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|--|---|--|--|
| Title: Removing the requirement to report lost licences to the police. IA No: Lead department or agency: Home Office Other departments or agencies: DCMS (responsible for the Regulated Entertainment under the LA2003) | Impact Assessment (IA) | | |
| | Date: April 2013 | | |
| | Stage: Final | | |
| | Source of intervention: Domestic | | |
| | Type of measure: Primary legislation | | |
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| | |
|--|---------------------|
| Summary: Intervention and Options | RPC Opinion: |
|--|---------------------|

| Cost of Preferred (or more likely) Option | | | |
|---|----------------------------|--|---|
| Total Net Present Value | Business Net Present Value | Net cost to business per year (EANCB on 2009 prices) | In scope of One-In, Two-Out? Measure qualifies as |
| £1.6m | £0.4m | -£0.05m | Yes OUT |

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

The Licensing Act 2003 (“the 2003 Act”) imposes a requirement on premises licence holders, club premises holders, temporary event notice (TEN) users and personal licence holders to report the loss or theft of their licence documents to the police as a pre-condition to obtaining a copy from their licensing authority. As part of efforts to generate economic growth, the Government is committed to reducing unnecessary administrative burdens on businesses and consulted upon ways to reduce regulatory burdens in the licensing process; this was suggested via the consultation.

This presents an additional and superfluous step within the 2003 Act for those who have lost or had their premises licences, temporary event notices, personal licences or club premises certificates stolen to obtain a copy of their documentation. It also creates an unnecessary burden on both businesses and the police.

What are the policy objectives and the intended effects?

The key policy objective is to reduce an unnecessary bureaucratic burden of licensing processes, on both businesses and the police, without undermining the public protection objectives of the licensing system. This proposal would result in the removal of a small burden on both the police and businesses, and carries minimal risk.

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

The options are:
Option 1: Do nothing (retain status quo under which, for example, premises licence holders, TENs users, personal licence holders and club premises certificate holders must continue to report lost/stolen documents to the police in order to obtain a copy from the licensing authority).
Option 2: Remove the requirement to report to the police lost/stolen premises licences, personal licences, TENs or club premises certificates. (Preferred Option)

| | | | | | |
|--|--|---------------------|-----------------------|---------------------|----------------------|
| Will the policy be reviewed? Yes/No If applicable, set review date: | | | | | |
| Does implementation go beyond minimum EU requirements? | | | Yes / No / N/A | | |
| Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base. | | Micro Yes | < 20 Yes | Small Yes | Medium Yes |
| What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent) | | Traded: | | Non-traded: | |

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

Signed by the responsible Minister: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 2

Description: Removing the requirement to report lost licences to the police.

FULL ECONOMIC ASSESSMENT

| Price Base Year 2012 | PV Base Year 2013 | Time Period Years 10 | Net Benefit (Present Value (PV)) (£m) | | |
|-------------------------|----------------------|-------------------------|---------------------------------------|-----------|--------------------|
| | | | Low: N/A | High: N/A | Best Estimate: 1.6 |

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

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

There will be a small transition/notification cost to each licensing authority which would have to notify premises within their area of the policy change. This one-off transition cost for the 350 LAs is estimated to be a total of **£1,160** in year 1.

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

Consideration has been given to the potential for fraud or illicit use of lost or stolen licensing documentation. It is not believed that the removal of this provision would create any such risk as businesses and TENs users would still need to report to the licensing authority lost or stolen documents to obtain copies. In addition the information contained within a licence or TEN is not solely within these documents but can be freely obtained from a number of public sources for e.g. licensing authority websites. For premises licences, TENs and club premises certificates, police and licensing officers will be able to check this information with the local licensing authority and the information contained on a personal licence can be verified with the issuing authority. As such should the police/licensing officers suspect fraudulent or improper usage; subject to data protection rules, they will be easily able to confirm this information.

| BENEFITS (£m) | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Benefit (Present Value) |
|---------------|---|---|----------------------------------|
| Low | N/A | N/A | N/A |
| High | N/A | N/A | N/A |
| Best Estimate | N/A | 0.2 | 1.6 |

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

There will be a benefit to businesses in terms of time saved by removing the need to notify the police of lost or stolen licences as part of the process of obtaining replacement licences, TENs or club premises certificates. This saving is estimated to be £52km per annum for England and Wales overall.

There will also be a benefit to the police in terms of time saved (time previously spent dealing with reports of lost/stolen licences/documents); this is estimated to be £130k per annum.

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

N/A

Key assumptions/sensitivities/risks

Discount rate (%)

3.5

The Government has accepted the suggestion that the requirement to report the loss or theft of a document to the police imposes a small burden on businesses and also on the police. It is not believed that the removal of this provision would create a risk as businesses and TENs users would still need to report to the licensing authority lost or stolen documents to obtain copies. In addition the information contained within a licence or TEN can be freely obtained from a number of public sources for e.g. licensing authority websites.

BUSINESS ASSESSMENT (Option 1)

| | | |
|---|-------------------|----------------------|
| Direct impact on business (Equivalent Annual) £m: | In scope of OITO? | Measure qualifies as |
| Costs: N/A | Yes | OUT |
| Benefits: 0.05 | | |
| Net: 0.05 | | |

Evidence Base (for summary sheets)

A. STRATEGIC OVERVIEW

A.1 Background

Context

1. The hospitality industry supports over 1.8 million jobs in the United Kingdom; with the alcohol industry contributing around £29bn to the economy each year¹. However, the annual costs of alcohol misuse are estimated at £21bn and alcohol-related crime accounts for nearly 47% of violent crime in England and Wales.²

The Government's Alcohol Strategy and commitments under the Red Tape Challenge

2. On 23 March 2012, the Government published its Alcohol Strategy, setting out a range of measures to tackle the issue of excessive alcohol consumption and its associated harms³. The Alcohol Strategy included a commitment to consult on giving licensing authorities greater freedom to take decisions that reflect the needs of their local community, including, where appropriate, to reduce the burdens of the licensing regime and support local growth. This followed the "hospitality theme" of the Red Tape Challenge, in which the public and businesses were invited to suggest regulations that should be abolished or simplified.
3. The Government ran a public consultation on delivering its policies to cut alcohol fuelled crime and anti-social behaviour from 28 November 2012 – 06 February 2013. One of the suggestions proposed as a result of the public consultation, and technical consultation that ran alongside it, was to remove the requirement for businesses and TENs users to report to the police lost or stolen premises licences, personal licences, TENs or club premises certificates before being able to obtain a copy from the licensing authority.
4. The Government is committed to removing unnecessary regulation and exploring how it can make the process of licensing as easy as possible for responsible businesses, whilst continuing to promote the overarching objectives of the Licensing Act 2003 (the 2003 Act) to safeguard public safety and prevent crime and disorder.⁴

Links with other policies arising from the Alcohol Strategy

5. This is one strand of a package of measures being taken forward with the aim of removing unnecessary regulation and burden on businesses. This proposal is to remove one step for businesses and other licence users to obtain copies of lost or stolen documents. This policy has no interdependencies with other measures being taken forward and as such, the impact of this measure can be viewed in terms of its cost/benefit in isolation.

Lost/Stolen licences: current requirements and arrangements under the Licensing Act 2003

¹ The economic outlook for the UK drinks sector and the impact of the changes to excise duty and VAT announced in the 2008 Budget and Pre-Budget Report, Oxford Economics (February 2009)

² Office of National Statistics. *Nature of Crime 2011/12* <http://ons.gov.uk/ons/rel/crime-stats/crime-statistics/nature-of-crime-tables--2011-12/index.html>

³ The Alcohol Strategy is available on the Home Office website: <http://www.homeoffice.gov.uk/publications/alcohol-drugs/alcohol/alcohol-strategy>

⁴ The four licensing objectives (which all have equal status) are set out at section 4 of the Licensing Act 2003 and licensing decisions must be made with a view to their promotion. The four objectives are: the prevention of public nuisance; the prevention of crime and disorder; public safety; and the protection of children from harm.

6. There are three different kinds of authorisation under which licensable activities can be provided:
 - Premises licence: to use a premises for licensable activities, subject to conditions.
 - Club Premises Certificates: to allow a qualifying club (i.e. a members' club such as a working men's club or a political club) to engage in qualifying club activities, again, subject to conditions on the certificate, and;
 - Temporary Event Notices (TENs), which enable the user to carry out licensable activities without other authorisation.
7. The 2003 Act also provides for those who hold a position of responsibility within a licensed premises as a Designated Premises Supervisor to hold a personal licence. Personal licences are granted by LAs to applicants who have met certain criteria including undergoing a criminal records check and obtaining an accredited licensing qualification. Sections 25 (3) (b), 79 (93) (b), 110 (4) (b) and 126 (3) (b) of the 2003 Act each contain provision dealing with cases where all types of licences, certificate or temporary event notice is lost or stolen. These sections enable the holder, or user, to apply to the licensing authority for a copy of the licence, certificate or notice but each provision in effect imposes a requirement on the applicant to first report the loss or theft to the police.

A.2 Groups affected

8. Businesses or groups holding or using licences, TENs or certificates. It is a requirement under the 2003 Act to report to the police any lost or stolen licences, TENs or certificates before being able to obtain a copy of the document from the licensing authority. Removing this requirement would eliminate an unnecessary step in this process thereby providing a small benefit to business.
9. The police. As per the requirement placed upon the above group, the police receive the reports about lost or stolen documents. Removing this requirement would also free up a small amount of police time thereby providing a small benefit to police.
10. Licensing Authorities. There will be a small transition/notification cost to each licensing authority which would have to notify premises within their area of the policy change.

A.3 Consultation

11. Within Government: Cabinet Committee clearances were gained for the publication of the Alcohol Strategy and the Government's response to Consultation. These clearances include official and Ministerial level discussions with other Government departments, including the Department of Health, Department for Business, Innovation and Skills, Her Majesty's Treasury, HM Revenue and Customs, The Department for Culture, Media and Sport, and the Department for Communities and Local Government.
12. Public Consultation: The Government ran a public consultation on delivering its policies to cut alcohol fuelled crime and anti-social behaviour from 28 November 2012 – 6 February 2013. The consultation had five strands; minimum unit pricing; whether to ban multi-buy promotions in the off-trade; a review of the Mandatory Code; considering health a licensing objective for cumulative impact policies; and deregulation. The deregulation section invited views on;
 - a new authorisation for community and ancillary sellers;
 - extending the TENs limit, local discretion for late night refreshment licensing;
 - removing the requirement to advertise licence applications in newspapers;
 - removing the national prohibition on the sale of alcohol at motorway service areas;
 - the reformation of personal licences; and
 - any new ideas for other areas where deregulation may be appropriate.

1445 formal written responses were received; the Government also ran six consultation road shows across England and Wales to discuss the measures being consulted upon and a number of technical groups to discuss specific technical issues. This new proposal is as a direct result of a suggestion received through the consultation process.

B. RATIONALE

13. The Government is committed to removing unnecessary regulation (with particular regard to local organisations such as community and arts groups and schools, and businesses that are not connected to alcohol-related problems) and to exploring further how it can make the day to day process of licensing as easy as possible for all responsible businesses.
14. This regulation currently has no benefits in terms of safeguarding the public or promoting the licensing objectives. Holders already have to report lost licences to licensing authorities; there is no additional benefit from reporting losses to the police as well.

C. OBJECTIVES

15. The policy objective behind the proposal in this Impact Assessment is to reduce the administrative burdens of the 2003 Act on businesses and the police without undermining the licensing objectives.⁵

D. OPTIONS

16. The options are:

Option 1: Do nothing (retain status quo under which, for example, premises licence holders, personal licence holders, TENs holders and club premises certificate holders must continue to report lost/stolen documents to the police).

Option 2: Remove the requirement to report to the police lost/stolen premises licences, personal licences, TENs or club premises certificates.

17. The removal of these provisions from the 2003 Act was suggested by police and business users via the consultation. On consideration the Government agrees that this will remove a completely unnecessary step for business and other TENs users who require a copy of their documents through loss or theft. The provisions appear to be entirely antiquated and no risks have been identified in their removal.
18. The requirement contained within the 2003 Act suggested for removal as a result of the consultation, appears not to have any relevant purpose within current licensing law. Businesses, in order to obtain a copy of their will still have to report the loss or theft to the licensing authority and as such a record of this will be kept.
19. Brief discussions with police officers have highlighted that for lost documents, no crime reference number would be given, as no crime will have been committed. As such this creates another unnecessary burden on businesses of how to prove to licensing authorities that they have reported the loss of a document.

E. APPRAISAL (Costs and Benefits)

General assumptions and data

⁵ The four licensing objectives: the prevention of public nuisance; the prevention of crime and disorder; public safety; and the protection of children from harm.

20. Data on licences authorising alcohol and late night refreshments were published by the Home Office in the publication *Alcohol and Late Night Refreshment Licensing England and Wales 2011/12*⁶. Based on the actual returns and the estimates for non-response, there were;

- 202,000 premises licences in force in England and Wales on 31 March 2012;
- 15,900 club premises certificates in force in England and Wales on 31 March 2012;
- 502,400 Personal Licences in force in England and Wales on 31 March 2012; and
- 134,100 TENs used in 2011/12.

The total licensing documents under the 2003 Act that could potentially be lost or stolen in a calendar year are therefore 854,400 in England and Wales.

Option 1

21. Option 1: maintaining the status quo, that is to say the on-going requirement to report to the police any lost or stolen licences, certificates or notices.

22. This option involves no change so the costs to businesses and police are the same as the benefits of Option 2 (see below) and vice versa.

Option 2

23. Option 2 is to remove the requirement for premises licence holders, personal licence holders, TENs users and club premises holders to report to the police lost or stolen documents prior to being able to obtain a replacement from the licensing authority.

BENEFITS

24. The benefits of Option 2 are: (i) benefits to businesses in terms of time saved by removing the need to notify the police of lost or stolen licences as part of the process of obtaining replacement licences, TENs or club premises certificates; and (ii) benefits to the police in terms of time saved (time previously spent dealing with reports of lost/stolen licensing documents).

Benefits to Business

25. On the basis of discussions with police, it is assumed that each reporting incident will take 15 minutes of police time. It is hence also assumed that this estimate is an appropriate approximation of the time taken for licence, TENs and club premises certificate holders to report lost or stolen documents.

26. Based on average hourly costs of £13.30⁷ for a manager of a licensed premises it is estimated that the total benefit per business or individual (in the case of personal licences) in terms of savings will be £3.33 per incident.

⁶ Alcohol and late night refreshment licensing: statistical news release Published 25 October 2012. <https://www.gov.uk/government/publications/alcohol-and-late-night-refreshment-licensing-statistical-news-release/alcohol-and-late-night-refreshment-licensing-statistical-news-release#overview>

⁷ This is the mean hourly wage for publicans and managers of licensed premises. Data was obtained from the 2012 Annual Survey of Hours and Earnings (provisional). <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2012-provisional-results/index.html>. This was updated by 16.40% to include on-costs (see BIS guidance based on http://epp.eurostat.ec.europa.eu/portal/page/portal/labour_market/labour_costs/main_tables)

27. Data on the numbers of licences (and other authorisations under the 2003 Act) that are reported lost or stolen each year are not held centrally and there is no requirement on LAs to hold this data. Using survey responses from a sample of 20 Licensing Authorities⁸ about the number of lost or stolen or stolen licences⁹, it is estimated that approximately 15,700 were reported lost or stolen in England and Wales in 2012.
28. The **total annual benefit for business** is hence estimated to be a saving of approximately £52k per annum.

Benefits to the public sector:

29. The police will also benefit from the removal of this requirement; the estimate for police time saved is also 15 minutes per lost document.
30. Based on average hourly costs of £33.59¹⁰ for a Police Sergeant it is estimated that the total benefit to the police will be £8.40 per incident. The **total annual benefit to the public sector** from the removal of this requirement is therefore estimated to be a saving of £130k per annum.

COSTS

Costs to business

31. There will be no cost to businesses as a result of the removal of the requirement to report to the police lost premises licences, club premises certificates, personal licences or TENs.

Costs to the public sector

Transition Costs

32. There will be a transition/notification cost to each licensing authority which would have to notify premises within their area of the policy change. We estimate that it will take a maximum of 15 minutes per licensing official per licensing authority to notify premises within their area of the change¹¹. Based on the average hourly wage for licensing officer¹² in each licensing authority of £13.28 per hour we estimate **total one-off transition costs** for the 350 LAs of **£1,160**.

NET EFFECT

33. The total benefit of this option is estimated to be approximately **£0.2m per year**, or **£1.6m** in present values (PV) over 10 years. This is also the net present value of the option since the transitional costs are very small.

ONE IN; TWO OUT (OITO)

⁸ See IA: 'Licensing Act 2003: Fees Regulation', for more on the *sample survey*

⁹ Includes Personal Licences, Premises Licences, Club Premises Certificates, and TENs

¹⁰ This is calculated using Home Office estimates of police time (includes overheads). These were calculated using CIPFA (Chartered Institute of Public Finance and Accounts) and ASHE (Annual Survey of Hours and Earnings) data for 2011/12, figures were then updated to account for inflation using HM Treasury deflator series

¹¹ See IA: Consultation on removing the prohibition of the sale of alcohol at motorway service areas

¹² This is the median hourly wage for local government administrative occupations (licensing officers) and business and public service associate professionals (Trading Standards Officers). Data was obtained from the 2012 Annual Survey of Hours and Earnings (provisional). <http://www.ons.gov.uk/ons/rel/ashes/annual-survey-of-hours-and-earnings/2012-provisional-results/index.html>. This was updated by 16.40% to include on-costs (see BIS guidance based on http://epp.eurostat.ec.europa.eu/portal/page/portal/labour_market/labour_costs/main_tables)

34. Option 2 has an on-going year-on-year impact on business from 2015 and is therefore in scope for OITO.

35. The benefit to **businesses is estimated to be approximately £52,000 per annum** in terms of time savings to businesses. This equates to an **OUT of £50,000**, EANCB (2009 prices).

E. RISKS

36. There are no expected risks arising from the removal of the requirements within the 2003 Act that business people or others who have lost or had their licensing documents stolen must report this to the police. Such licence-holders would still be required to report the loss or theft to the licensing authority to obtain a new re-issued document.

37. The information contained within a licence or TEN can be easily obtained from a number of public sources for e.g. licensing authority websites, as such it is not expected that the removal of these provisions would create or add to any risk of fraudulent use of stolen or lost documents. In addition, if police or licensing officers suspect fraudulent use of these documents, subject to data protection rules, the information can be verified with the licensing authority responsible for its issue.

F. ENFORCEMENT

38. No enforcement is required for this measure.

H. SUMMARY AND RECOMMENDATIONS

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

| Costs and Benefits | | |
|--------------------|---|---|
| Option | Costs | Benefits |
| 2 | Familiarisation/notification cost of £1,160 in year 1 only. | £1.6m saving to businesses and police forces (PV over 10 years) |

The preferred option would be to implement Option 2.

40. The Government is committed to reducing unnecessary burdens on businesses. The provisions contained within the 2003 Act requiring licensing authorities to be satisfied the loss or theft of personal licences, premises licences, TENs and club premises certificates create an unnecessary burden on businesses and users of these types of documents. This appears to be a redundant provision as the information contained within the documents is widely available via other public sources, for e.g. licensing authority websites and as such reporting such loss or theft to the police is not needed as a fraud detection/prevention measure for example. In addition to the unnecessary burden placed on businesses, TENs users and individuals (in the case of personal licences), the requirement also places an unnecessary burden on the police. Option 2 would remove this burden.

I. IMPLEMENTATION

41. The Government intends to implement these changes via amendments to the Licensing Act 2003 as part of a 3rd session Bill on alcohol reform in 2013/14. The measure would be brought into force before 2015. [DN: to check when we are clear what legislative slot this will go in.]

J. MONITORING AND EVALUATION

42. The duty to review all new policies after a minimum of five years would apply to this policy.

K. FEEDBACK

43. Feedback has been sought on measures such as this one to reduce red tape as part of the public consultation on the Government's Alcohol Strategy (November 2012 to February 2013). This idea on lost licences emerged from that. The Government sought technical input from licensing authorities, the police and the licensed trade.