**EXPLANATORY MEMORANDUM TO**

# THE LICENSING ACT 2003 (APPLICATIONS OF POTENTIAL STRATEGIC IMPORTANCE TO GREATER LONDON ETC AND CONSEQUENTIAL AMENDMENT) REGULATIONS 2026

**2026 No. 1078**

## 1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Ministry of Housing, Communities and Local Government and is laid before Parliament by Command of His Majesty.

## 2. Declaration

2.1 Minister McMahon, Minister for Local Government, Devolution and Regional Growth at the Ministry of Housing, Communities and Local Government confirms that this Explanatory Memorandum meets the required standard.

2.2 Theo Heren, Deputy Director for High Streets, at the Ministry of Housing, Communities and Local Government confirms that this Explanatory Memorandum meets the required standard.

## 3. Contact

3.1 Jack Muchlinski at the Ministry of Housing, Communities and Local Government can be contacted by email at the following address with any queries regarding the instrument: HighStreetStrategy@communities.gov.uk

## Part One: Explanation, and context, of the Instrument

## 4. Overview of the Instrument

***What does the legislation do?***

4.1 The instrument will implement the Mayor of London's new discretionary "call-in" power for licensing decisions of Potential Strategic Importance to Greater London (PSI). It will set out the definition of PSI, specify how the call-in power will interact with the existing licensing process, and set out procedural details of how the new process will operate. The aims of this policy are to create a more consistent licensing regime across the capital, and to support the growth of the night-time economy and hospitality industries across London.

***Where does the legislation extend to, and apply?***

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales.

4.3 The territorial application (that is, where the instrument produces a practical effect) of this instrument is England only.

## 5. Policy Context

***What is being done and why?***

5.1 This instrument implements the Mayor of London's new discretionary call-in power for PSI licensing applications which have been rejected or approved with conditions

by a London licensing authority. The power will enable the Mayor to direct London licensing authorities to grant the application subject to conditions, or reject it (if the London licensing authority also decided to reject it). The intention is to promote a more enabling, proportionate and growth-focused approach to licensing in London. The instrument sets out the categories of application that are to be treated as PSI. These include applications meeting specified criteria relating to venue capacity, operating hours, live music and short-term licences operating for less than three months (intended to capture event-specific licences, like festivals). Hospitality, culture, events and nightlife are key drivers of jobs and economic vibrancy in London. The hospitality sector accounted for 7% of total jobs in the capital in 2024 and night-time activity in London makes up around 4% of London's total annual output. However, there are a number of licensing-specific pressures faced by the night-time economy and hospitality industry in the capital, including a lower approval rate of premises licences compared to the England and Wales average. Enabling the Mayor of London and the Greater London Authority (GLA) to play a more strategic role in city-wide licensing decisions could therefore help to facilitate a more coordinated, growth-oriented and streamlined licensing system that addresses some of the current issues and alleviates the burden on businesses.

***What was the previous policy, how is this different?***

5.2 The Licensing Act 2003 establishes licensing authorities to make decisions about licensing applications; in London, licensing authorities are generally the London borough council. The licensing authority's responsibilities are delegated to the authority's licensing (or regulatory) committee. The licensing committee is responsible for considering and proposing the authority's statement of licensing policy, and for taking decisions on specific licence applications or issues. Under the current Licensing Act 2003, there are four licensing objectives which underpin the Act and need to be complied with, promoted and taken into account throughout the licensing process. Each of these objectives is of equal weight. The four licensing objectives are:

- the prevention of crime and disorder;
- public safety;
- the prevention of public nuisance;
- the protection of children from harm.

5.3 Organisations listed as 'Responsible Authorities' (RAs) in the Licensing Act 2003 must be notified of new applications for licences or variations to existing licenses. RAs can make representations to the licensing authority about applications where they feel there will be a negative impact on the promotion of the licensing objectives if the application were to be approved. Examples of RAs include the licensing authority itself, the chief officer of police and the local planning authority.

5.4 Anyone who may be affected by an application for a new licence or variation to an existing licence can make a representation. However, in order for a representation to be deemed 'relevant' it needs to relate to the likely effect of the application on the promotion of the licensing objectives.

5.5 Licensing objectives only apply to licensable activities as set out in the Act. These include the sale of alcohol by retail; the provision of live music; and the provision of hot food and hot drink ('late night refreshment') to the public between 11.00 pm and 5.00 am.

5.6 To apply for a licence, an applicant is required to complete an application form and send it to the licensing authority, along with the fee. RAs are notified of each application. Where an application is properly made and no representations are made, the licensing authority must grant the application, subject only to conditions which are consistent with the operating schedule and relevant mandatory conditions in the act. Where specific policies apply in the area (for example, a cumulative impact assessment), the licensing authority may still refuse an application where it is deemed to undermine the licensing objectives.

5.7 If representations are made by a responsible authority or other person, it is for the licensing authority to decide whether those representations are relevant to the licensing objectives and not frivolous or vexatious. If the licensing authority decides that any representations are relevant and appropriate, then it must hold a hearing to consider them.

5.8 At any stage, following the grant of a premises licence or club premises certificate, a responsible authority, or any other person, may ask the licensing authority to review the licence or certificate because of a matter arising at the premises in connection with any of the four licensing objectives. This will be considered at a committee hearing.

5.9 All decisions of the licensing authority, and any conditions imposed, must be appropriate for the promotion of the licensing objectives. If the decision is disputed, parties have a right of appeal to the magistrate's court.

5.10 The English Devolution and Community Empowerment Act 2026 amended the Licensing Act 2003 to confer functions on the Mayor of London and the Greater London Authority. The key amendments are:

- The Mayor was granted a statutory consultation role on all local Statements of Licensing Policy in London.
- The Mayor was made responsible for developing and updating a statutory London-wide Strategic Licensing Policy, which London licensing authorities must have regard to when making licensing decisions and revising their own statements of licensing policy.
- The Greater London Authority was made a Responsible Authority within the licensing system in Greater London.
- The Mayor was granted a discretionary "call-in" power for licensing decisions of potential strategic importance to Greater London; and the Secretary of State was granted powers to make regulations to implement this power. This instrument exercises those powers.

## 6. Legislative and Legal Context

***How has the law changed?***

6.1 Schedule 26 to the English Devolution and Community Empowerment Act 2026 inserted new provisions into the Licensing Act 2003. These are relevant for licensing applications made under s17 (for new licences) or s34 (for variations of existing licences) of the Licensing Act 2003 for the sale by retail of alcohol; the provision of regulated entertainment; and the provision of late night refreshment ("relevant licence applications"). The amendments introduced a "call-in" power for the Mayor of London in respect of relevant licence applications that are PSI.

6.2 London licensing authorities must notify the Greater London Authority of relevant licence applications and provide related information, enabling the Mayor to identify PSI applications. The GLA will notify the licensing authority and the applicant if the

application is PSI, and this information will be published on the licensing authority's website. The licensing authority will then process the application according to the relevant provisions of the Licensing Act 2003.

6.3 However, if the authority rejects a PSI application, or approves it with certain conditions, its decision will be automatically suspended while the new "call-in" process takes effect. The Mayor will review the case, alongside the existing licensing framework. The Mayor may direct a London licensing authority that a PSI application be granted, granted with permitted modifications, or refused, and the licensing authority must then determine the application in accordance with that direction. The final decision will be published on the licensing authority's website.

6.4 This instrument implements the "call-in" power by exercising the new powers in the Licensing Act 2003 to define which relevant licence applications are PSI; and to specify procedural details such as the time limits for steps in the process to be completed; and requirements for advertisements and notices, including documents and information to be provided.

6.5 Applications that are designated as being of Potential Strategic Importance meet one or more of the following criteria:

- The Fee Band for the premises is D or E (at present, venues with a rateable value of more than £87,000);
- the application proposes licensable activities to occur after 11pm and the premises' Fee Band is B or C (equating to a rateable value of more than £4,299);
- the relevant premises has a capacity of over 5000;
- the application is for a time-limited licence of less than 3 months;
- the premises is a live music venue, and has a Fee Band of B or C (equating to a rateable value of more than £4,299).

***Why was this approach taken to change the law?***

6.6 This approach is necessary to implement the Mayor of London's strategic licensing functions, which were introduced in primary legislation.

## 7. Consultation

7.1 MHCLG did not conduct a formal public consultation regarding this instrument; however, policy development was informed by stakeholder engagement, including with London licensing authorities, the GLA and the Home Office.

## 8. Applicable Guidance

8.1 The Home Office publishes guidance to licensing authorities under s182 of the Licensing Act 2003. This guidance will be updated to reflect the new regime in Greater London, and this will be published when this instrument comes into force.

# Part Two: Impact and the Better Regulation Framework

## 9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because there will be no significant impact on businesses in London, and a limited number of businesses will be impacted by these changes. There were approximately 35,500 premise licenses in London in 2023/ 2024. That same year, there were approximately 2,430 applications for new premises licenses in London, of which around 92 (6%) were refused. These figures are broadly in line with those in years where the Home Office

has produced records since 2011/12. As the premises licence rejection rate is low (6%), and the number of new premises licence applications relative to the number of existing licences is low (7%), the expected volumes of new, rejected applications in-scope for the call-in is expected to be low. However, there is limited published data on the number of applications approved with conditions in London, so we are unable to carry out more detailed modelling on the total number of applications that would be in scope of the Mayor's call-in. It is our assessment that the cost to businesses which are subject to the Mayor's call in power is limited, and that there may be a net benefit to businesses if the Mayor choses to grant a previously rejected application, or imposes less stringent conditions.

***Impact on businesses, charities and voluntary bodies***

9.2 There is no, or no significant, impact on business, charities or voluntary bodies because a limited number of businesses will be impacted by the new strategic licensing functions.

9.3 The legislation may impact small or micro businesses. We anticipate that some small and micro businesses may benefit from the Mayor's new strategic licensing functions, if their application meets the definition of "potential strategic importance".

9.4 The impact on the public sector is limited to London licensing authorities and the GLA. There are new administrative and information-sharing burdens on both parties, and we will carry out a full new burdens assessment as part of preparing this legislation.

## 10. Monitoring and review

***What is the approach to monitoring and reviewing this legislation?***

10.1 The instrument includes a requirement for the Secretary of State to review the new strategic licensing measures within two years after this instrument comes into force, and for subsequent reviews to take place at least every five years. The government intends to keep the new measures under review to assess their impact – including, for example, on aspects of London's night-time economy.

## Part Three: Statements and Matters of Particular Interest to Parliament

### 11. Matters of special interest to Parliament

11.1 None.

### 12. European Convention on Human Rights

12.1 As the instrument is subject to negative procedure and does not amend primary legislation, no statement is required.

### 13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023.