

Supporting a safer night time economy: alternatives to the Late Night Levy

A joint report from the British Beer & Pub Association
and the Campaign for Real Ale







The British Beer & Pub Association is the leading trade organisation representing the brewing and pub sector. Our member companies account for 90 per cent of beer brewed in Britain today, and own around 20,000 of the nation's pubs.

CAMRA, the Campaign for Real Ale, is a consumer group with over 175,000 members and acts as an independent voice for real ale drinkers and pub goers. Our vision is to have quality real ale and thriving pubs in every community.

Introduction

Pubs are at the heart of communities across the country, and cover a range of styles and types of business – from suburban locals to rural destination pubs and city centre bars. There are over 50,000 pubs in the UK, directly employing over 600,000 people. The vast majority of these are small independently run businesses, each making a positive impact to their local economies and communities.

Pubs serve their communities throughout each day, with many pubs now offering breakfasts and coffee as well as other meals – in addition to the wide and varied range of draught beers available in British pubs. The majority of pubs open into the evening and some even later, forming an important part of the wider late-night economy. Some pubs choose to take advantage of longer opening hours at weekends or for special occasions. With this comes the responsibility for ensuring a safe and well-managed night-time economy for all to enjoy, in which the pub sector is fully engaged via a wide variety of partnership working schemes such as Pubwatches, Business Improvement Districts (DIB), Best Bar None and Purple Flag.

However, we as a sector are concerned with a number of local authorities across the country introducing late night levies (further explained in this booklet), without first exploring all of the partnership options available or recognising that such levies damage the local economy, businesses within it and community life.

The aim of this guide is to outline the issues that late night levies cause the pub sector, the wider late-night economy and consumers. It also seeks to encourage those considering introducing this tax to explore the wide range of partnership options already in place and consider these as more effective alternatives to the levy.

What kind of pub sector do we want to see?

A safe and thriving pub sector is in everyone's interests - good for customers and good for pubs. Defining what this means is key to ensuring that any measures pursued by local authorities support this.

The list below is therefore intended to capture some of the key features of the kind of pub sector that we all want to see:

- Zero tolerance of criminal and anti-social behaviour
- Zero levels of underage drinking
- High levels of customer footfall and low levels of business failure or turnover
- Good public perception of town centres
- Diversity of offer in the night time economy
- Good relationships and channels of communication between the licensed trade and enforcement authorities
- Local authorities and local licensees with the means to work together to address local issues
- Good operators enhancing the local economy and community life
- Well run pubs serving good quality beer

When considering the role of the Late Night Levy and the other measures available to local authorities and licensees, these areas of focus are helpful in ensuring that policies pursued meet the objectives of working towards the pub sector that we all want to see.

Overview of Legislation

Background

The Late Night Levy is a discretionary power, introduced through the Police Reform and Social Responsibility Act 2011, and applies to licensing authorities in England and Wales. The levy is intended to allow licensing authorities to raise contributions from late-night alcohol suppliers (in both the on and off trade) to help fund the policing of the night time economy. The regulations came into force in October 2012.

The powers of the levy replaced the option for local authorities to implement Alcohol Disorder Zones, which were introduced in 2008. The Alcohol Disorder Zone legislation gave local authorities and the police powers to charge clubs, bars and restaurants an extra levy to pay for increased policing in areas where 24 hour drinking was causing disturbances to residents. By the Home Office's own admission (in its guidance on the levy), Alcohol Disorder Zones were deemed too bureaucratic which led to no local authorities choosing to implement them. The legislation was repealed when the levy powers were introduced.

Before introducing a levy, the local authority must conduct a full consultation including the police, the relevant Police and Crime Commissioner, licensed premises, residents and other stakeholders. There are currently seven levies in place across England, the details of these are outlined in the following section. None have been introduced in Wales.

Levy design

Whilst the levy powers are discretionary, licensing authorities work within a nationally set framework, adjusting certain aspects of the levy design to suit their local authority areas. However in practice the levy has still proved too prescriptive, with many local authorities rejecting the levy due to the inflexibility of the legislation.

Levy charges

The levy charges are set nationally, and based on the rateable value of the property where the premises licence is held.

The current charges are as follows:

Band	A	B	C	D	E	Dx2	Ex3
Rateable Value Bands (based on the existing fee bands)	No rateable value to £4,300	£4,301 to £33,000	£33,001 to £87,000	£87,001 to £125,000	£125,001 and above	Multiplier applies to premises in category D that primarily or exclusively sell alcohol	Multiplier applies to premises in category E that primarily or exclusively sell alcohol
Levy Charges	£299	£768	£1,259	£1,365	£1,493	£2,730	£4,440

It should be noted that the majority of pubs fall into Band B – meaning that pubs in areas where the levy is introduced will be taxed an extra £750 a year. This will impact on small marginal businesses which may only open later on weekends and/or certain days of the year.

Use of levy revenue

The legislation restricts a licensing authority from keeping more than 30% of the revenue raised from a levy. Administrative costs are deducted from the gross levy revenue, however the responsibility for carrying out administrative functions is placed on the licensing authority. The police must receive a minimum of 70% of the funds raised and, if the licensing authority wishes, can receive more. Funds raised for the police are allocated through the office of the relevant Police and Crime Commissioner.

In March 2015, the Home Office amended guidance on the levy to state that the licensing authority is encouraged to discuss with the police their intentions for spending their share of the revenue.

The police do not have restrictions on how the levy revenue is spent (this is in line with standard guidelines on allocation of police funds), however the licensing authority must spend their share on activities falling into the following categories:

- The reduction of crime and disorder
- The promotion of public safety
- The reduction or prevention of public nuisance
- The cleaning of a relevant highway or land within the local authority area

Levy hours

A levy can only be applied between the hours of 00.00 and 06.00, and the licensing authority has the discretion to choose when in this time period the levy will be in effect. The levy must apply for the same hours on each day and is applicable to the whole local authority area. Due to the small percentage of funds that a local authority can retain, most levies that are in place cover the entirety of the allowed levy hours. While a later start to the levy period would see a considerable benefit to pubs, this would result in reduced revenue for the local authority and police.

Exemptions from the levy

A licensing authority can choose to exempt a very limited number of businesses and licence holders from paying the levy. In practice we have seen very few exemptions which would apply to most pubs used in areas that have adopted the levy. Exemptions include premises that have permission to open late on New Year's Eve only, theatres, cinemas, bingo halls and 'country village pubs' - although this final exemption is so tightly defined it would, in our view, apply only to very few pubs in the country.

Reductions to the levy

Powers for reductions are at the discretion of each licensing authority, however they must comply with the national framework for how large the reductions can be, and whether they are cumulative.

The key reductions for pubs are:

Category	Reduction	Notes
Small Business Rate Relief	Discretionary and non-cumulative - up to 30%	<ul style="list-style-type: none"> - Generally eligible if a business occupies only 1 property and has a rateable value of below £12,000. - Many small community pubs fall into this category.
Best Practice Schemes	Discretionary and cumulative - licensing authorities will be able to offer a maximum reduction from the levy of 30% for membership of schemes that meet the benchmarks	<ul style="list-style-type: none"> - Included as a way to use the levy to promote participation in business-led best practice schemes that aim to tackle negative effects of selling alcohol. - Best Bar None, Pubwatch, Clubwatch or Shopwatch, Community Alcohol Partnerships and BIDs qualify as national schemes. - Benchmarks for other national or regional schemes will be used to assess whether the scheme qualifies for a reduction from the levy: (1) clear rationale as to how the scheme's objectives will/are likely to result in a reduction in alcohol related crime and disorder, (2) requirement for active participation in the scheme by members, (3) a mechanism to remove members who do not participate appropriately.

Existing Late Night Levy Schemes

So far, seven local authorities have introduced a Late Night Levy:

Newcastle City Council	
Implemented	01/11/2013
Times	00.01-06.00
Exemptions	Overnight Accommodation Theatres, Cinemas and Bingo Halls Community Amateur Sports Clubs Community Premises Country Village Pubs New Year's Eve
Reductions	30% reduction for members of business-led best practice schemes
Estimated Revenue 13/14	£350,000-£400,000
Revenue 13/14	£302,942.90
Estimated Revenue 14/15	£285,000

Cheltenham Borough Council	
Implemented	01/04/2014
Times	00.01-06.00
Exemptions	New Year's Eve
Reductions	30% reduction for members of business-led best practice schemes
Estimated Income	£199,000
Revenue 14/15	£76,889.10 (39% of that estimated)
Notes	The leader of Cheltenham Council has now stated that if local business leaders vote to adopt a BID scheme in April 2016, the council will withdraw the levy.

City of London Council	
Implemented	01/10/2014
Times	00.01-06.00
Exemptions	None
Reductions	30% discount to premises who prove an operating standard that qualifies them for the City's 'Safety Thirst' Award.
Estimated Income 14/15	£500,000

Chelmsford City Council	
Implemented	01/11/2014
Times	01.00-06.00
Exemptions	Overnight Accommodation Theatres, Cinemas and Bingo Halls New Year's Eve
Reductions	None
Estimated Income 14/15	£30,000-£50,000
Notes	The council have stated that the levy could be reviewed at a future date if a business-led best practice scheme was created and it was effective in reducing disorder.

London Borough of Islington	
Implemented	01/11/2014
Times	00.01-06.00
Exemptions	Overnight Accommodation New Year's Eve
Reductions	30% reduction to members of Best Practice Scheme for Late Night Premises
Estimated Revenue 14/15	£350,000-£380,000

Nottingham City Council	
Implemented	01/11/2014
Times	00.01-06.00
Exemptions	Overnight Accommodation Theatres, Cinemas and Bingo Halls Community Amateur Sports Clubs Community Premises Country Village Pubs BID Scheme Members New Year's Eve
Estimated Revenue 14/15	£160,000

Southampton City Council	
Implemented	01/04/2015
Times	00.01-06.00
Exemptions	Overnight Accommodation Theatres, Cinemas and Bingo Halls Community Amateur Sports Clubs Community Premises New Year's Eve
Reductions	The council's Head of Legal and Democratic Services has been given powers to allow a reduction for a business-led best practice scheme that meets their approval.
Estimated Revenue 14/15	£100,000

Camden Borough Council approved the levy on the 26th January 2016:

London Borough of Camden	
Consultation Dates	February-May 2015 (Informal) 13/09/2015 - 09/11/2015 (Formal)
Times	00.00-06.00
Implementation Date	28/04/2016
Exemptions	New Years Eve
Reductions	Small Business Rate Relief (30%) BIDs (30%)
Estimated Income 16/17	£350,000
Notes	After two periods of consultation, the council have approved a levy, despite strong representations from local business owners against the scheme.

In addition to the above, at the time of publication, three other local authorities have recently consulted on introducing a levy:

Plymouth City Council	
Consultation Closed	04/12/2015
Proposed Times	01.00-06.00
Proposed Implementation Date	01/05/2016
Proposed Exemptions	Overnight Accommodation Theatres, Cinemas and Bingo Halls Community Amateur Sports Clubs Community Premises BIDs New Year's Eve
Proposed Reductions	Business-Led Best Practice Schemes
Estimated Income 16/17	£70,000-£75,000 despite original estimate of £75,000-£150,000

London Borough of Tower Hamlets	
Consultation Dates	15/02/2016-17/04/2016
Proposed Times	00.00-06.00
Proposed Reductions	Best Bar None Scheme Members (30%)

Liverpool City Council	
Consultation Closed	20/11/2015
Proposed Times	01.00-06.00
Proposed Implementation Date	01/06/2016
Proposed Exemptions	New Year's Eve
Proposed Reductions	None
Estimated Income 16/17	£75,000-£150,000

Estimated incomes are taken from figures quoted in Licensing Committee meetings.

Authorities that Rejected the Levy

A number of authorities across England have considered and rejected the need for late night levies in their areas – some after formal consultations. We encourage those local authorities who are considering such levies to look further at the reasons as to why other areas have decided against introducing the tax. For example:

- Similarly, in Woking, the local authority decided on the same course of action following a formal consultation.
- In Milton Keynes, despite a consultation and approval of the licensing committee, the levy was rejected by the full council for a number of reasons, including that members saw the potential of high administrative costs for minimal financial gain.

Existing or emerging BID schemes as an alternative to the levy

A 2013 report by Bristol City Council's Licensing Policy Scrutiny Board¹ concluded that a BID scheme would provide for more targeted spending of funds and include businesses and stakeholders in efforts to manage the night time economy.

Leeds City Council also rejected a levy in 2013, with a report by the Scrutiny Board labelling the legislation 'fundamentally flawed'², particularly in terms of flexibility and unfair costs for some licensed premises. The same report stated the Executive Board's support for a city centre BID scheme instead, which has since been set up. It also recommended further work with the licensed trade to improve existing partnership schemes.

Cheltenham Borough Council's Cabinet announced in January 2015 that, should their current BID proposals move forward, they will scrap the levy, noting that a BID scheme allows traders to have a say in how the late night economy is managed³.

Existing best practice schemes

In October 2012 Havant Borough Council's Licensing Committee rejected a levy, citing falling levels of alcohol crime and disorder which the police had partly attributed to the successful local PubWatch scheme⁴.

Weymouth & Portland Borough Council Licensing Committee rejected a levy in 2015, due to a lack of evidence to support the scheme. In a report providing evidence to the council, Dorset police highlighted that a BID was already in place and it was supporting the local Best Bar None scheme⁵.

Low levy revenue

A common reason that a levy is rejected before consultation stage is the small amount of revenue expected to be raised. The amount of revenue the council receives can be insignificant, due to council retention being as low as 30% of the entire fund, the burden of administrative costs, and consideration of premises making minor variations to avoid paying the levy.

Warwick District Council officers produced a report in 2015 which recommended that a levy not be introduced due to limited revenue return following the time and cost of implementation⁶.

¹<http://tinyurl.com/zwtsbt2>

²<http://tinyurl.com/mknlryw>

³<http://tinyurl.com/zv9nkks>

⁴<http://tinyurl.com/hdcqaf0>

⁵<http://tinyurl.com/gm4gdwe>

⁶<http://tinyurl.com/zddtbq7>

Norwich City Council's Licensing Committee cited similar reasoning when they decided against a levy in 2012, after estimating that the revenue before administrative costs would be just £35,000.

Financial burden on businesses

In 2013 Monmouthshire County Council's Regeneration and Culture Directorate recommended that 'a new levy could be judged as inappropriate by many and not sympathetic to supporting local businesses'⁷.

Tameside Metropolitan Borough Council rejected a levy following public consultation in 2014 due to businesses already struggling in the area⁸.

Inflexibility of legislation

In 2014 the Royal Borough of Windsor and Maidenhead concluded that the legislation was not suitable for the area. This decision was made following a meeting where concerns were raised that alcohol related crime was not an issue across the whole local authority area, and that businesses in Maidenhead would be burdened by the costs, while the money would most likely be spent in Windsor.

The London Borough of Redbridge's Statement of Licensing Policy from 2015 states explicitly that the council are not considering implementing a levy as it would apply across the whole Local Authority area, and not target premises that are contributing to crime and disorder⁹.

Successful Partnership Working

There is a wide range of partnership schemes which are either business led or with significant involvement from local licensees, that seek to work towards safer town centres and make going out and going to the pub an even better experience for everyone.

Durham Pubwatch

There are over 650 Local Pubwatch schemes throughout the United Kingdom working to achieve a safer drinking environment in all licensed premises throughout the UK. Local Pubwatch schemes bring together licensees and seek to establish good relationships with the police and reduce alcohol-related crime by working together to ban individuals who cause trouble. National Pubwatch works to support local schemes by sharing best practice, advice and information.

The 2015 award winner was Durham Pubwatch, which has been established for a number of years. The Durham Pubwatch works successfully in close partnership with Durham City authorities, including initiatives to help train licensees, bar staff, and door staff on best practice, and clampdown on violent and disorderly incidents at licensed establishments. This has helped contribute towards a 15% drop in alcohol-related anti-social behaviour in the city over the past year. Durham Pubwatch is also active in the City Safety Group scheme to improve public safety around rivers, particularly for those under the influence of alcohol.

Best Bar None in Northampton

Best Bar None exists to recognise and promote the best standards in safety, training and operations across the late night economy, and is a collaboration between police, local authorities, licensed venues and the alcohol industry. The Best Bar None awards scheme, was first piloted in Manchester in 2003. It has since been taken up by more than 100 towns and cities across the UK.

Best Bar None accreditation is awarded to venues with strong management, who take pride in their surroundings, operate responsibly and demonstrate a commitment to reducing alcohol related harm. The process of becoming accredited includes meeting minimum standards, and rewards the most responsible premises at an annual awards event.

The scheme was launched in the county five years ago by Northampton Pubwatch with support from the Northamptonshire Police and Northampton Community Safety Partnership, to help create a safer town and recognise the pubs, bars and clubs that are working hard to reduce alcohol related disorder and promote responsible drinking.

The Northampton Scheme is now in its fifth year and support for the scheme has been growing each year.

Birmingham Business Improvement District

Business Improvement Districts (BIDs) have now been operating across the UK for over a decade and there are over 200 BIDs now established around the country. A BID is a business-led and business funded body formed to improve a defined commercial area. The key feature of Business Improvement Districts is that businesses lead decision making and are given a clear voice on issues that affect the area. BID levy money that is raised is ring-fenced for use in the BID area and can be used for improvements to the area as well as promotion of its attractions, which can lead to increased footfall and trade.

The Broad Street Business Improvement District (BID) in Birmingham was originally created in 2005 and ran for 10 years using money raised from the levy to work towards creating a safer and cleaner, more attractive business environment in Broad Street Birmingham and marketing it better to the public. The BID has now been expanded to cover a wider area in the city.

Kent Community Alcohol Partnership

The Community Alcohol Partnerships (CAP) scheme, supported by the Retail of Alcohol Standards Group (RASG), brings together local retailers and licensees, trading standards, police, health services, education providers and other local stakeholders to tackle the problem of underage drinking and associated anti-social behaviour.

The CAP model is unique in that it recognises that retailers and licensees are part of the solution and has been shown to be more effective than traditional enforcement methods alone. Kent County Council have worked to develop a county-wide scheme across Kent covering Canterbury City Centre, Westwood Cross, Thanet and Edenbridge. An independent evaluation by Kent University showed significant reductions in crime and anti-social behaviour as a result of the CAP.

Benefits of partnership

As can be seen, the partnership schemes that are active around the country are extremely effective in seeking to help shape a better night time economy for all and with the features previously defined. Whilst each scheme has a different area of focus, a combination of different schemes can often be extremely effective in helping to address any problems that an area might face, creating a safer and more appealing space for all:

- Lower levels of crime and anti-social behaviour
- Lower levels of underage drinking
- High levels of customer footfall and low levels of business failure or turnover
- Good public perception of town centres
- Diversity in the night time economy
- Good relationships and channels of communication between the licensed trade and enforcement authorities
- Local authorities and local licensees with the means to work together to address local issues
- Good operators not over-burdened by tax and regulation

Conclusion

In both Newcastle and Cheltenham, where a full year of levy revenue has been declared, the actual income has been much lower than originally estimated by the licensing authorities. This suggests that a large number of premises have chosen to apply for minor variations, therefore restricting their licensed hours to avoid paying the levy. In Cheltenham the actual levy revenue was just 39% of that of the original estimate, leaving very little income for the council following the transfer of 70% of the funds to Gloucestershire Constabulary. Latest reports suggest that Cheltenham will be reviewing their levy in favour of the more effective partnership schemes highlighted in this report.

If this disparity between actual and estimated levy revenue continues, it is clear that licensed premises will consider the levy as an undue tax and harmful to partnership working between the trade and authorities. As premises use minor variations to restrict their licensed hours to those outside of which the levy operates, consumer choice in the type of drinking establishments will be reduced.

Particular attention needs to be paid to the effect that a levy could have on community pubs where even the loss of a single hour of trade after midnight could impact greatly upon the personal earnings of the licensee and potentially put the trading of the pub at risk.

A local authority considering a levy should pay close attention to the impact that this could have on community pubs. Issues that arise in the night time economy are often due to issues in the public space outside licensed premises, where a partnership scheme (or a combination of these) can help manage this far more effectively than the imposition of a levy. Pubs are a regulated drinking environment, providing important social benefits to the communities they serve, and are often not the cause of the issues that a levy tries to address. It is unfair for a tax to be imposed upon premises when they foster community wellbeing. Furthermore, pub licensees who choose to limit their licensed hours could be negatively impacted by loss of revenue from trading which happens in town centres after midnight.

We therefore encourage local authorities to explore the partnership schemes available to them, instead of imposing a levy.

An electronic version of this report is available from the BBPA website: www.beerandpub.com

More information on CAMRA can be found online at www.camra.org.uk

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