friday and Saturday within a given week.
44. It is expected that a significant number of establishments would open late on a Friday and Saturday even in the absence of any intervention using the TEN process. As a result, the impact to off-trade premises is not expected to be significant.

Labour costs

45. It is assumed a TEN is completed by the manager of a licensed premise and takes around one hour to complete¹³.
46. The median hourly salary of a manager of a licensed premise is £10.40¹⁴.
47. After upscaling the median hourly salary of a manager for staff on-costs of 17.1 per cent¹⁵, the gross hourly labour cost of a manager of a licensed premise is £12.18¹⁶.
48. It is assumed managers of licensed premises have a good reading ability. It is therefore assumed that the speed the manager of a licensed premise reads emails at is 300 words per minute¹⁷.

⁵Home Office: *Relaxation of licensing hours for the Queen's Diamond Jubilee (Pg. 5 Paragraph 3)*:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/157847/jubilee-impact-assessment.pdf

⁶ This policy extends licensing hours from 11pm to 1am. However, within this total figure there are some premises that are not licensed to stay open until 11pm, and therefore would be out of the scope of this policy. Due to data limitations there is no way of estimating those licensed premises out of scope and therefore it has been assumed all licensed premises are in scope.

⁷ $125,876 * 88\% = 110,771$

⁸ Home Office: *Relaxation of licensing hours for the Queen's Diamond Jubilee (Pg. 9 Paragraph 5)*:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/157847/jubilee-impact-assessment.pdf

⁹ $(5\% * 110,771 = 5539)$, $(7.5\% * 110,771 = 8308)$, $(10\% * 110,771 = 11,077)$

¹⁰ Home Office: *Temporary Event Notices (TENs): Reducing the burdens of the Licensing Act 2003 (Pg. 9 Paragraph 2)*:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/261279/TENs_IA.pdf

¹¹ GOV.UK: *TEN application page*: <https://www.gov.uk/temporary-events-notice>

¹² Home Office: *Alcohol and Late Night Refreshment Licensing (TAB 17: Standard and late temporary event notices)*:

<https://www.gov.uk/government/statistics/alcohol-and-late-night-refreshment-licensing-england-and-wales-31-march-2018>

¹³ DCMS: *Proposal to introduce a new process for electronic applications (Pg. 28 Paragraph 10)*:

<https://webarchive.nationalarchives.gov.uk/20121106103115/http://www.ialibrary.bis.gov.uk/uploaded/Proposaltointroducenewprocesselectronicapplications.pdf>

¹⁴ ONS: *Annual Survey of Household Earnings (Median wages of Publicans and managers of licensed premises, 2018 revised)*:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

¹⁵ Eurostat: *Hourly Labour Costs*: https://ec.europa.eu/eurostat/statistics-explained/index.php/Hourly_labour_costs

¹⁶ $\pounds 11.98 * 1.171 = \pounds 14.03$

¹⁷ ReadingSoft (*Good reading speed from a screen*): <http://www.readingsoft.com/>

COSTS

TRANSITION COSTS

Cost 1 – Familiarisation costs

Police forces / environmental health authorities

49. As several LHOs have occurred before, the familiarisation costs to police forces are assumed to be negligible.

Licensing authorities

50. .. As several LHOs have occurred before, the familiarisation costs to licensing authorities are assumed to be negligible.

Licensed premises

51. It is assumed that licensed premises will receive an email of approximately 1,000 words outlining the LHO. With the email containing 1,000 words and the assumption that a manager reads at 300 words per minute, it is estimated it will take the manager of a licensed premise 3 minutes and 20 seconds to become familiarised with these changes.
52. Using the gross labour cost of the manager of a licensed premise of £12.18, it is estimated the total familiarisation cost to a licensed premise deciding to stay open late on VE day will be £0.68.

As there is a best estimate of 8,300 premises, with high and low estimates of 11,100 and 5,500 premises respectively who will decide to stay open late on the VE day weekend, the total best estimate familiarisation costs of this change are £5,620, with high and low estimates of £7,500 and £3,750 respectively¹⁸.

Summary of familiarisation costs (£'s)

Stakeholder		Total Cost
Licensing authorities	Best	£0.00
	Low	£0.00
	High	£0.00
Police / Environmental health forces	Best	£0.00
	Low	£0.00
	High	£0.00
Licensed premises	Best	£5,620
	Low	£3,750
	High	£7,500

Note: All figures are rounded.

Costs to Licensing authorities

Cost 2 – Loss of additional TEN's income to licensing authorities

53. With this LHO there will be a loss of income to licensing authorities of the forgone fees relating to TENs that would have otherwise been submitted on the VE day weekend.
54. The best estimate number of licensed premises deciding to stay open late on VE day is 8,300, with high and low estimates of 11,100 and 5,500 respectively.
55. To calculate the total loss of revenue to licensing authorities, the number of forgone TENs applications is multiplied by the individual loss of revenue for each TEN (£21). Therefore, it is estimated that the best estimate loss of revenue to licensing authorities will be £0.17 million, with high and low estimates of £0.23 million and £0.12 million respectively¹⁹.

Costs to the public and Police Forces

Cost 3 – Increased alcohol-related crime and disorder

¹⁸ (£0.68*5,539=£,747.26), (£0.68*8,308=£5,620.88), (£0.68*11,077=£7,494.51). Estimates above are rounded.

¹⁹ (£21.00*5,539=£116,309.42), (£21.00*8,308=£174,464.14), (£21.00*11,077=£232,618.85)

56. With an LHO, there is a potential risk of an increase in alcohol-related crime and disorder, which could increase costs for police forces from attending incidents, and to the general public from affected by disorder.
57. The extension of licensing hours will mean that some premises whose TENs, under normal circumstances, would have been rejected, are now able to stay open later. There is a risk these premises may attract alcohol-related crime and disorder. In 2018, 2.5 per cent of TENs were rejected. Assuming this proportion of TENs that were rejected still holds, the best estimate number of premises that would have had their TENs applications rejected on the VE day weekend is 206, with high and low estimates of 275 and 137 respectively²⁰.
58. However, as the number of additional premises who would have had their TENs rejected is relatively small, given the lack of robust data to quantify any potential increase in alcohol-related crime and disorder, and considering a majority of the police forces in the consultation were happy with this change to go ahead, this cost has not been monetised.

Costs to Licensed Premises

Cost 4 – Reduced profits for off-trade premises

59. As there will be more on-trade premises staying open later during the VE Day weekend, there may be a loss of income for off-trade premises, such as supermarkets. Whilst the analysis in Benefit 3 shows there will be little increase in on-trade sales, which suggests there will likely be little diversion of income from off-trade premises, due to data limitations this loss of income cannot be quantified.

Ongoing costs

60. As this LHO extension is to mark the 75th anniversary of VE day and will not continue to occur in the future, there are no ongoing costs of this change.

Total costs (£m)

Stakeholder		Total Cost
Licensing authorities	Best	£0.2
	Low	£0.1
	High	£0.2
Police / Environmental health forces	Best	£0.0
	Low	£0.0
	High	£0.0
Licensed premises	Best	£0.0
	Low	£0.0
	High	£0.0

BENEFITS

SET-UP BENEFITS

61. There are no set up benefits of this policy.

OTHER BENEFITS

Benefits to Premises

Benefit 1 – Saved costs to licensed premises from submitting TENs

62. There will a benefit to licensed premises of no longer having to pay for a TEN on the VE day weekend.
63. This contains two elements – the forgone TEN fee (£21.00) and the saved time associated with the submission of a TEN. These figures are broken down below.

²⁰ (2.48%*5,539=137), (2.48%*8,308=206), (2.48%*11,077=275)

Saved time of TENs application

64. To monetise the saved time a manager has from not having to submit a TEN, the method below is taken from the 'Reducing the burdens on the licensing act 2003'²¹.
65. It is assumed a TEN takes 1 hour to complete. Using the median hourly wage of a manager of a licensed premise of £10.40 and uprating for staff-on costs of 17.1 per cent²², it is estimated the gross labour cost to a licensed premise for completing a TENs application is £12.18. Therefore, it is estimated each forgone TEN application saves a licensed premise £12.18 in labour costs.

TENs Fee

66. The price of a TENs application to licensed premises is £21. Therefore, there will be a direct saving to businesses of £21.00 for no longer having to submit a TEN.

Total Benefits to licensed premises from saved time associated with TENs application

67. The total estimated benefit to a licensed premise for no longer having to submit a TEN to stay open late on VE day weekend is calculated as the sum of no longer paying the TENs fee (£21.00) and the saved labour costs of no longer needing to submit a TENs application (£12.18). This is £33.18.
68. The best estimate number of licensed premises deciding to stay open late on VE day is 8,300, with high and low estimates of 11,100 and 5,500 respectively.
69. Therefore, the total best estimate saving to licensed premises for no longer having to submit TENs on the VE day weekend is £0.3 million, with high and low estimates of £0.2 million and £0.4 million respectively²³.

Benefit 2 – Additional Profit from using an extra TEN

70. Licensed premises are allowed 15 TENs per year. This LHO will mean licensed premises that would have used all their TENs in a given year, regardless of whether they would have used it on the VE day weekend, now have an extra weekend to stay open late, without having to submit a TEN.
71. It is assumed the best estimated proportion of licensed premises that use all their TENs is 0.75 per cent, with high and low estimates of 0.5 and 1 per cent respectively. Therefore, the best estimate number of licensed premises that use all their TENs in a given year is 62, with high and low estimates of 111 and 28 respectively²⁴.
72. The latest available estimates from the British Beer and Pubs Association²⁵ in 2013 suggest the best estimate profit to a licensed premise from using a TEN is £193, with high and low estimates of £225 and £161 respectively. Therefore, after uplifting for 2018 prices, the best estimate profit to a licensed premise of a TEN is calculated as £210, with high and low estimates of £244 and £175 respectively.
73. The total additional profit to licensed premises from this LHO is calculated by multiplying the number of licensed premises that would have used all their TENs in a given year, by the profit from a TEN. Therefore, the best rounded estimate of additional profit to all licensed premises from this LHO is £13,100, with high and low estimates of £27,100 and £4,800 respectively²⁶.

Benefit 3 – Increased profits from a greater number of premises opening later

74. With more premises open late on the VE day weekend, it is possible there could be greater profits generated from licensed premises overall.

²¹ Home Office: *Temporary Event Notices (TENs): Reducing the burdens of the Licensing Act 2003 (Pg. 9 Paragraph 1)*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/261279/TENs_IA.pdf

²² Eurostat: *Hourly Labour Costs*: https://ec.europa.eu/eurostat/statistics-explained/index.php/Hourly_labour_costs

²³ (£33.18*5,539=£183,760.03), (£33.18*8,308=£275,640.04), (£33.18*11,077=£367,520.06)

²⁴ (0.50%*5,539=28), (0.75%*8,308=62), (1.00%*11,077=111)

²⁵ Home Office: *Temporary Event Notices (TENs): Reducing the burdens of the Licensing Act 2003 (Pg. 10 Paragraph 4)*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/261279/TENs_IA.pdf

²⁶ (£174.87*28=£4,842.64), (£209.63*62=£13,061.60), (£244.38*111=£27,070.67)

75. As the total gross cost of an individual TEN is £33.18, if there was no LHO, only premises that would expect to make a profit greater than £33.18 would stay open late on the VE day weekend. As a result, premises that expect to make above the total gross cost of a TENs are not affected by this change.
76. Businesses that would expect to make a profit between £0 and £33.18 from using a TENs may stay open on the VE day weekend. However, as there is no way of quantifying the number of business that would make a profit between £0 and £33.18 from staying open late, and as this likely represents a small number of businesses, this benefit has not been monetised.

Benefits to licensing authorities

Benefit 4 – Reduced costs of processing TENs for licensing authorities

77. By relaxing licensing hours, licensing authorities will benefit from the reduced resource costs associated with processing TEN applications.
78. As the price of a TEN (£21) is set by licensing authorities to directly cover the costs of processing a TEN application, the benefit of not processing a TEN to licensing authorities is estimated as £21.
79. The best estimate number of licensed premises deciding to stay open late on VE day is 8,300, with high and low estimates of 11,100 and 5,500 respectively.
80. To calculate the total benefit to licensing authorities of saved resource costs of not processing TENs for the VE day weekend, the total number of premises that would stay open late is multiplied by the benefit of not processing a TEN. Therefore, the total best estimate benefit of not processing TENs to licensing authorities is £0.17 million, with high and low estimates of £0.23 million and £0.12 million respectively²⁷.

Benefits to police forces/environmental health authorities

Benefit 5 – Reduced costs of reviewing TENs for police forces and environmental health authorities

81. Police forces and environmental health authorities must review TENs, and then decide whether to accept or to reject the application. As a result of the LHO there will be a reduction in the number of TENs they will review, leading to time saved.
82. Due to a lack of data on how long police and environmental health authorities spend reviewing TEN applications, this benefit has not been monetised²⁸.

Ongoing benefits

83. As this LHO extension is to mark the 75th anniversary of VE day and will not continue to occur in the future, there are no ongoing benefits of this change.

Total Benefits (£'s)

Stakeholder		Total Benefit
Licensing authorities	Best	£0.2
	Low	£0.1
	High	£0.2
Police / Environmental health forces	Best	£0.0
	Low	£0.0
	High	£0.0
Licensed premises	Best	£0.3
	Low	£0.2
	High	£0.4

²⁷ Same calculation as in Cost 1

²⁸ In the Diamond Jubilee IA, it is claimed police forces believe two days is not enough time to review a TEN, and that responses will vary by force a lot: (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/157847/jubilee-impact-assessment.pdf, Pg. 10 Paragraph 2)

NPV, BNPV, EANDCB

Net Present Value

84. As this policy is only for one weekend, the Net Present Value to business and the public is the immediate value, which is £0.3 million. The Net Present Value to the public sector and the private sector are £0.0 million and £0.3 million.

Business Net Present Value

85. The monetised benefit to business is estimated at approximately £0.3 million, occurring in the first period. The Present Value of the benefit to business is therefore £0.3 million.
86. The monetised cost to business is estimated at £6,500, occurring in the first period. The Present Value of the cost to business is therefore £6,500. The Net Present Value to business is therefore £0.3 million.

Stakeholder		Net Present Value
Licensing authorities	Best	£0.0
	Low	£0.0
	High	£0.0
Police / Environmental health forces	Best	£0.0
	Low	£0.0
	High	£0.0
Licensed premises	Best	£0.3
	Low	£0.2
	High	£0.4

Equivalent Annual Direct Costs to Businesses

87. The Equivalent Annual Direct Cost to Businesses is –£0.3m.

F. Proportionality.

88. Based on previous IAs on the relaxation of licensing hours, and the level of data available, the level of detail of the analysis in this impact assessment is sufficient.

G. Risks.

89. There is a potential risk of increased alcohol-related crime and disorder from licensed premises whose TENs would have otherwise been rejected or modified following police or environmental health concerns, but who would now be able to stay open later under this licensing hours extension without any restrictions, should they choose to do so. As their TEN would have been rejected or modified, these premises may be more likely to attract alcohol-related crime and disorder. However, this risk is mitigated as the best estimated number of premises this would apply to is likely to be small (best estimate 206, para 57.).
90. There is a risk of premises licensed to provide regulated entertainment, that do not have a license to sell alcohol, not being included in this analysis.
91. Figures obtained by the Home Office concerning the percentage of premises that close before 1am are unofficial figures and are also from 2010. As a result, there are potential risks to using this data as it may be outdated.
92. The assumption that 5 to 10 per cent would have chosen to submit a TENs on the VE day weekend carries a large amount of risk, as it is an illustrative assumption given the lack of data. If this figure is higher or lower it would increase or decrease the costs and benefits by the same proportionate amount.

H. Direct costs and benefits to business calculations

93. Direct costs to business total £0 as the only cost (Cost 3) is minimal.

94. Direct benefits to business total £0.2 million to £0.4 million with a best estimate of £0.3 million. This is the sum of Benefits 1, 2 and 3 (which is negligible itself).

I. Wider impacts

95. It is believed that because this change will only be in effect for two nights, any other wider impacts would be negligible, and therefore, not applicable.

J. Trade Impact.

96. As this change occurs on fixed properties over two nights, it is believed the impact on trade would be negligible.

K. Implementation date, monitoring and evaluation (PIR if necessary), enforcement principles.

97. This proposed policy is not expected to require any significant increase in enforcement activity or impose additional costs on licensing authorities. The later opening times may introduce additional costs if they add extra officers or increase patrolling hours, rather than shifting them from the usual closing time to the later closing time. However, the operational response will vary from force to force and within force, depending on the perception of likely crime and disorder associated with late night opening.
98. Monitoring and enforcement of the Licensing Act 2003 is conducted by licensing authorities, the police, and in some cases, by Trading Standards. A licensing hours order does not alter the licensing objectives or existing enforcement and compliance measures.
99. The LHO will relate to the weekend of the 75th anniversary of VE Day (8 and 9 May 2020). It will allow premises licensed for the sale of alcohol for consumption on the premises and premises licensed for the provision of regulated entertainment until 11pm on Friday 8 and Saturday 9 May, to be able to stay open for an additional two hours until 1am the following mornings, should they choose to, without requiring a TEN.
100. As this is a temporary change to licensing hours, the Government will not formally monitor, evaluate or review the policy. However, we will gather feedback from licensing authorities and the police.

Economic Impact Tests

Does your policy option/proposal consider...?	Yes/No (page)
<p>Business Impact Target The Small Business, Enterprise and Employment Act 2015 (s. 21-23) creates a requirement to assess the economic impacts of qualifying regulatory provisions on the activities of business and civil society organisations. [Better Regulation Framework Manual] or [Check with the Home Office Better Regulation Unit]</p>	Yes
<p>This policy is not applicable for BIT as there is no direct cost to business.</p>	

<p>Small and Micro-business Assessment (SaMBA) The SaMBA is a Better Regulation requirement intended to ensure that all new regulatory proposals are designed and implemented so as to mitigate disproportionate burdens. The SaMBA must be applied to all domestic measures that regulate business and civil society organisations, unless they qualify for the fast track. [Better Regulation Framework Manual] or [Check with the Home Office Better Regulation Unit]</p>	Yes
<p>This policy will likely affect small and micro-business. They may experience a NET benefit from this policy.</p>	