| **Title:** Relaxation of licensing hours for the Royal Wedding<br>**IA No:** HO 0306<br>**RPC Reference No:**<br>**Lead department or agency:** Home Office<br>**Other departments or agencies:** **None** | **Impact Assessment (IA)**<br>**Date:** 04/03/2018<br>**Stage:** Final<br>**Source of intervention:** Domestic<br>**Type of measure:** Secondary legislation<br>**Contact for enquiries:** Rob Turner |
|---|---|
| **Summary: Intervention and Options** | **RPC Opinion:** Not Applicable |

| Cost of Preferred (or more likely) Option | | | | |
|---|---|---|---|---|
| **Total Net Present Value** | **Business Net Present Value** | **Net cost to business per year** (EANDCB in 2014 prices) | **One-In, Three-Out** | **Business Impact Target Status** |
| £0.4m | £0.4m | £0.0m | Not in scope | Non qualifying provision |

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

The Government consulted on whether to relax the licensing hours on the nights of Friday 18 and Saturday 19 May until 1AM the following mornings, in celebration of the Royal Wedding of HRH Prince Henry and Ms Meghan Markle. The Home Secretary has powers under Section 172 of the Licensing Act 2003 to make a Licensing Hours Order (LHO) to relax licensing hours for licensed premises, to mark an occasion of ' exceptional international, national or local significance'. The Government wants to use this power to mark the Royal Wedding as one such occasion. This power has been used previously to relax licensing hours for the Royal Wedding 2011, the Queen's Diamond Jubilee and 90th Birthday, and the FIFA World Cup in 2014.

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

Providing additional opportunity for local communities across the country to join together to mark and celebrate the Royal Wedding by relaxing normal licensing hours. Licensed premises wishing to extend the hours during which they can normally sell alcohol, to mark the Royal wedding, will save time and the cost of the £21.00 fee for giving a temporary event notice (TEN), as would otherwise be required. Licensing authorities, police forces and environmental health authorities would save time from not having to process and consider TENs 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 0: do nothing and do not extend licensing hours.
Option 1: extend licensing hours on the nights of Friday 18 May and Saturday 19 May until 1AM the following mornings to celebrate the Royal Wedding.
Option 1 is the preferred option as it will remove the costs to licensed premises who wish to extend their hours from having to give TENs, and from licensing authorities, police forces and environmental health authorities from having to process and consider TENs.
The Order will have effect for a period of two hours on the two specified nights only and, as such, the assessment of potential impacts takes a proportionate approach.

| **Will the policy be reviewed?** It will not be reviewed. **If applicable, set review date:** Month/Year | | | | |
|---|---|---|---|---|
| Does implementation go beyond minimum EU requirements? | | N/A | | |
| Are any of these organisations in scope? | **Micro**<br>Yes | **Small**<br>Yes | **Medium**<br>Yes | **Large**<br>Yes |
| What is the $CO_2$ equivalent change in greenhouse gas emissions?<br>(Million tonnes $CO_2$ equivalent) | | **Traded:**<br>N/A | **Non-traded:**<br>N/A | |

***I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.***

Signed by the responsible Minister: Victoria Atkins Date: 1/3/18

## Summary: Analysis & Evidence

Policy Option 1

**Description:**

**FULL ECONOMIC ASSESSMENT**

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

| COSTS (£m) | Total Transition (Constant Price) | Years | Average Annual (excl. Transition) (Constant Price) | Total Cost (Present Value) |
|---|---|---|---|---|
| Low | 0.1 | | | |
| High | 0.3 | | | |
| Best Estimate | 0.2 | | | **0.2** |

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

Due to the relaxation of licensing, licensed premises will no longer have to pay the £21 fee for issuing a TEN to stay open later. This means that local authorities will no longer receive this income. There are 155,000 premises in England and Wales licensed for the sale of alcohol for on-site consumption or regulated entertainment; assuming 5 to 10 per cent of these premises would use a TEN on the weekend of the Royal Wedding, this represents a cost to local authorities from £0.1 to £0.3 million

**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 increased alcohol-related crime and disorder. There may also be costs borne by police forces that need to deploy additional resources to mitigate these risks.

| BENEFITS (£m) | Total Transition (Constant Price) | Years | Average Annual (excl. Transition) (Constant Price) | Total Benefit (Present Value) |
|---|---|---|---|---|
| Low | 0.4 | | | |
| High | 0.8 | | | |
| Best Estimate | 0.6 | | | **0.6** |

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

Businesses that would have otherwise opened later will receive a benefit of £37 from avoiding the need to use a TEN (including the cost of the TEN fee itself, the time to complete the TEN and the benefit from effectively extending the annual TEN quota). This represents a saving to business of £0.3 to £0.5 million. Local authorities will also benefit from not having to process and assess TENs. As the £21 fee is assumed to cover resource costs, this is a saving of £0.1 to £0.3 million.

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

Police forces and environmental health authorities will receive a benefit through not having to review TENs.

**Key assumptions/sensitivities/risks** **Discount rate (%)**

The relaxation of licensing would coincide with the FA Cup final, potentially bringing a risk of increased crime and disorder. However, given past experience this risk is assumed to be negligible. It is assumed that between 5 per cent to 10 per cent of licensed premises would have given a TEN on the weekend of the Royal Wedding.

**BUSINESS ASSESSMENT (Option 1)**

| Direct impact on business (Equivalent Annual) £m: | | | Score for Business Impact Target (qualifying provisions only) £m: |
|---|---|---|---|
| **Costs: 0.0** | **Benefits:** 0.4 | **Net:** 0.4 | N/A |

# Evidence Base (for summary sheets)

## A. Strategic Overview

### A.1 Background

The Government consulted on whether to relax licensing hours across England and Wales to mark the wedding of HRH Prince Henry and Ms Meghan Markle on 19 May 2018. The Government proposes to make a Licensing Hours Order (LHO) under Section 172 of the Licensing Act, which would extend opening hours to 1.00 am on Saturday 19 May and Sunday 20 May 2018 for the sale of alcohol for consumption on the premises (referred to as 'on-trade'), in licensed premises in England and Wales.

The Government has decided that, were it to relax licensing hours nationally following the consultation, this would relate to the sale of alcohol for consumption on the premises only and the provision of late-night refreshment in premises already licensed to sell alcohol for consumption on the premises. The Government believes that the on-trade provision of late-night refreshment in licensed premises would be appropriate to accompany a relaxation of alcohol licensing hours to mark the Royal Wedding, not least to support people to drink responsibly by making hot food and drink available during the extension. Premises that are already licensed to provide regulated entertainment will also be able to allow regulated entertainment to continue until 1AM on both nights.

The Government considers that any national relaxation of licensing hours should not apply to the sale of alcohol for consumption off the premises (for example, in supermarkets and off-licences) as anyone wishing to mark the occasion at home will be able to buy alcohol during normal shopping hours. Late-night refreshment-only venues, by definition, are already licensed to open late at night and would not benefit from a relaxation in licensing hours. Unlicensed premises would also not benefit from a relaxation in licensing hours and would still need to use a Temporary Event Notice (TEN) to undertake licensable activities.

The purpose of any national relaxation of licensing hours to mark the Royal Wedding would be to enable pubs and other on-trade premises to sell alcohol and late-night refreshment to those wishing to extend their celebrations of the Royal Wedding beyond their normal licensing hours.

### A.2 Groups Affected

**On-trade licensed premises** in England and Wales will benefit from the saved fees and time costs of submitting TENs.

**Licensing authorities** will have fewer TENs to process, and will receive less income from TENs fees.

**Police forces and environmental health authorities** as they have fewer TENs to consider in the lead-up to the affected evenings. Later opening times may introduce additional costs for police forces if they add extra officers or increase patrolling hours for the affected nights.

**Customers of licensed premises** will benefit from being able to socialise and drink later.

**Local residents** might be affected by disturbances later in the night than usual as a result of later closing times.

## A.3 Consultation

### Within Government

All relevant Departments were consulted in advance of the announcement on 7 January and in advance of the publication of the Government's response to the consultation. The Government also wrote to the Social Reform Committee members to notify them of its proposal and ahead of publishing its response to the consultation.

### Public Consultation

This impact assessment has been prepared shortly after a four-week public consultation which sought views on whether to extend licensing hours on the nights of Friday 18 and Saturday 19 May until 1am the following mornings to mark the Royal Wedding of HRH Prince Henry and Ms Meghan Markle. To ensure response rates were maximised a press notice was launched on the GOV.UK website informing the public of the consultation, and leading newspapers were alerted in advance.

The consultation ran from 7 January to 4 February inviting members of the public to respond to four closed questions on the scope, duration and geographical extent of the proposed LHO and one open-ended question inviting those who disagreed with the proposal to give reasons. There was also one question about the respondent. Responses to the questions were submitted via an online survey or sent by email or post. Some stakeholders that provided written responses may also have responded to the online survey.

The Home Office received a total of 183 responses to the consultation from a range of stakeholders including the police, licensing authorities, members of the licensed trade and trade associations, community or voluntary groups, the health sector and members of public. This included 174 responses to the online survey and 9 responses by email or post. More detailed written submissions were also sought from the Local Government Association, the National Association of Licensing and Enforcement Officers, the Institute of Licensing, Alcohol Concern, the Institute of Alcohol Studies, the Association of Police and Crime Commissioners, the National Police Chiefs' Council's Licensing Group, the National Organisation of Residents Associations, the British Beer and Pub Association, the Association of Licensed Multiple Retailers, the Wine and Spirits Trade Association and the Welsh Government. Responses to the specific questions in the consultation document are summarised below. Percentages have been rounded up to the nearest whole number and therefore totals may not always add up to 100 per cent.

75% of respondents (137) to the consultation agreed that the order should apply to the sale of alcohol for consumption on the premises and 26% of respondents (48) disagreed.

74% of respondents (136) to the consultation agreed that the order should apply to England and Wales and 27% of respondents (49) disagreed.

71% of respondents (129) to the consultation were in favour of the order extending licensing hours until 1am on Saturday 19 May, and 30% of respondents (55) disagreed.

66% of respondents (120) to the consultation were in favour of the order extending licensing hours until 1am on Sunday 20 May, and 36% of respondents (65) disagreed.

The majority of the stakeholders that responded to the consultation supported the proposal, in particular local authorities and representatives of the licensed trade. A number of concerns were raised by members of the public, resident or community groups and health sector representatives, including the potential impact on police and emergency services and the cost of additional policing for late-night drinking; noise nuisance and alcohol-related anti-social behaviour affecting residents living near licensed premises; the potential impact of the licensing hours extension on public health messaging and the encouragement of excessive drinking; and the absence of local decision-making by individual licensing authorities through the use of Temporary Events Notices. We received two responses from the police. One police respondent was in favour and the other was opposed to the proposed LHO, noting that large football events such as the FA Cup Final, with

elevated levels of rivalry between fans were likely to create a greater propensity for violent conduct. The National Police Chiefs Council's Licensing Group also said in a separate submission that they had no concerns over the proposed LHO.

## B. Rationale

The Royal Wedding is a national celebration and the Government wishes for everyone to be able to celebrate fully. Figures from the consultation on the relaxation of licensing hours for the 2011 Royal Wedding suggest that around 67 per cent of licensed premises selling alcohol for consumption on the premises close before midnight, and around 88 per cent close by 1 am[1]. It is likely that many pubs and other licensed premises will wish to open later over the Royal Wedding weekend, which also coincides with the FA Cup Final on Saturday 19, to take advantage of the celebrations.

Licence holders currently have the option of using a TEN to extend their opening hours for a limited period. A TEN carries a fee of £21.00 and must be submitted at least 10 working days before the event begins. However, they are subject to an annual limit of 15 per year and may be refused if the police or environmental health authority object on the grounds of the promotion of the licensing objectives. These are the prevention of crime and disorder, the prevention of public nuisance, public safety and the protection of children from harm. The LHO will negate the need for such businesses to give a TEN to extend their opening hours.

The licensing order would also ease the burden on licensing authorities as it would negate the need for them to process an increased use of TENs from premises which wish to stay open longer. It will also ease the burden on the police and environmental health authorities by averting the requirement of having to consider additional TENs.

## C. Objectives

The Government wishes to mark this occasion by extending licensing hours by two hours on the two nights in question, to allow celebrations to continue to a reasonable hour and give the majority of pubs and other licensed premises that would normally close earlier than 1AM the benefit of being able to remain open without the need of a TEN.

## D. Options

Option 0: do nothing and do not extend licensing hours.

Option 1: extend licensing hours on the nights of Friday 18 May and Saturday 19 May until 1AM the following mornings to celebrate the Royal Wedding.

## E. Appraisal (Costs and Benefits)

### GENERAL ASSUMPTIONS & DATA

All costs and benefits are calculated against Option 0 (Do nothing).

**OPTION 1 – Extend licensing hours on the nights of Friday 18 May and Saturday 19 May until 1AM**

### Assumptions and estimates

There are an estimated 155,000 premises in England and Wales licensed to sell alcohol for consumption on the premises or to provide regulated entertainment. Figures obtained by the Home Office in 2010 identify that 12 per cent of these close at 1am or later on a Saturday night

[1] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/157985/royal-wedding-consultation.pdf

(Relaxation of licensing hours for the Queen's Diamond Jubilee, Home Office 2011). It is assumed that this proportion is the same for Friday night. This means that there are roughly 135,000 premises who are potential beneficiaries of the extension of licensing hours to 1am.

The total cost of submitting a TEN is assumed to be £37, as described in the following section. It is assumed that only licensed premises that will make a profit of greater than £37 by staying open later would do so. As in the impact assessment for the relaxation of licensing hours for the Diamond Jubilee, it is assumed that from 5 per cent to 10 per cent of licensed premises will choose to stay open later over the Royal Wedding weekend, which translates into from 6,800 to 13,700 premises. This assumption is subject to significant uncertainty, although this data is used in the monetisation of all costs and benefits, so any change would have the same effect across all estimated impacts.

## COSTS

### Cost 1 – Loss of additional TENs income to local authorities

The most significant cost arising from the LHO is likely to be the lost income to licensing authorities, from the additional TEN fees that would have been charged. Assuming 6,800 to 13,700 premises would have issued a TEN over the Royal Wedding weekend, this represents £0.1 million to £0.3 million of foregone income, with a best estimate of £0.2 million. As discussed below, this income is assumed to cover the administrative costs of processing TENs, meaning that this cost is fully offset by Benefit 2.

### Cost 2 – Increased alcohol-related crime and disorder

The LHO brings the potential risk of an increase in alcohol-related crime and disorder, which would impose costs on enforcement agencies and residents local to licensed premises. As previously discussed, the relaxation of licensing hours would not be likely to result in a significant increase in the overall number of premises staying open late over the Royal Wedding weekend. However, there may be a small number of premises whose TENs would have been rejected or modified following police/environmental health authority concerns, but would now be able to stay open late if licensing hours were relaxed. As their TENs would have been rejected or modified, these premises may be more likely to attract alcohol-related crime and disorder.

In addition, the FA Cup Final is due to take place on the weekend of the Royal Wedding, which could further increase the potential risk of disorder. However, there have been no reports of increased disorder when licensing hours have previously been relaxed when football matches have taken place. Examples of this include the Queen's Jubilee which coincided with two Euro 2016 matches involving England and Wales, and the extension of licensing hours during the 2014 World Cup. Hence, given these previous experiences, we assume that the risk of additional crime and disorder arising from the LHO to be minimal, and that this cost is therefore negligible.

### Cost 3 – Reduced profits for off-trade premises

If a small number of licensed premises are open later as a result of the LHO, then this may result in a displacement of alcohol sales from the off-trade (places where alcohol is purchased for consumption away from the premises, such as supermarkets) to the on-trade, as more customers use pubs and bars over the Royal Wedding weekend.

However, as discussed in Benefit 4, it is assumed that there will be a negligible increase in the overall amount of on-trade sales as a result of the LHO, which means that any displacement effect will also be negligible.

## BENEFITS

### Benefit 1 – Saved costs to licensed premises from submitting TENs

The primary source of benefit to business will be the saved costs associated with submitting a TEN, as businesses will no longer require one to stay open later. These saved costs total £37.36 and consist of three elements which are summed together – the TEN fee (£21.00), the saved time associated with completing a TEN (£14.87), and the additional profit resulting from the ability to use an additional TEN (£1.49).

The administrative cost of the time spent completing a TEN is estimated using the same approach as in the impact assessment for the relaxation of licensing hours for the FIFA World Cup (Home Office, 2014). It is assumed that it requires one hour to complete a TEN, and the hourly wage of the manager of a licensed premises (£14.87, from the Annual Survey of Hours and Earnings, ONS) is used to estimate the cost of this time.

Licensed premises are allowed to use a maximum of 15 TENS each year, and because a TEN allows licensed premises to open later it provides an opportunity to generate additional profit. For premises that would have used a TEN for the Royal Wedding, the relaxation of licensing hours provides them with an additional TEN to use at another time in the year, and therefore the opportunity for increased profit. In the FIFA World Cup impact assessment, the Home Office estimated that each TEN represents an average of £193 profit, and that 0.75 per cent of premises that give TENs use the maximum number in a year. It is therefore assumed that, after converting to 2017 prices, there is an additional £1.49 benefit for each TEN that would have been authorised for the Royal Wedding.

The total saved costs to licensed premises from submitting is estimated by multiplying the saved costs per TEN of £37.36 by the estimated number of premises that will stay open later over the Royal Wedding weekend, which is from 6,800 to 13,700. This produces a benefit to business from £0.3 million to £0.5 million, with a best estimate of £0.4 million.

### Benefit 2 – Reduced costs of processing TENs for local authorities

The relaxation of licensing hours will save local authorities the resource costs associated with processing TENs. The TEN fee of £21 is intended to cover these costs, so this provides an estimate of the saved cost from processing each TEN. The fee is multiplied by the total number of premises that would submit TENs (6,800 to 13,700), in order to estimate the total cost saving of £0.1 million to £0.3 million, with a best estimate of £0.2 million.

### Benefit 3 – Reduced cost of reviewing TENs for police forces and environmental health authorities

Police forces and environmental health authorities can review TENs and object to them on grounds of promoting the licensing objectives, by giving notice of their objection to the licensing authority within three working days of receiving the TEN. There may therefore be a benefit to police forces and environmental health authorities through the saved costs of reviewing and objecting to TENs. This benefit could not be quantified due to a lack of robust data on the time spent by these organisations on reviewing and objecting to TENs.

### Benefit 4 – Increased profits from a greater number of premises opening later

If licensing hours were not relaxed for the Royal Wedding, any businesses that would expect to generate profit of more than £37.36 from staying open later would be likely to use a TEN. Hence, the relaxation of licensing hours does not increase the likelihood that these businesses will open late. However, for businesses that would expect to make a profit of between £0 and £37.36 from staying open later, they would be unlikely to use a TEN for the Royal Wedding (as the costs of a TEN outweigh the benefits of opening later) but they may stay open later if licensing hours are relaxed, and therefore benefit from greater profits. It is likely that this is a small number of businesses, however, so this benefit is assumed to be negligible.

There are likely to be some businesses whose TENs for the Royal Wedding would have been withdrawn, modified or subject to a counter notice, for example following police/environmental health authority concerns. Based on the latest Alcohol and Late Night Refreshment Licensing publication (Home Office, 2017), 2.4 per cent of all TENs submitted in 2016/17 were withdrawn, modified or subject to a counter notice. If licensing hours are relaxed these premises would be able to extend their hours, and there will therefore be an overall increase in the number of premises opening later for the Royal Wedding weekend. However, it is assumed that the majority of customers attending these premises are likely to be displaced from other premises, and it is therefore assumed that the increase in profit is negligible.

**Business Net Present Value**

The monetised benefit to business is estimated at approximately £0.4 million, occurring in the first period. The Present Value of the benefit to business is therefore £0.4 million.

The monetised cost to business is estimated at £0, occurring in the first period. The Present Value of the cost to business is therefore £0. The Net Present Value to business is therefore £0.4 million.

## F. Risks

**OPTION 0 – Do nothing**

There is a risk that police, environmental health authorities and licensing authorities would not be able to cope with the number of TENs issued. Anecdotal evidence suggests that special occasions cause noticeable peaks in the use of TENs by licensed premises.

**OPTION 1 – Relax licensing hours**

There is a risk of increased alcohol-related crime and disorder caused by the extension of licensable activities later into the evening, without the opportunity for local public protection bodies to object. In addition to increased drinking hours, the FA Cup final provides a further source of potential risk, given the link between live football matches, alcohol and violence. As previously discussed, there have been no reports of increased crime and disorder resulting from previous relaxations of licensing hours, so this risk is deemed to be small.

## G. Enforcement

It is not expected that the LHO will require any significant increase in enforcement activity, because as previously discussed it is not deemed likely that the LHO will result in a significant increase in alcohol-related crime and disorder.

## H. Summary and Recommendations

The table below outlines the costs and benefits of the proposed changes.

**Table H.1 Costs and Benefits, £ million**

| Option | Costs | Benefits |
|---|---|---|
| 1 | £0.2 million (2017 prices, one-off) | £0.6 million (2017 prices, one-off)<br>There is likely to be a non-monetised benefit for police forces and environmental health authorities from not having to review and object to TENs. |

Source: Home Office estimates (2018).

The preferred option is Option 1, as this presents the maximum benefits to business.

## I. Implementation

The LHO will relate to the weekend nights around the Royal Wedding (May 18 and 19). It will allow premises licensed for the on-sale of alcohol or regulated entertainment to stay open until 1am both nights, without requiring a TEN. The LHO will commence on May 18 and end on May 19 2018.

## J. Monitoring, Evaluation and Feedback

As this is a temporary change of licensing hours to mark the Royal Wedding, it will not be formally monitored or evaluated, although feedback will be gathered from licensing authorities and the police.