

# Impact Assessment, The Home Office

<b>Title:</b> Alcohol licensing regulatory easements: off-sales and temporary events notices <b>IA No:</b> HO 0430 <b>RPC Reference No:</b> N/A <b>Other departments or agencies:</b> N/A	<b>Date:</b> 15 <sup>th</sup> February 2023
	<b>Stage:</b> Consultation
	<b>Intervention:</b> Domestic
	<b>Measure:</b> Secondary legislation
	<b>Enquiries:</b> <a href="mailto:alcohollicensingconsultations@homeoffice.gov.uk">alcohollicensingconsultations@homeoffice.gov.uk</a>
<b>RPC Opinion:</b> Not Applicable	<b>Business Impact Target:</b> Non qualifying position

## Cost of Preferred (or more likely) Option (in 2022/23 prices)

<b>Net Present Social Value NPSV (£m)</b>	N/A	<b>Business Net Present Value BNPV (£m)</b>	N/A	<b>Net cost to business per year EANDCB (£m)</b>	N/A
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### What is the problem under consideration? Why is Government intervention necessary?

The Business and Planning Act 2020 (BPA 2020) enabled changes to alcohol licensing regulations to help the sector cope with the consequences of the COVID-19 pandemic. Some hospitality venues have licences which allow them to sell alcohol for consumption on the premises (on-sales), while others have licences which also allow them to sell alcohol to take away (off-sales). The BPA 2020 provided an automatic extension to on-sales premises licences to also include off-sales. Provisions also increased the annual number of Temporary Event Notices (TENs) that a licensed premise user can have from 15 to 20 per year and increased the maximum number of days on which temporary events may be held at such premises from 21 to 26 per year. The Government is consulting on options for long-term arrangements.

### What is the strategic objective? What are the main policy objectives and intended effects?

The Government wants to understand views on whether the off-sales licensing easement and the increase to the TENs allowance should remain permanent. The intention is to strike a balance between the supporting both business and licensing authorities in covering costs. This is linked to a general Government deregulatory agenda.

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

Options for off-sales and TENs include reverting to the arrangements in the Licensing Act 2003 or making permanent those in the BPA 2020. Details of options are located in section D.

### Main assumptions/sensitivities and economic/analytical risks

**Discount rate (%)**

3.5

While analytical modelling has been put through rigorous testing, assumptions have been used to be able to monetise the costs and benefits of the policy options. The main uncertainty concerns the behaviour of premises in relation to the easements and the volume of which will capitalise on the policies. As such, a range of estimates has been included to reflect this uncertainty. A key economic risk is data availability, particularly on pavement licences, but this is hoped to be improved via this consultation.

**Will the policy be reviewed?** N/A **If applicable, set review date:** 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:

..... Chris Philp ..... Date: 11th September 2023

## Summary: Analysis & Evidence

## Off-Sales: Policy Option 2

**Description:** Make permanent the temporary regulatory easements for off-sales under the BPA 2020, whereby any on-sales alcohol premise licence automatically covers off-sales as well. This would apply to existing and future premises licence holders.

### FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2022/23	PV Base	2023/24	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	6.6	High:	10.4	Best:	8.3	Best BNPV	8.3	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	To Individuals Present Value	To Business Present Value
Low	0.0	6.5	6.5	-	0.0
High	0.0	9.8	9.8	-	0.0
Best Estimate	0.0	8.2	8.2	-	0.0

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

The total estimated costs lie within a range of **£6.5 and £9.8 million (PV)**, with a **central estimate of £8.2 million** over 10 years.

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

The proposals could increase crime, disorder and health harms which tend to be correlated with alcohol consumption. However there is insufficient evidence to quantify these impacts and as such they have not been monetised.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	To Individuals Present Value	To Business Present Value
Low	-	13.1	13.1	-	6.6
High	-	20.2	20.2	-	10.4
Best Estimate	-	16.5	16.5	-	8.3

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

The total estimated benefits lie withing a range of **£13.1 and £20.2 million (PV)**, with a **central estimate of £16.5 million** over 10 years.

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

The non-monetised benefits fall largely upon hospitality businesses. Offering off-sales creates a varying revenue stream to on-sales and offers the opportunity for increased and diversified profits. Furthermore, this policy is likely to see wider economic and social benefits, such as increased employment in the hospitality sector and an opportunity for outside socialisation .

### BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:					
Cost, £m	0.0	Benefit, £m	1.0	Net, £m	-1.0
Score for Business Impact Target (qualifying provisions only) £m:					-
Does the measure support market competition and innovation?					Neutral
Does the measure support international trade?					Neutral
Does the measure support the environment and decarbonisation?					Neutral

### PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 2)

Are all relevant Specific Impacts included?	Y	Are there any impacts on particular groups?	Y
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## Summary: Analysis & Evidence

## Off-Sales: Policy Option 3

**Description:** As Option 2 plus if a venue has both an alcohol premises licence and a pavement licence, the area covered by the pavement licence would be automatically included in the premises licence.

### FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2022/23	PV Base	2023/24	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	8.3	High:	15.9	Best:	11.6	Best BNPV	11.6	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	To Individuals Present Value	To Business Present Value
Low	0.0	8.3	8.3	-	0.0
High	0.0	15.0	15.0	-	0.0
Best Estimate	0.0	11.4	11.4	-	0.0

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

The total estimated costs lie within a range of **£8.3 and £15.0 million (PV)**, with a **central estimate of £11.4 million** over 10 years.

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

The non-monetised costs of this policy are likely to fall on that to society, with a correlation between alcohol consumption and crime as well as increased health harms as a result of alcohol consumption.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	To Individuals Present Value	To Business Present Value
Low	-	16.6	16.6	-	8.3
High	-	30.9	30.9	-	15.9
Best Estimate	-	23.1	23.1	-	11.6

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

The total estimated benefits lie within a range of **£16.6 and £30.9 million (PV)**, with a **central estimate of £23.1 million** over 10 years.

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

The non-monetised benefits are the opportunity for revenue for businesses, due to time-savings and potentially a larger premise area that may incentive consumers to stay at the premise for a longer duration. Furthermore, this policy is likely to see wider economic and social benefits, such as increased employment in the hospitality sector and an opportunity for outside socialisation.

### BUSINESS ASSESSMENT (Option 3)

Direct impact on business (Equivalent Annual) £m:					
Cost, £m	0.0	Benefit, £m	1.4	Net, £m	-1.4
Score for Business Impact Target (qualifying provisions only) £m:					-
Does the measure support market competition and innovation?					Neutral
Does the measure support international trade?					Neutral
Does the measure support the environment and decarbonisation?					Neutral

### PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 3)

Are all relevant Specific Impacts included?	Y	Are there any impacts on particular groups?	Y
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## Summary: Analysis & Evidence

## TENs: Policy Option 5

**Description:** Extend the TENs regulatory easement for a further twelve months, until 31 December 2024. This would mean that the number of TENs permitted will be 20 (from 15) and the maximum duration will be 26 days (from 21) per year.

### FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2022/23	PV Base	2023/24	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	-0.4	High:	-1.8	Best:	-0.8	Best BNPV	-0.8	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	To Individuals Present Value	To Business Present Value
Low	0.0	0.8	0.8	-	0.5
High	0.1	2.6	2.7	-	1.6
Best Estimate	<b>0.0</b>	<b>1.5</b>	<b>1.5</b>	-	<b>0.8</b>

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

The total estimated costs lie within a range of **£0.8 and £2.7 million (PV)**, with a **central estimate of £1.5 million** over 10 years.

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

The non-monetised costs of this policy are likely to fall on that to society, with a correlation between alcohol consumption and crime as well as increased health harms.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	To Individuals Present Value	To Business Present Value
Low	-	0.5	0.5	-	-
High	-	0.9	0.9	-	-
Best Estimate	-	<b>0.7</b>	<b>0.7</b>	-	-

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

The total estimated benefits lie within a range of **£0.5 and £0.9 million (PV)**, with a **central estimate of £0.7 million** over 10 years.

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

There will be a non-monetised benefits to businesses through the opportunity for increased revenue opportunities for an additional 12 months, which will provide an additional tool for profit through the cost-of living crisis. There are also wider benefits to the economy and individuals, particularly if this policy leads to increases in employment in the hospitality sector.

### BUSINESS ASSESSMENT (Option 5)

Direct impact on business (Equivalent Annual) £m:					
Cost, £m	0.1	Benefit, £m	0.0	Net, £m	<b>0.1</b>
Score for Business Impact Target (qualifying provisions only) £m:					-
Does the measure support market competition and innovation?					Neutral
Does the measure support international trade?					Neutral
Does the measure support the environment and decarbonisation?					Neutral

### PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 5)

Are all relevant Specific Impacts included?	Y	Are there any impacts on particular groups?	Y
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## Summary: Analysis & Evidence

## TENs: Policy Option 6

**Description:** Make permanent the extension to the number of permitted TENs provided by the BPA 2020. This would mean that the number of TENs permitted will be 20 (from 15) and the maximum duration will be 26 days (from 21) per year. This would apply to existing and future premises licence holders.

### FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2022/23	PV Base	2023/24	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	-3.2	High:	-14.9	Best:	-6.7	Best BNPV	-6.7	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	To Individuals Present Value	To Business Present Value
Low	0.0	7.3	7.3	-	4.3
High	0.1	23.0	23.1	-	12.8
Best Estimate	0.0	12.9	12.9	-	6.7

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

The total estimated costs lie within a range of **£7.3 and £23.1 million (PV)**, with a **central estimate of £12.9 million** over 10 years.

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

The non-monetised costs of this policy are likely to fall on that to society, with a correlation between alcohol consumption and crime as well as increased health harms. There could be increased pressures on public services such as the NHS and policing.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	To Individuals Present Value	To Business Present Value
Low	-	4.1	4.1	-	-
High	-	8.2	8.2	-	-
Best Estimate	-	6.2	6.2	-	-

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

The total estimated benefits lie within a range of **£4.1 and £8.2 million (PV)**, with a **central estimate of £6.2 million** over 10 years.

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

There will be non-monetised benefits to businesses through the opportunity for increased income opportunities, through diversifying revenue streams. There are also wider benefits to the economy and individuals, particularly if this policy leads to increases in employment in the hospitality sector which is currently suffering from labour shortages, and added opportunity for socialisation.

### BUSINESS ASSESSMENT (Option 6)

Direct impact on business (Equivalent Annual) £m:					
Cost, £m	0.8	Benefit, £m	0.0	Net, £m	0.8
Score for Business Impact Target (qualifying provisions only) £m:					-
Does the measure support market competition and innovation?					Neutral
Does the measure support international trade?					Neutral
Does the measure support the environment and decarbonisation?					Neutral

### PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 6)

Are all relevant Specific Impacts included?	Y	Are there any impacts on particular groups?	Y
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## Evidence Base (for summary sheets)

### A. Strategic objective and overview

#### A.1 Strategic objective

1. Good regulation is essential to successful businesses. The strategic objective, taken from the Conservative Manifesto<sup>1</sup>, is to achieve the right regulatory balance between supporting excellent business practice and protecting workers, consumers and the environment.

#### A.2 Background

2. The Business and Planning Act 2020<sup>2</sup> (BPA 2020) enabled changes to alcohol licensing regulations to help the hospitality sector cope with the consequences of the COVID-19 pandemic. Some venues have licences which allow them to sell alcohol for consumption on the premises (on-sales) while others have licences which also allow them to sell alcohol to take away (off-sales). The BPA 2020 allowed existing on-sales premises licences to include off-sales, originally lasting until 30 September 2021, but later extended until 30 September 2022<sup>3</sup>, then 30 September 2023<sup>4</sup>. This means that on-sales premise licence holders temporarily do not have to request a variation to their licence to also include off-sales.
3. In parallel, as another emergency COVID-19 measure, the Department for Levelling Up, Housing and Communities (DLUHC) eased the rules with respect to pavement licences for hospitality businesses. This measure alongside the policy in point 2 were designed to assist businesses to continue trading at a time when patrons were not allowed inside their premises. DLUHC has since decided to make the regulations for extended pavement usage permanent, albeit with some adaptations, and has included these provisions in the Levelling Up and Regeneration Bill<sup>5</sup>. The DLUHC plan is to streamline the process for obtaining a pavement licence. Its proposal would see the pavement licence fee capped at £500, renewal fees capped at £350, with licences valid for 12 months, and applications decided within 28 days<sup>6</sup>.
4. The two aforementioned issues are interlinked: without an appropriate premises licence, a hospitality business that has a pavement licence is not able to serve alcohol to patrons sitting outside. The Government is consulting to understand the appetite of automatically granting off-sales licences to premises with on-sales licences and how this interplays with pavement licensing. The Licensing Act 2003 (LA 2003) does not specify whether an amendment to an on-sales licence so as to allow off-sales would constitute a major or minor variation, and so can reflect the particular circumstances of each application. New premises licence applications and major variation orders to that licence cost between £100 and £1905<sup>7</sup>, based on the rateable value of the property, and minor variations cost £89<sup>8</sup>. Applications need to be advertised for 28 days and if there are no objections they are automatically granted<sup>9</sup>.
5. Alongside extensions for premises licences, the BPA 2020 also increased the number of Temporary Events Notices (TENs) that a licensed premise user can have from 15 to 20 per year, and increased the maximum number of days on which temporary events may be held at such premises from 21 to

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<sup>1</sup> Conservatives (2019) *Conservative Party Manifesto 2019*, pp. 33. Available at: <https://www.conservatives.com/our-plan/conservative-party-manifesto-2019>

<sup>2</sup> Legislation.gov.uk (2020) *Business and Planning Act*, UK Public General Acts. Available at: <https://www.legislation.gov.uk/ukpga/2020/16/contents/enacted>

<sup>3</sup> Legislation.gov.uk (2021) *The Alcohol Licensing (Coronavirus) (Regulatory Easements) (Amendment) Regulations 2021*, UK Draft Statutory Instruments. Available at: <https://www.legislation.gov.uk/ukdsi/2021/9780348224412/contents>

<sup>4</sup> Legislation.gov.uk (2022), *The Alcohol Licensing (Coronavirus) (Regulatory Easements) (Amendment) Regulations 2022*. Available at: <https://www.legislation.gov.uk/ukdsi/2022/978/contents/made>

<sup>5</sup> UK Parliament (2022) 'Levelling-up and Regeneration Bill', Parliamentary Bills. Available at: <https://bills.parliament.uk/bills/3155>

<sup>6</sup> See footnote above.

<sup>7</sup> GOV.UK (2022) *Premises licence (England and Wales)*. Available at: <https://www.gov.uk/premises-licence>

<sup>8</sup> GOV.UK (2012) *Minor variations to premises licence application form*. Available at <https://www.gov.uk/government/publications/minor-variations-to-premises-licence-application-form>

<sup>9</sup> GOV.UK (2022) *Premises licence (England and Wales)*. Available at: <https://www.gov.uk/premises-licence>

26 per year. These provisions were extended to apply in each of the calendar years 2022 and 2023. The Government is consulting in order to understand whether there is appetite to make these extensions permanent.

### **A.3 Groups affected**

6. These policies affect: licensing authorities (LAs), who need to be able to cover costs of the administration and enforcement of the licensing regime; the hospitality sector who are struggling with a range of cost-related issues; and residents of communities in which the hospitality sector trades.

### **A.4 Consultation**

#### **Within Government**

7. The Government has engaged with the Department for Levelling Up, Housing & Communities (DLUHC), the Department for Business, Energy & Industrial Strategy and HM Treasury. The Department for Health and Social Care are also aware, and the Government has also engaged with the Local Government Association.

#### **Public consultation**

8. No formal consultation has yet taken place, but informal engagement has been had with a range of hospitality and licensing sector groups.

## **B. Rationale for intervention**

9. Consideration of the terms of licences, and giving local people the chance to comment or object, is an important feature of the licensing regime, which should be preserved. Accordingly, the Government is consulting on a number of options, while still maintaining a system based around application and approval. Any legislative change would require this prior consultation.

## **C. Policy objective**

10. The overall objective is to strike a balance between the need to support businesses and to support licensing authorities in covering their costs when it comes to premises licences and TENs. This is linked to a general desire by the Government to reduce regulation.
11. The objective of the off-sales proposals is to understand whether there is appetite for returning to the provisions in the LA 2003, or for making permanent the licensing easement as set out in the BPA 2020 or an alternative option by which the area covered by any pavement licence would be deemed to be covered by the alcohol premises licence.
12. The Government also wishes to understand whether there is appetite to maintain the increase to the TENs allowance, considering both the number of TENs allowed as well as the total number of days allowed.

## **D. Options considered and implementation**

13. There are two policies being consulted on and each of these has specific options outlined below at D1 and D2.

### **D.1 Off-sales Licences**

14. **Option 1:** Do nothing. This would mean that:
  - The easements provided by the BPA 2020 lapse after 30 September 2023 and arrangements revert to those set out in the LA 2003.

- Any premises licence holder whose licence only allows on-sales will need to apply for a variation<sup>10</sup> to their licence if they additionally wish to provide off-sales.
15. **Option 2:** Make permanent the temporary regulatory easements for off-sales under the BPA 2020, whereby any on-sales alcohol premise licence automatically covers off-sales as well. This would apply to existing and future premises licence holders.
16. **Option 3:** As Option 2 plus if a venue has both an alcohol premises licence and a pavement licence, the area covered by the pavement licence would be automatically included in the premises licence.

## D.2 Temporary Event Notices (TENs)

17. **Option 4:** Do nothing. This would mean that:
- The easements provided by the BPA 2020 lapse after 31 December 2023.
  - The number of TENs permitted will revert to the numbers set out in the LA 2003, which is 15 TENs per year for a total of 21 days.
18. **Option 5:** Extend the TENs regulatory easement for a further twelve months, until 31 December 2024. This would mean that the number of TENs permitted will be 20 (from 15) and the maximum duration will be 26 days (from 21) per year.
19. **Option 6:** Make permanent the extension to the number of permitted TENs provided by the BPA 2020. This would mean that the number of TENs permitted will be 20 (from 15) and the maximum duration will be 26 days (from 21) per year. This would apply to existing and future premises licence holders.

## E. Appraisal

### General assumptions and data

20. The general assumptions used in this appraisal section are as follows:
- The appraisal period for measuring the impacts of the proposed options is 10 years. The appraisal period starts in 2023/24 and uses 2022/23 prices.
  - A 3.5 per cent annual discount rate is applied as per Green Book guidance<sup>11</sup>.
  - All costs and benefits are relative to the 'Do Nothing' options.
21. Specific assumptions used for each of the three policy areas are as follows:

### Off-sales Licences

22. Evidence from 2021/22 Office for National Statistics (ONS) data finds that approximately 42,600<sup>12</sup> premises held on-sales only licences, 58,600 had off-sales only licences, and a further 88,600 premises held both on- and off-sales alcohol licences. Data was not collected for three years prior to this due to COVID-19. There is therefore some uncertainty on the new 'normal' for on- or off-sales premise licence volumes and whether there has been a distorted effect in the most recent data collection.

### A1 – Estimating the number of on-sales premises that would extend their current licence to include off-sales in the absence of continued regulatory easement

<sup>10</sup> For the purpose of this analysis, it has been assumed that this variation is minor and as such has been modelled so for the options for off-sales.

<sup>11</sup> GOV.UK (2022a) *The Green Book: appraisal and evaluation in central government*, HM Treasury. Available at: <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

<sup>12</sup> Home Office (2022) 'Alcohol and late-night refreshment licensing England and Wales, year ending 31 March 2022', *National statistics*. Available at: <https://www.gov.uk/government/statistics/alcohol-and-late-night-refreshment-licensing-england-and-wales-31-march-2022/alcohol-and-late-night-refreshment-licensing-england-and-wales-year-ending-31-march-2022>



23. In the absence of robust data, it is assumed in the central estimate that 25 per cent of premises with on-sales licences would apply for off-sales licence, which is estimated at 10,700 premises. This is in line with analysis done previously to support the BPA 2020<sup>13</sup>.
24. For the purposes of this analysis, the lower and upper bound assume 5 per cent either side of the central estimate, which is calculated at 8,500 and 12,800 licences respectively<sup>14</sup>.

#### A2 – Estimating the familiarisation cost of reading and comprehending a policy change for licensed premise staff

25. A common economic cost associated with policy changes is a familiarisation cost. This is calculated to consider the opportunity cost for an individual spending the average time reading, comprehending and becoming familiar with a policy change<sup>15</sup>.
26. This calculation assumes that the employee undertaking this task is a *Publicans and managers of licensed premises* and uses wage estimates from the 2022 ASHE four-digit SOC table<sup>16</sup>. The ASHE data gives an hourly median wage of £13.70 and is used across all scenario ranges.
27. However, this is just the wage cost and does not factor in other labour costs, such as pension and national insurance employer contributions. Therefore, the median wage is uplifted by a wage multiplier of 1.22 from Eurostat data<sup>17</sup>. This gives a total familiarisation labour cost of £16.70 per hour, which is used across the low, central and high scenarios.
28. To calculate the true familiarisation cost, the wage cost is multiplied by the average time it takes to read and comprehend a small amount of online text, which is assumed to be between 100 and 300 words per policy change<sup>18</sup>.

#### A3 – Estimating the familiarisation cost of reading and comprehending a guide to apply for a minor variation

29. Similar to assumption A2, it is assumed that some premises will need to read guidance if they wish to apply for a minor variation. To calculate the familiarisation cost, the wage cost is multiplied by the average time it takes to read and comprehend the minor variation document<sup>19</sup>.
30. A minor variation document is 2700 words in total, which forms the upper range as it assumes that some individuals will read the bulk of the document as well as all of the footnoted information. The lower range is 1000 words and this is the total words of the main bulk of the minor variation document and assumes that some premises will be familiar with the application already and will not need to spend as much time reading and comprehending the document. The central estimate sits within the lower and upper range at 1850 words.

#### A4 – Estimating the number of pavement licences authorised per year

<sup>13</sup> HM Government (2020), *Analysis supporting the Business and Planning Bill*. Available at: <https://publications.parliament.uk/pa/bills/cbill/58-01/0148/Analysis%20to%20support%20the%20Business%20and%20Planning%20Bill.pdf>

<sup>14</sup> The range was determined to be +/- 5 per cent of the central estimate as the Home Office do not anticipate there to be a large number of on-license premises that would want to extend their license to off-sales. This rationale is based on the notion that premises selling drinks to take-away are in direct competition with supermarkets and corner shops, who offer a larger choice of products for a cheaper price to consumers. It is also hoped that this consultation will gather more clarity on the approximated appetite for on-sales premises to extend to off-sales. In the absence of this data, therefore, assumption A1 is created.

<sup>15</sup> Words per minute estimates for paper and screen reading, Readingsoft. Available here: <http://www.readingsoft.com/>. This is using words per minute estimates of 200, 400 and 700.

<sup>16</sup> ONS (2022a) *Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14*, Table 14.5a, Datasets. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

<sup>17</sup> Eurostat Data Browser (n.d) *Labour cost data tables by NACE Rev. 2 activity*, Labour costs annual data. Available at: [https://ec.europa.eu/eurostat/databrowser/view/lc\\_lci\\_lev/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/lc_lci_lev/default/table?lang=en) UK. Calculation is (non-wage share/wage share),  $(0.179 / 0.821) \times 100 = 1.218$  or 22 per cent.

<sup>18</sup> In the absence of robust data, a Home Office assumption has been made that the length of wording for a new policy change for range between 100 to 300 words. The average time taken to read and comprehend the policy change is estimated between 0.2 to 3.1 minutes. These estimations are calculated using <http://www.readingsoft.com/>.

<sup>19</sup> Words per minute estimates for paper and screen reading, Readingsoft. Available here: <http://www.readingsoft.com/>. This is using words per minute estimates of 200, 400 and 700.

31. In the absence of robust data, an assumption is made on the number of pavement licences authorised per year. A DLUHC publication on pavement licence estimated that around 25,400 pavement licences are issued every year<sup>20</sup>. The high and low bounds are suggested to sit 20 per cent either side of the central estimate to capture uncertainty around this figure. The low estimate is 20,300 and high estimate is 30,500 premises respectively.

**A5 – Estimating the number of premises that have both a pavement licence and an alcohol licence**

32. There is a lack of robust data surrounding the number of premises which have pavement licences and the percentage of those who also have an alcohol licence. ONS data on five specific 5-digit SIC businesses within the food and beverage service activities sector is shown below<sup>21</sup>.

**Table 1: Count of VAT and/or PAYE based enterprise for specific UK SIC 2007 5-digit, 2021<sup>21</sup>**

Standard Industrial Classification	2021
47240 : Retail sale of bread, cakes, flour confectionery and sugar confectionery in specialised stores	3,570
56101 : Licensed restaurants	29,680
56102 : Unlicensed restaurants and cafes	24,810
56103 : Take away food shops and mobile food stands	40,570
56302 : Public houses and bars	29,865

Source: Office for National Statistics

33. It is assumed that all of the above businesses except from *Take away food shops and mobile food stands* could operate with pavement licences in tandem, as legislation for *Take away food shops and mobile food stands* does not allow for temporary furniture near the premise.
34. Of the four remaining business categories, only two, *Licensed restaurants* and *Public houses and bars*, are licensed to sell alcohol. This represents 68 per cent of the four business categories. This forms the high estimate of the number of alcohol premises that could also have a pavement licence, equating to 20,600 pavement licences.
35. The central and lower bounds are taken as 75 per cent and 50 per cent of the high estimate (20,600). This equates to 51 per cent (central) and 34 per cent (lower) of the volume ranges from A4, which are estimated to 12,900 and 6,900 pavement licences respectively. Therefore the estimated number of premises that hold both alcohol and pavement licences fall within the range of 6,900 and 20,600, with a central estimate of 12,900.

**A6 – Estimating the number of premises that would want to extend their premise licence area**

36. In absence of robust data, an assumption is made on the number of premises that have both a premise licence and pavement licence, which would also want to extend their premise area and haven't already done so.
37. It is assumed that the majority (67 per cent) of business who have an alcohol and pavement licence would already have extended their premise licence and only the remaining, 33 per cent would want to extend their licence if allowed to do so to no further cost.

<sup>20</sup> UK Parliament (2022) *Annex 18 Statement of Impacts – Pavement Licensing, Levelling-up and Regeneration Bill: 'Annexes to the Impact assessment from The Department for Levelling Up, Housing and Communities – December 2022'*. Available at: <https://publications.parliament.uk/pa/bills/cbill/58-03/0169/LevellingUpandRegenerationBillImpactAssessmentAnnexes.pdf>

<sup>21</sup> ONS (2021a) *Businesses operating in the UK for specific 5-digit SICs*, Transparency and Governance, Freedom of Information (FOI). Available at: [https://www.ons.gov.uk/aboutus/transparencyandgovernance/freedomofinformationfoi/businessesoperatingintheukforspecific5digitics?\\_gl=1\\*1d77xzo\\*\\_ga\\*ODQwOTQ4NjExLjE2NjU2NTg3Mzg.\\*\\_ga\\_W804VY6YKS\\*MTY2OTk4MTc4NjY4zOC4wLjE2Njk5O DE3ODcuNjAuMC4w](https://www.ons.gov.uk/aboutus/transparencyandgovernance/freedomofinformationfoi/businessesoperatingintheukforspecific5digitics?_gl=1*1d77xzo*_ga*ODQwOTQ4NjExLjE2NjU2NTg3Mzg.*_ga_W804VY6YKS*MTY2OTk4MTc4NjY4zOC4wLjE2Njk5O DE3ODcuNjAuMC4w)

38. Applying this assumption to the volumes in A5, it is estimated that between 2,300 and 6,800 premises would want to extend their premise licence under Option 3, with a central estimate of 4,300.

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

39. Approximately 98,500 TENs were issued in 2021/22 according to ONS data<sup>22</sup>, representing a decrease of 33 per cent since the last recorded data in 2017/18. Due to COVID-19, data was not recorded between 2018/19 and 2021/22 however, in the year 2017/18 this figure was much larger at around 142,000 TENs<sup>23</sup>. There is therefore uncertainty surrounding the effect of COVID-19 on the number of TENs issued in 2021/22.

#### A7 – Estimating the number of additional TENs demanded

40. In the absence of robust data, an assumption is made on the additional number of TENs applied in Option 5 and 6. The assumption made follows the methodology of a Home Office Economic Note of TENs published in 2021<sup>24</sup>. As the proposed measures would increase the number of TENs available per premise from 15 to 20 per year, this represents at most a 33 per cent increase in the number of TENs issued. Due to lack of data, this maximum increase is assumed to be the upper bound estimate. The central estimate assumes a 75 per cent uptake of this additional allowance and the lower bound assumed a 50 per cent uptake of the additional allowance.
41. Using an average of the number of total TENs issued in the three years prior to the pandemic<sup>25</sup> (2015/16 - 2017/18) as a base, as to avoid potential pandemic induced effects of the more recent data, estimates show this could lead up to an additional 45,600 TENs applied for in a year. This is the upper bound estimate, with the low and central estimate being 50 and 75 per cent of the of the maximum estimate, which equates to 23,800 and 34,200 TENs.
42. This assumption does not account for any other risks, such as downside scenarios of inflationary pressures or upside scenarios such as faster than anticipated economic recovery. Further, the upper bound assumes premises will use the new allowance fully which without any data, cannot be verified.

#### A8 – Estimating cost recovery of a TENs for licensing authorities

43. The fee for a TEN was set at £21 in the LA 2003<sup>26</sup>. The purpose of this fee is to compensate the LA for the processing time of an officer to review the TEN application and is treated as cost recovery.
44. Due to lack of robust data, it is unclear what the true processing cost of a TEN to LAs is. This is a question that has been included in the consultation and it is hoped more clarity and data points are received as to understand the true cost of processing a TEN for a LA. In the absence of precise data for the purposes of this consultation IA, an assumption is made that the cost recovery of £21 matches the costs to LAs, with the low and high estimates being estimated at 25 per cent either side of the central estimate, equating to £15.8 and £26.3 respectively.

#### A9 – Estimating the familiarisation labour cost to businesses following a policy change

45. As covered by A2.

#### A10 – Estimating the time it takes for a businesses to fill out a TENs form

46. A TENS application form is 5700 words in total. This forms the upper range in the estimates as it assumes that some individuals will read the whole document. The lower range is 1500 words and

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<sup>22</sup> Home Office (2022) 'Alcohol and late-night refreshment licensing England and Wales, year ending 31 March 2022', *National statistics*. Available at: <https://www.gov.uk/government/statistics/alcohol-and-late-night-refreshment-licensing-england-and-wales-31-march-2022/alcohol-and-late-night-refreshment-licensing-england-and-wales-year-ending-31-march-2022>

<sup>23</sup> See footnote above.

<sup>24</sup> Legislation.gov.uk (2021) *The Alcohol Licensing (Coronavirus) (Regulatory Easements) (Amendment) Regulations 2021*, UK Draft Statutory Instruments. Available at: <https://www.legislation.gov.uk/ukdsi/2021/9780348224412/contents>

<sup>25</sup> Home Office (2022) 'Alcohol and late-night refreshment licensing England and Wales, year ending 31 March 2022', *National statistics*. Available at: <https://www.gov.uk/government/statistics/alcohol-and-late-night-refreshment-licensing-england-and-wales-31-march-2022/alcohol-and-late-night-refreshment-licensing-england-and-wales-year-ending-31-march-2022>

<sup>26</sup> Legislation.gov.uk (2003) *Licensing Act 2003*, UK Public General Acts. Available at: <https://www.legislation.gov.uk/ukpga/2003/17/contents>

this is the total words of the main bulk of the form and assumes that some premises will be familiar with the application already and will not need to spend as much time reading and comprehending the document. The central estimate sits at 2000 words and assumes that most businesses will read the main bulk of the form as well as relevant footnotes and additional information.

## Economic Appraisal

### E1. Off-sales Licences

47. Option 2 - Make permanent the temporary regulatory easements under the BPA 2020, whereby any on-sales alcohol premise licence automatically covers off-sales as well. This would apply to existing and future premises licence holders.

#### COSTS

##### Transition costs

##### Cost 1 – Familiarisation cost

48. There will be a familiarisation cost associated with this policy option of reading a small piece of written text informing premises of the policy change, estimated within the range of 100 to 300 words.
49. Data from 2021/22 finds that there are 42,600 premises which hold on-sales licences only<sup>27</sup>. In the absence of a permanent policy change, it is assumed that 25 per cent of on-sales licence holders would apply for an off-sales licence, within a range of 5 per cent leading to an estimate of 8,500 to 12,800 premises that would apply for an off-sales licence.
50. The familiarisation cost is calculated by multiplying the average time of reading and comprehending the written text<sup>28</sup> and multiplying the total estimated cost of labour to businesses of *Publicans and managers of licensed premises* (£16.70 per hour)<sup>29</sup> with the number of premises (between 8,500 and 12,800). The cost is estimated in a range of **£0 and £11,000** in year one only, with a central estimate of **£3,000**.

##### Ongoing costs

##### Cost 2 – Reduction in income to licensing authorities (fees)

51. As this policy option would not incur an additional fee for existing on-sales only licence holders to also get an off-sales licence, LAs would see a reduction in fee levels. This is calculated by multiplying the cost of a minor variation (£89) by the number of premises expected to have applied for an off-sale licence in the absence of a policy change. This is estimated to lie within the range of **£0.8 million and £1.1 million**, with a **central estimate of £0.9 million** per year. However, as this is a transfer cost, it is not included in the NPSV of this option.

##### Cost 3 – Increased crime and disorder

52. There's a strong link between alcohol and crime, with 42 per cent of all violent incidents in 2019/20 being alcohol-related according to the Crime Survey England and Wales<sup>30</sup>. International evidence suggests that there is a positive association between the density of alcohol outlets in an area and

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<sup>27</sup> Home Office (2022) 'Alcohol and late-night refreshment licensing England and Wales, year ending 31 March 2022', *National statistics*. Available at: <https://www.gov.uk/government/statistics/alcohol-and-late-night-refreshment-licensing-england-and-wales-31-march-2022/alcohol-and-late-night-refreshment-licensing-england-and-wales-year-ending-31-march-2022>

<sup>28</sup> Words per minute estimates for paper and screen reading, Readingsoft. Available here: <http://www.readingsoft.com/>. This is using words per minute estimates of 200, 400 and 700. The average time to read and comprehend the policy change is estimated between 0.2 to 3.1 minutes using the aforementioned source.

<sup>29</sup> ONS (2022a) *Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14*, Table 14.5a, Datasets. Available at: [\[https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14)

<sup>30</sup> ONS (2020) *Nature of crime: violence, Dataset*, Crime and Justice. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/natureofcrimetablesviolence>

the level of crime and disorder<sup>31</sup>. Crime has a considerable social impact, with an average violence without injury offence costing approximately £7,100 to society<sup>32</sup> (in 2022/23 prices<sup>33</sup>).

53. A rise in off-sales licensed premises could increase alcohol-related crime as there is more opportunity to consume alcohol in the streets via take away beverages. However, it is assumed that due to competition with other off-sales licensed premises selling alcohol at cheaper prices, such as corner shops and supermarkets, the impact on crime is likely to be small. Anecdotal evidence from police and LAs do not point to an increase in crime and disorder following the temporary easements of off-sales licences following COVID-19. This consultation aims to gather any additional evidence related to increases in crime and disorder following the temporary easements of off-sales licences.
54. Due to considerable uncertainties around identifying the impact of this policy change on crime and disorder, it has not been quantified.

#### **Cost 4 - Increased health harms**

55. This policy option may lead to a net rise in alcohol consumption due to the increased opportunity to buy alcohol, and there could be a small substitution effect away from other off-sales premises such as corner shops or supermarkets. In this instance this could lead to a net increase in alcohol related health harms. This is, however, reliant upon the health of individuals who consume alcohol and their personal consumption patterns. Due to uncertainties on understanding whether there is a level of substitution between off-sales premises, such as supermarkets and corner shops, the true effect on health harms has not been modelled.

### **BENEFITS**

#### **Ongoing benefits**

##### **Benefit 1 – Time saved by premises**

56. Business managers of premises will no longer need to apply for a minor variation to be granted an off-sales licence and therefore will save the time it would have taken them to fill out a minor variation application.
57. This is calculated by taking the average time it takes to read and comprehend a minor variation form<sup>34</sup>, a range of 1000 to 2700 words of written text multiplied by the estimated cost of labour to businesses (£16.70 per hour) of *Publicans and managers of licensed premises* and multiplied again by the number of premises (8,500 to 12,800). This is estimated within the range of **£4,000 and £71,000**, with a **central estimate of £18,000** per year.
58. This estimate should be treated with caution and is just a guidance to the cost that businesses could save, therefore benefits from, with the regulatory easement.

##### **Benefit 2 – Saved processing time for licencing authorities**

59. As outlined in cost 2, this policy will reduce processing times for licensing authorities as they will need to process less applications. This benefit is estimated to mirror cost 2 and range between **£0.8 million and £1.1 million**, with a **central estimate of £0.9 million**.

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<sup>31</sup> Public Health England (2016) *The Public Health Burden of Alcohol and the Effectiveness and Cost-Effectiveness of Alcohol Control Policies: An Evidence Review*, pp.112:115. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/733108/alcohol\\_public\\_health\\_burden\\_evidence\\_review\\_update\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733108/alcohol_public_health_burden_evidence_review_update_2018.pdf)

<sup>32</sup> Home Office (2018) *The economic and social costs of crime*, (2):7. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf)

<sup>33</sup> This statistics uses GDP deflators at market prices and money to inflate £5,930 in 2015/16 prices into £7,069 in 2022/23 prices. The source is: GOV.UK (2022c) 'GDP deflators at market prices, and money GDP September 2022 (Quarterly National Accounts), *National Statistics*. Available at: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-september-2022-quarterly-national-accounts>

<sup>34</sup> Words per minute estimates for paper and screen reading, Readingsoft. Available here: <http://www.readingsoft.com/>. This is using words per minute estimates of 200, 400 and 700. The average time to read, comprehend and fill out a minor variation is estimated between 1.6 to 19.9 minutes using the aforementioned source.

60. It is assumed that the variation fees are set at a level which compensates the time spent for an LA to process them.

### **Benefit 3 – Reduced costs for businesses (fees)**

61. This policy would reduce the fees paid by premises intending to apply for an off-sales premise licence. This is estimated to lie within the range of **£0.8 million and £1.1 million** per year, with a **central estimate of £0.9 million**. This is a transfer and not included in the NSPV for this option.

### **Benefit 4 – Increased profits for hospitality businesses**

62. The removal of fees associated with this policy provides an incentive for businesses to provide off-sales as it gives them an opportunity to potentially increase their profits.
63. Due to a lack of robust data, it is not possible to quantify the additional revenues generated following a granted off-sales licence which means calculating profits for firms is not feasible. Estimating the additional demand, and in turn expenditure of off-sales licence, is not possible due to limited data availability.

### **Benefit 5 – Wider economic and social benefits**

64. This policy is likely to generate economic effects by increasing the number of revenue streams a premise can benefit from and deregulating the sector. An ability to utilise a diverse revenue streams may generate wider benefits for the economy, particularly if this measure leads to increases in employment in the hospitality sector and tighter income due to the energy crisis<sup>35</sup>. This has direct benefits on individuals who are seeking employment, which will lead to lesser demands on the welfare state.
65. This policy may also create wider benefits to society through promoting the continuation of outside socialisation, of which adds community value and cohesion. This will be of particular prevalence through the cost-of-living crisis which is likely to lead to an increase individual's reliance upon community hubs and support.
66. Due to a lack of reliable data on how many jobs may be created through diversifying a premises' revenue streams, and also that of societal benefits, it has not been possible to quantify this benefit.

### **NPSV, BNPV, EANDCB**

67. The total costs are estimated to be in a range of **£6.5 million and £9.8 million (PV)**, with a **central estimate of £8.2 million (PV)** over 10 years. This is likely to be an underestimate due to this option having a few non-monetised costs. Transition costs are in the range of **£0 to £11,000, with a central estimate of £3,000**. Ongoing costs are in a range of £6.5 million to £9.8 million, with a central estimate of £8.2 million (PV).
68. The total benefits are estimated to be in a range of **£13.1 million to £20.2 million (PV)**, with a **central estimate of £16.5 million (PV)** over 10 years.
69. The central estimate for the NPSV lies within a range of **£6.6 million and £10.4 million**, with the **central estimate at £8.3 million**, over 10 years. The BNPV lies in a range of £6.6 million and £10.4 million, with the central estimate at £8.3 million, over 10 years. The equivalent annual net direct cost to business (EANDCB) is -£1.0 million.

**Table 2: Option 2 summary costs, benefits, NPSV and BNPV (£ million PV) 10 years, 2022 prices**

<i>Summary, £m (1dp)</i>	<i>Low</i>	<i>Central</i>	<i>High</i>
<b>Costs</b>			
Total Transition Costs	0.0	0.0	0.0
Total Ongoing Costs*	6.5	8.2	9.8
<b>Total Costs</b>	<b>6.5</b>	<b>8.2</b>	<b>9.8</b>

<sup>35</sup> ONS (2022b) *Food and drink service firms are more likely to cut trading to tackle energy costs*, Business Services. Available at: <https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/articles/foodanddrinkservicefirmsaremostlikelytocuttradingtotackleenergycosts/2022-11-14>.

<b>Benefits</b>			
Total Ongoing Benefits*	13.1	16.5	20.2
<b>Total Benefits</b>	<b>13.1</b>	<b>16.5</b>	<b>20.2</b>
<b>NPSV</b>	<b>6.6</b>	<b>8.3</b>	<b>10.4</b>
<b>BNPV</b>	<b>6.6</b>	<b>8.3</b>	<b>10.4</b>

\* Includes elements of fees which are transfers and not included in the NPSV.

Source: Internal Home Office Analysis

Option 3: As Option 2 plus if a venue has both an alcohol premises licence and a pavement licence, the area covered by the pavement licence would be automatically included in the premises licence.

## **COSTS**

### **Transition costs**

#### **Cost 1 – Familiarisation cost**

70. There is a familiarisation cost to businesses who own both a pavement and a premise licence from having to read and comprehend the policy change. This is calculated as the average time to read and fully comprehend 100 to 300 words of written text<sup>36</sup> multiplied by the total estimated cost of labour to businesses (£16.70 per hour) of *Publicans and managers of licensed premises*<sup>37</sup>, multiplied by the number of premises which have both an alcohol and a pavement licence (estimated between 2,300 and 6,800 from assumption A6). This is calculated between **£0 and £18,000** with a central estimate of **£4,000** in year one only.
71. As this policy option builds upon Option 2, the familiarisation cost is added to the calculation above to total the overall familiarisation cost as between **£1,000 and £29,000** with a central estimate of **£7,000** in year one only.

### **Ongoing costs**

#### **Cost 2 – Reduction in income for licensing authorities (fees)**

72. This policy option will reduce the fees collected by licensing authorities, relative to the baseline. Using assumption A5 and A6, it is estimated that between 2,300 and 6,800 premises would extend their premise licence using a minor variation regardless of the policy. Multiplying the number of aforementioned premises by the cost of a minor variation (£89) gives a cost of between **£0.2 million** and **£0.6 million**, with a **central estimate of £0.4 million per year**.
73. Adding the above costs to the reduction in fees for licensing authorities as outlined in Cost 2 for Option 2, the overall reduction in fees for licensing authorities is **£1.0 million to £1.7 million, with a central estimate of £1.3 million**.
74. It is assumed that the variation fees are set at a level which compensates the time spent for a LA to process them. Therefore, this should cost the LA the same as Benefit 3 outlined below and is noted as a transfer cost and not included in the NPSV for this option.

#### **Cost 3 – Increased crime and disorder**

75. As detailed in paragraph 59, 42 per cent of all violent incidents in 2019/20<sup>38</sup> were alcohol related with an average violence without injury offence costing approximately £7,100 to society<sup>39</sup> (2022/23

<sup>36</sup> As highlighted in A3. The average time taken to read and comprehend the policy change is between 0.2 to 3.1 minutes. These estimations are calculated using <http://www.readingsoft.com/>.

<sup>37</sup> ONS (2022a) *Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14*, Table 14.5a, Datasets. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

<sup>38</sup> ONS (2020) *Nature of crime: violence, Dataset*, Crime and Justice. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/natureofcrimetablesviolence>

<sup>39</sup> Home Office (2018) *The economic and social costs of crime*, (2):7. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf)

prices)<sup>40</sup>. There is also a positive link between the density of alcohol in an area with the level of crime and disorder<sup>41</sup>.

76. By extending the premise area at which alcohol can be served, there could be a spill over effect of crime onto the streets surrounding premises. It is likely that this policy may incentivise consumers to stay within a premise for longer, particularly if the premise licence leads to an increased capacity, which could lead to increased crime and disorder. On the other hand, it may make it easier for local police to know where crime and disorder could occur. This impact relative to the baseline is anticipated to be small.
77. Anecdotal evidence from police and LAs do not point to an increase in crime and disorder following the temporary easements of off-sales licences following COVID-19. This consultation aims to gather any additional evidence related to increases in crime and disorder following the temporary easements of off-sales licences.
78. Due to considerable uncertainties around identifying the impact of this policy change on crime and disorder, it has not been quantified.

#### **Cost 4 – Increased health harms**

79. This policy option may lead to a net rise in alcohol consumption due to the increased opportunity to buy and consume alcohol on a premise, and there could be a small substitution effect away from other off-sales and supermarkets. In this instance this could lead to a net increase in alcohol related health harms. This is, however, reliant upon the health of individuals who consume alcohol and their personal consumption patterns. Due to uncertainty surrounding how individuals react to the increased opportunity to consume alcohol, this has not been costed.

### **BENEFITS**

#### **Ongoing benefits**

##### **Benefit 1 – Saved time for premises**

80. It is assumed that 33 per cent of premises who have both a pavement licence and a premise licence who would have applied for a minor variation to extend their area, will now benefit from saved time of not having to fill out a minor variation application.
81. This is calculated by taking the average time it takes to read and comprehend a minor variation form<sup>42</sup>, a range of 1000 to 2700 words of written text, multiplied by the estimated costs of labour to businesses (£16.70 per hour) of *Publicans and managers of licensed premises* and again multiplying that by the number of premises (2,300 to 6,800). This is estimated to be between **£1,000 and £38,000**, with a **central estimate of £7,000** per year.
82. The above calculation added to the saved time for businesses as monetised in Option 2 gives a total saved time to businesses of between **£5,000 to £108,000**, with a **central estimate of £25,000** per year.

##### **Benefit 2 – Increased profits for hospitality businesses**

83. The removal of fees and low familiarisation costs associated with this policy provides an incentive for businesses to provide off-sales as it gives them an opportunity to potentially increase their profits. An automatic extended premise licence may lead to increased profits as consumers may be incentivised to stay at the premise.
84. There is no robust data on average expenditure at a venue following the granting of an off-sales licence, as premises use them for generating an alternative revenue stream. Furthermore, there is

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<sup>40</sup> This statistics uses GDP deflators at market prices and money to inflate £5,930 in 2015/16 prices into £7,069 in 2022/23 prices. The source is: GOV.UK (2022c) 'GDP deflators at market prices, and money GDP September 2022 (Quarterly National Accounts), *National Statistics*. Available at: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-september-2022-quarterly-national-accounts>

<sup>41</sup> Public Health England (2016) *The Public Health Burden of Alcohol and the Effectiveness and Cost-Effectiveness of Alcohol Control Policies: An Evidence Review*, pp.112:115. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/733108/alcohol\\_public\\_health\\_burden\\_evidence\\_review\\_update\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733108/alcohol_public_health_burden_evidence_review_update_2018.pdf)

<sup>42</sup> Words per minute estimates for paper and screen reading, Readingsoft. Available here: <http://www.readingsoft.com/>. This is using words per minute estimates of 200, 400 and 700. The average time taken to read, comprehend and fill out a minor variation is estimated between 1.6 to 19.9 minutes using the aforementioned source.



no robust data on average expenditure at a venue which has a larger premise area, although increase premise space improves the potential to profit. Estimating the demand, and in turn expenditure of off-sales licence, is not reliable due to limited data availability.

### Benefit 3 – Reduced costs for businesses (fees)

85. Of the estimated number of premises who hold both pavement and premise licences, it is assumed that a percentage of these businesses would have applied and paid for an extended premise licence regardless of the regulatory easements. For illustrative purposes, this is set at 20 per cent of premises who haven't already done so in the central estimate, with a range of 5 per cent either side of this for the upper and lower bounds. This equates to 2,300 and 6,800 premises, with a central estimate of 4,300.
86. Taking the cost of a minor variation (£89) and multiplying it by the above range creates a saved cost for premises between **£0.2 million and £0.6 million**, with a central estimate of **£0.4 million** per year.
87. Adding the above benefit to the saved costs for businesses in Option 4, the total reduced costs to businesses lies in a range of **£1.0 million and £1.7 million**, with a **central estimate of £1.3 million** per year.
88. As this is a transfer cost, as it is assumed that the fee is equal to the processing cost for LAs, it is not included in the NPSV of this option.

### Benefit 4 – Saved time for licensing authorities

89. As outlined in Cost 2 of this policy option, there will be fewer applications to be processed by LAs. This cost saving is likely to sit **between £1.0 million and £1.7 million**, with a **central estimate of £1.3 million** per year.

### NPSV, BNPV, EANDCB

90. The total cost are estimated to be in a range of **£8.3 million and £15.0 million (PV)**, with a **central estimate of £11.4 million (PV)** over 10 years. This is likely to be an underestimate due to this option having a few non-monetised costs. Transition costs are in a range of **£1,000 to £29,000 with a central estimate of £7,000**. Ongoing costs are in a range of £8.3 million to £15.0 million, with a central estimate of £11.4 million.
91. The total benefits are estimated to be in a range of **£16.6 million to £30.9 million (PV)**, with a **central estimate of £23.1 million (PV)** over 10 years.
92. The best estimate for the NPSV is between a range of **£8.3 million and £15.9 million**, with a **central estimate of £11.6 million** over 10 years. The BNPV lies in a range of £8.3 million and £15.9 million, with a central estimate of £11.6 million. The EANDCB is -£1.4 million.

**Table 3: Option 3 summary costs, benefits, NPSV and BNPV (£ million PV) 10 years, 2022 prices**

<i>Summary, £m (1dp)</i>	<i>Low</i>	<i>Central</i>	<i>High</i>
<b>Costs</b>			
Total Transition Costs	0.0	0.0	0.0
Total Ongoing Costs*	8.3	11.4	15.0
<b>Total Costs</b>	<b>8.3</b>	<b>11.4</b>	<b>15.0</b>
<b>Benefits</b>			
Total Ongoing Benefits*	16.6	23.1	30.9
<b>Total Benefits</b>	<b>16.6</b>	<b>23.1</b>	<b>30.9</b>
<b>NPSV</b>	<b>8.3</b>	<b>11.6</b>	<b>15.9</b>
<b>BNPV</b>	<b>8.3</b>	<b>11.6</b>	<b>15.9</b>

\* Includes elements of fees which are transfers and not included in the NPSV.

Source: Internal Home Office Analysis

## E2. Temporary Event Notices (TENs)

Option 5 - Extend the TENs regulatory easement for a further twelve months, until 31 December 2024. This would mean that the number of TENs permitted will be 20 (from 15) and the maximum duration will be 26 days (from 21) per year

### COSTS

#### Transition costs

##### Cost 1 – Familiarisation costs for the affected premises

93. There may be familiarisation costs for making affected premises staff aware of the rolling over of policy for twelve months. Premises do not need to take any action as a result of the policy and therefore the familiarisation costs are simply reading and comprehending the new legislation.
94. This is calculated as the average time to read and fully comprehend<sup>43</sup> 100 to 300 words of written text<sup>44</sup> multiplied by the total estimated cost of labour to businesses of *Publicans and managers of licensed premises* (£16.70 per hour)<sup>45</sup> multiplied by the number of affected premises. The cost is estimated in a range of **£6,000 to £113,000**, with a **central estimate of £40,000** in year one only.

#### Ongoing costs

##### Cost 2 – Increased application processing times for licensing authorities

95. This policy could lead to an increased workload for LAs who may have to deal with an additional 22,800 to 45,600 TEN's applications following the implementation of the measure (see A7 above). Due to lack of robust data, it is not known exactly how much it costs LAs to process an average TENs application. In the absence of data, it is assumed that the fee for a TEN (£21) equates the processing cost to LAs. To account for the uncertainty around this figure, a low and high estimate of 25 per cent either side of the central estimate is used to form a range<sup>46</sup>.
96. This is estimated to be between **£0.4 million to £1.2 million**, with a **central estimate of £0.7 million** per year.

##### Cost 3 – Increased cost to businesses (fees)

97. This policy option will lead to an additional cost to businesses of application fees if they choose to apply for more TEN's. It is estimated that between 22,800 and 45,600 TENs would be applied for following the implementation of this measure. Using these volumes and the fee per TEN of £21, it is estimated the increased cost to businesses is between **£0.5 million and £1.0 million**, with a **central estimate of £0.7 million** per year. As these costs are fees and a transfer, they are not included in the NPSV for Option 5.

##### Cost 4 – Increased costs to businesses (completing a TEN form)

98. It is estimated that between 22,800 and 45,600 additional TENs will be applied for by businesses. There is a cost to premises of management staff spending the average time reading, comprehending and filling out a TEN form, ranging between 1500 to 5700 words<sup>47</sup>.
99. The above range is multiplied by the estimated costs of labour to businesses (£16.7 per hour) of *Publicans and managers or licensed premises* and again multiplied by the number of premises

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<sup>43</sup> Words per minute estimates for paper and screen reading, Readingsoft. Available here: <http://www.readingsoft.com/>. This is using words per minute estimates of 200, 400 and 700.

<sup>44</sup> It is assumed that a policy update for premises noting that the new legislation will be a roll-over of the past few years will only be a small sized length of text (assumption A3). The average time taken to read and comprehend the policy change is between 0.2 to 3.1 minutes. These estimations are calculated using <http://www.readingsoft.com/>.

<sup>45</sup> ONS (2022a) *Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14*, Table 14.5a, Datasets. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashetable14>

<sup>46</sup> The Regulatory Easement consultation includes a section which aims to capture processing times and costs for LAs to help fill this evidence gap. Any new data collected will be used to refine this assumption in future appraisals.

<sup>47</sup> Words per minute estimates for paper and screen reading, Readingsoft. Available here: <http://www.readingsoft.com/>. This is using words per minute estimates of 200, 400 and 700. The average time taken to read, comprehend and fill out a TENs form is estimated between 2.5 to 40.9 minutes using the aforementioned source.

(22,800 to 45,600). This is estimated to be **£0.0 million to £0.5 million**, with a **central estimate of £0.1 million** per year.

### **Cost 5 – Increased crime and disorder**

100. There is a strong link between alcohol and crime, with 42 per cent of all violent incidents in 2019/20 being alcohol-related according to the Crime Survey England and Wales<sup>48</sup>. International evidence suggests that there is a positive association between the density of alcohol outlets in an area and the level of crime and disorder<sup>49</sup>. Crime has a considerable social impact, with an average violence without injury offence costing approximately £7,100 to society<sup>50</sup> in 2022/23 prices<sup>51</sup>.
101. There may be a rise in alcohol-related crime due to an increase in events where alcohol can be purchased and consumed. Between the years ending March 2018 and March 2020, 11 per cent of alcohol-related violent incidents occurred in or around a pub or club location<sup>52</sup>.
102. There are uncertainties around this cost, such as the amount of TENs which will be used, the extent to which this will increase alcohol consumption, and if this will cause an increase in crime and disorder. Further, there is a possibility that the TENs may be objected to or be modified and/or rejected if deemed to pose a problem. Specifically, if the police believe a TEN may lead to a disproportionate increase in crime and disorder, then an objection may be lodged to attempt to have the TEN withdrawn. Due to these considerable uncertainties, this cost has not been quantified.
103. Anecdotal evidence from police and LAs do not point to an increase in crime and disorder following the temporary increase in the number of TENs issued following COVID-19. This consultation aims to gather any additional evidence related to increases in crime and disorder following the temporary increase to the number of TENs issued following COVID-19.

### **Cost 6 – Increased health harms**

104. This policy option may lead to a net increase in alcohol consumption due to the increased opportunity to buy more alcohol, although it may be substituted away from off-sales purchases. A net increase in alcohol consumption may lead to an increase in alcohol related health harms, the nature of which depends on the health of individuals consuming the alcohol and their pattern of consumption. Due to the uncertainties around quantifying the change in alcohol-related health harms, these costs have not been modelled.

## **BENEFITS**

### **Ongoing benefits**

#### **Benefit 1 – Increased revenue for licensing authorities (fees)**

105. Each TENs application costs businesses £21. It is estimated that the range of TENs applied for in the year following the legislation is 22,800 and 45,600. Using this range, LA revenue is estimated to be between **£0.5 million and £1.0 million**, with a **central estimate of £0.7 million** per year.
106. It is important to note that the revenue collected is the fees paid by businesses, which is considered a transfer cost and is excluded from the NPSV for this option.

#### **Benefit 2 – Increased revenue for businesses**

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<sup>48</sup> ONS (2020) *Nature of crime: violence, Dataset*, Crime and Justice. Available at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/natureofcrimetablesviolence>

<sup>49</sup> Public Health England (2016) *The Public Health Burden of Alcohol and the Effectiveness and Cost-Effectiveness of Alcohol Control Policies: An Evidence Review*, pp.112:115. Available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/733108/alcohol\\_public\\_health\\_burden\\_evidence\\_review\\_update\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733108/alcohol_public_health_burden_evidence_review_update_2018.pdf)

<sup>50</sup> Home Office (2018) *The economic and social costs of crime*, (2):7. Available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf)

<sup>51</sup> This statistics uses GDP deflators at market prices and money to inflate £5,930 in 2015/16 prices into £7,069 in 2022/23 prices. The source is: GOV.UK (2022c) 'GDP deflators at market prices, and money GDP September 2022 (Quarterly National Accounts), *National Statistics*. Available at: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-september-2022-quarterly-national-accounts>

<sup>52</sup> ONS (2020) *Nature of crime: violence, Dataset*, Crime and Justice. Available at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/natureofcrimetablesviolence>

107. It is assumed that businesses would assess their expected demand and revenue prior to applying for a TEN and that the two are positively correlated, the strength of which, however, is unknown. Giving businesses the opportunity to apply for more TENs may give some additional support through the economic downturn as this is an additional opportunity to increase revenue.
108. There is no robust data on average expenditure at a licensed venue following the granting of a TEN, as premises use temporary events for varying reasons such as extending opening hours or hosting events. Estimating the demand, and in turn expenditure of TENs, is not reliable due to limited data availability.

### Benefit 3 – Wider economic and social benefits

109. This policy measure is intended to support the hospitality sector by allowing businesses to apply for more TENs and temporary events for a longer total duration. Further, this policy aligns with the general Government deregulatory agenda which aims to achieve the right regulatory balance between supporting excellent business practice and protecting workers, consumers and the environment<sup>53</sup>.
110. This policy would allow businesses to put on an additional five TENs each year and as such forms an additional revenue stream, which is hoped to help support the hospitality sector through the cost-of-living crisis.
111. This support may generate wider benefits for the economy such as increasing employment and therefore impacting growth. Due to a lack of robust information on the number of jobs related explicitly to TENs, it is not possible to quantify this benefit.

### NPSV, BNPV, EANDCB

112. The total costs of Option 5 are estimated to be in a range of **£0.8 million and £2.7 million (PV)**, with a **central estimate of £1.5 million (PV)**. This is likely to be a slight underestimate due to this option having a few non-monetised costs. Transition costs are in a range of £6,000 to £113,000 with a central estimate of £40,000. Ongoing costs are in a range of £0.8 million to £2.6 million, with a central estimate of £1.5 million.
113. The total benefits are estimated to be in a range of **£0.5 million to £0.9 million (PV)**, with a central estimate of **£0.7 million (PV)** in year one only. This is likely to be a slight underestimate due to this option having a few non-monetised benefits. Transition benefits are zero. Ongoing benefits are in a range of £0.5 million to £0.9 million (PV), with a central estimate of £0.7 million (PV) in year one only.
114. The best estimate for the NPSV lies within a range of **-£0.4 million, and -£1.8 million**, with a **central estimate of -£0.8 million**. The BNPV lies within a range of -£0.5 million and -£1.6 million, with a central estimate of -£0.8 million. The EANDCB is £0.1 million.

**Table 4: Option 5 summary costs, benefits, NPSV and BNPV (£ million PV) 10 years, 2022 prices**

<i>Summary, £m (1dp)</i>	<i>Low</i>	<i>Central</i>	<i>High</i>
<b>Costs</b>			
Total Transition Costs	0.0	0.0	0.1
Total Ongoing Costs*	0.8	1.5	2.6
<b>Total Costs</b>	<b>0.8</b>	<b>1.5</b>	<b>2.7</b>
<b>Benefits</b>			
Total Transition Benefits	-	-	-
Total Ongoing Benefits*	0.5	0.7	0.9
<b>Total Benefits</b>	<b>0.5</b>	<b>0.7</b>	<b>0.9</b>
<b>NPSV</b>	<b>-0.4</b>	<b>-0.8</b>	<b>-1.8</b>

<sup>53</sup> Conservatives (2019) *Conservative Party Manifesto 2019*, pp. 33. Available at: <https://www.conservatives.com/our-plan/conservative-party-manifesto-2019>

\* Includes elements of fees which are transfers and not included in the NPSV.

Source: Internal Home Office Analysis

Option 6 – Make permanent the extension to the number of permitted TENs provided by the BPA 2020. This would mean that the number of TENs permitted will be 20 (from 15) and the maximum duration will be 26 days (from 21) per year. This would apply to existing and future premises licence holders

## COSTS

### Transition costs

#### Cost 1 – Familiarisation costs for the affected premises

115. There may be familiarisation costs for making affected premises staff aware of the change in policy. Premises do not need to take any action as a result of the change and therefore the familiarisation costs are simply reading the new legislation.
116. This is calculated as the average time to read and fully comprehend 100 to 300 words of written text<sup>54</sup> multiplied by the total estimated cost of labour to businesses of *Publicans and managers of licensed premises* (£16.70 per hour)<sup>55</sup>. The cost is estimated in a range of **£6,000 to £113,000**, with a **central estimate of £40,000** in year one only.

### Ongoing costs

#### Cost 2 – Increased application processing times for licensing authorities

117. This policy could lead to an increased workload for licensing authorities who may have to assess between 22,800 and 45,600 additional TENs applications following the implementation of the measure. Due to lack of robust data, it is not known exactly how much it costs LAs to process an average TENs application. In the absence of data, it is assumed that the fee for a TEN (£21) equates the processing cost to LAs. To account for the uncertainty around this figure, a low and high estimate of 25 per cent either side of the central estimate is used to form a range<sup>56</sup>.
118. This is estimated to be between **£0.4 million to £1.2 million** per year, with a **central estimate of £0.7 million**.

#### Cost 3 – Increased cost to businesses (fees)

119. This policy measure will lead to an additional cost to businesses of application fees if they choose to apply for more TEN's. It is estimated that between 22,800 and 45,600 TENs would be applied for following the implementation of this measure. Using these volumes and the fee per TEN of £21, it is estimated the increased cost to businesses is between **£0.5 million and £1.0 million** per year, with a **central estimate of £0.7 million**. As these costs are fees and a transfer cost, they are not included in the NPSV for Option 6.

#### Cost 4 – Increased costs to businesses (completing a TEN form)

120. It is estimated that between 22,800 and 45,600 additional TENs will be applied for by businesses. There is a cost to premises of management staff reading, comprehending and filling out a TEN form, ranging between 1500 to 5700 words.
121. The above range is multiplied by the estimated costs of labour to businesses (£16.70 per hour) of *Publicans and managers or licensed premises* and again multiplied by the number of premises (22,800 to 45,600). This is estimated to be **£0.0 million to £0.5 million**, with a **central estimate of £0.1 million** per year.

<sup>54</sup> Words per minute estimates for paper and screen reading, Readingsoft. Available here: <http://www.readingsoft.com/>. This is using words per minute estimates of 200, 400 and 700. The average time taken to read and comprehend the policy change is estimated between 0.2 and 3.1 minutes using the aforementioned source.

<sup>55</sup> ONS (2022a) *Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14*, Table 14.5a, Datasets. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashetable14>

<sup>56</sup> The Regulatory Easement consultation includes a section which aims to capture processing times and costs for LAs to help fill this evidence gap. Any new data collected will be used to refine this assumption in future appraisals.

## **Cost 5 – Increased crime and disorder**

122. The effects and cost of crime and disorder for Option 6 mirrors cost 5 for TENs Option 5 (paragraphs 107-110.)

### **BENEFITS**

#### **Ongoing benefits**

##### **Benefit 1 – Increased revenue for licensing authorities (fees)**

123. Each TEN application costs businesses £21. It is estimated that the range of TENs applied for in the year following the legislation is between 22,800 and 45,600 applications. Using this range, LA revenue is estimated to be between **£0.5 million and £1.0 million** with a **central estimate of £0.7 million** per year.
124. It is important to note that the revenue collected is the fees paid by businesses, which is considered a transfer cost and is excluded from the NPSV for this option.

##### **Benefit 2 – Increased revenue for businesses**

125. It is assumed that businesses would assess their expected demand and revenue prior to applying for a TEN and that the two are positively correlated, the strength of which however is unknown.
126. There is no robust data on average expenditure at venue following the granting of a TEN, as premises use them for varying reasons such as extending opening hours or one-off events. Estimating the demand, and in turn expenditure of TENs, is not reliable due to limited data availability.

##### **Benefit 3 – Wider economic and social benefits**

127. This policy measure is intended to support the hospitality sector by allowing businesses to apply for more TENs and hold temporary events for a longer total duration. Further, this policy aligns with the general aim of Government to ease regulatory burdens from the hospitality sector.
128. This support may generate wider benefits for the economy such as increasing employment and thus impacts growth. Also, it may generate societal benefits such as allowing community hubs to host events that may combat social isolation. Due to a lack of robust information on the number of jobs related explicitly to TENs, it is not possible to quantify this benefit.

#### **NPSV, BNPV, EANDCB**

129. The total costs are estimated to be in a range of **£7.3 million and £23.1 million (PV), with a central estimate of £12.9 million (PV)** over 10 years. This is likely to be a slight underestimate due to this option having a few non-monetised costs. Transition costs are in a range of £6,000 to £113,000 with a central estimate of £40,000. Ongoing costs are in a range of £7.3 million to £23.0 million, with a central estimate of £12.9 million (PV) over 10 years.
130. The total benefits are estimated to be in a range of **£4.1 million to £8.2 million (PV), with a central estimate of £6.2 million (PV)** over 10 years. This is likely to be a slight underestimate due to this option having a few non-monetised benefits. Ongoing benefits are in a range of £4.1 million to £8.2 million (PV), with a central estimate of £6.2 million (PV) over 10 years.
131. The best estimate for the NPSV lies within the range of **-£3.2 million and -£14.9 million, with a central estimate of -£6.7 million**. The BNPV lies in a range of -£4.3 million and -£12.8 million, with a central estimate of -£6.7 million. The EANDCB is £0.8 million.

**Table 5: Option 6 summary costs, benefits, NPSV and BNPV (£ million PV) 10 years, 2022 prices**

<i>Summary, £m (1dp)</i>	<i>Low</i>	<i>Central</i>	<i>High</i>
<b>Costs</b>			
Total Transition Costs	0.0	0.0	0.1
Total Ongoing Costs*	7.3	12.9	23.0
<b>Total Costs</b>	<b>7.3</b>	<b>12.9</b>	<b>23.1</b>
<b>Benefits</b>			
Total Transition Benefits	-	-	-
Total Ongoing Benefits*	4.1	6.2	8.2
<b>Total Benefits</b>	<b>4.1</b>	<b>6.2</b>	<b>8.2</b>
<b>NPSV</b>	<b>-3.2</b>	<b>-6.7</b>	<b>-14.9</b>
<b>BNPV</b>	<b>-4.3</b>	<b>-6.7</b>	<b>-12.8</b>

\* Includes elements of fees which are transfers and not included in the NPSV.

Source: Internal Home Office Analysis

## F. Risks

132. In some parts of the analysis there is limited evidence and incomplete data. This is particularly the case when estimating the number of premises which hold both pavement licences and alcohol licences. There is a risk that this analysis could be over- or underestimating the number of pavement licences and the number or premises who hold pavement licenses in tandem with alcohol licences. This risk has been slightly mitigated by consulting on the most appropriate data sources to use and agreeing on a modelling approach with DLUHC colleagues.
133. There is limited understanding and evidence on the true processing cost for LAs regarding licensing applications and whether this matches the licensing fee. This economic rationale assumes cost recovery, which may be an under or overestimate of this true cost. However, this is a typical economic approach in appraisals which concern licensing. Elements of this consultation call for evidence from LAs on the true processing costs to be used in future appraisal.
134. Across the economic modelling, low and high estimates have been used to account for potential fluctuations and seasonal variation in the data. Furthermore, taking a range of estimates in the narration of the rationale considers the uncertainty of these costings.
135. In the rationale there are a number of assumptions made on the data and also modelling approaches. These data sources are footnoted, and assumptions explained for transparency.

## G. Direct costs and benefits to business calculations

### G.1 Off-sales

136. There is one monetised cost for businesses in all off-sales policy options:
- **Familiarisation costs:** this is the cost to businesses of reading and comprehending a small piece of policy text.
137. There are two monetised benefits for businesses in all off-sales policy options:
- **Decrease in costs for affected premises;** this is the benefit to businesses of reduced fees.

- **Saved time for premise staff;** this is the saving to businesses of a simplified licensing processes.



**Table 6: Off-sales, costs and benefits to businesses**

Policy option	Estimate	BNPV, £m	EANDCB, £m
Option 2	Low	6.6	
	<b>Central</b>	<b>8.3</b>	<b>-1.0</b>
	High	10.4	
Option 3	Low	8.3	
	<b>Central</b>	<b>11.6</b>	<b>-1.4</b>
	High	15.9	

Source: Internal Home Office Analysis

## G.2 TENS

138. The costs for businesses in the policy options are focused around two main areas:

- **Familiarisation costs:** this is the cost to businesses of reading and comprehending a small piece of policy text.
- **Increased fees for affected premises;** this is the cost to businesses of the fees that premises pay to maximise the number of TENS they use each year.

139. There are no monetised benefits to businesses.

**Table 7: TENS, costs and benefits to businesses**

Policy option	Estimate	BNPV, £m	EANDCB, £m
Option 5	Low	0.5	
	<b>Central</b>	<b>0.8</b>	<b>0.1</b>
	High	1.6	
Option 6	Low	4.3	
	<b>Central</b>	<b>6.7</b>	<b>0.0</b>
	High	12.8	

Source: Internal Home Office Analysis

## H. Wider impacts

140. A public sector equality duty has been carried out.

141. These policies may lead to an increase on crime and disorder which could lead to strains on the policing system. Further, alcohol consumption may have an impact on the healthcare system. Both of these have been covered in the appraisal and area anticipated to be small, if at all present.

### Small and Micro-Sized Business Assessment (SaMBA)

142. The impacts of the proposed change on small and micro-sized businesses (SMBs)<sup>57</sup> are likely to be positive. Using ONS data, analysis finds that the majority (98.7%)<sup>58</sup> of business within the *Beverage Serving Activities* sector are SMBs (employing fewer than 50 people). Removal of regulation, particularly in the form of fees removal or policy which allows businesses to diversify income opportunities will both positively benefits the SMBs balance sheets.

<sup>57</sup> A Small or Micro-Sized Business is defined as companies with fewer than 50 employees.

<sup>58</sup> ONS (2022) *UK business: activity, size and location, 2022* dataset, Table 4. Available at:

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

- 143. SMBs have not been exempted from this legislation. It is vital that these small and micro-sized businesses are included in the scope of the proposed duty to ensure business benefits are reaped across all premise sizes.
- 144. In line with guidance from the Better Regulation Framework<sup>59</sup>, medium-sized businesses need not be exempted from this legislation. As above, it is vital that businesses of all sizes are included in the scope of the proposed duty to ensure businesses benefits are experienced across all premises sizes.
- 145. Section G monetises the direct costs and benefits to businesses. These are not anticipated to disproportionately affect SMBs, however it should be noted that benefits, such as saved fees, may be of a larger benefit to a smaller business as reflected in their balance sheets.
- 146. Overall, the impact on SMBs is likely to be small and positive. There is not expected to be any additional burdens imposed on SMBs that wouldn't fall on larger businesses. However, it is noted that the same level of cost might be a greater burden for SMBs due to their size. It is noted that SMBs would assess their revenue before their demand for additional revenue streams, such as obtaining an off-sales licence and number of TENS.

**I. Trade Impact**

- 147. There is no expected impact on trade as a result of these policies.

**J. Monitoring and evaluation plan**

- 148. The Home Office will collect and analyse the consultation responses related to these policy options as well as the continued monitoring of alcohol-related crime data.

**K. Annexes**

**Annex A – Public Sector Equality Duty**

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p><b>Statutory Equalities Duties</b>            We do not anticipate that extending and either making, or not making, the regulatory easements permanent, albeit with some potential adaptations, will have a differential impact on persons on the basis of protected characteristics. This will apply equally to all, meaning the person seeking a licence or giving a temporary event notice is any person who wishes to carry out regulated activities, irrespective of any protected characteristics.</p> <p><b>The SRO has agreed these summary findings.</b></p>	<p><b>Yes</b></p>

<sup>59</sup> Better Regulation framework (2022) *Guidance: Medium size business regulatory exemption assessment: supplementary guidance*. Available at: <https://www.gov.uk/government/publications/better-regulation-framework/medium-sized-business-regulatory-exemption-assessment-supplementary-guidance>

**Annex B – Economic Impact Tests**

<p><b>Small and Micro-sized Business Assessment (SaMBA)</b></p> <p><b>A SaMBA has been completed and is located in section H.</b></p>	<p><b>Yes</b></p>
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