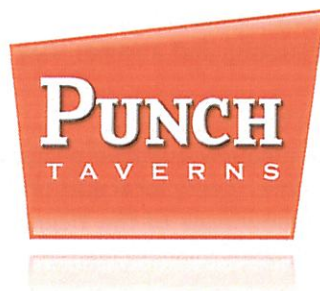


City of London

Consultation on the Proposal to Introduce a
Late Night Levy

Response from Punch Taverns plc.



Punch Taverns is one of the UK's largest leased pub companies with a portfolio of around 4,000 leased pubs nationwide, ranging from pub restaurants to traditional drink led locals. Our aim is to become the UK's highest quality, most trusted and best value leased Pub Company. Our premises are operated by thousands of enterprising individuals – who we call our Partners - who are running their own pub businesses in our premises.

In 2005 we took the decision to hold the premises licence for our estate. Although we do not undertake licensable activities in our leased pubs, the holding of the premises licence imposes upon our business a significant obligation in terms of licensing regulation and compliance.

Corporate Social Responsibility (CSR) is embedded across many elements of our business, from corporate fundraising to responsible retailing. We have dedicated teams in place to assist in ensuring that our premises operate to the highest standards.

As Portman Group signatories and supporters of Drinkaware we do not condone irresponsible promotions and pricing of alcohol, and we have actively supported the 'Why let good times go bad?' campaign to tackle excessive drinking amongst 18 to 25 year olds.

Responsible retailing forms a key part of our partner training, and in the last eighteen months many of our Partners have completed our responsible retailing training. We also provide Risk Management manuals to our partners, which give clear guidance on current legislation and best practice, backed up by the support of our Risk and Compliance Teams, who provide specialist advice and guidance. We also support the BBPA's Customer Unit Awareness Campaign, part of the Association's contribution to the Government's Alcohol Responsibility Deal by making information and publicity available to our partners.

To further support our partners, we launched "The Punch Buying Club" offering our partners an online 24/7 service allowing partners to access all possible assistance to help run their business, this includes online training, regional workshops, legislative updates and best practice messages, Risk Management material such as mandatory signage and many other such materials.

All of our Partner Development Managers (PDM's) are trained to a minimum of BII level 4 in Multiple Retail Management, which consists of eight modules including communication, negotiating, business knowledge and marketing. We believe a well-trained, talented and high performing team will help our partners reach their potential and ensure their premises are well run.

We also have a number of other specialist employees to ensure that our partners are provided with the best knowledge throughout their relationship with Punch Taverns; our recently appointed New Business Development Managers (NBDM) are in place to provide our partners with up-weighted assistance and support for all newly launched businesses during their first six months of trading. This provides a platform for success and ensures they understand everything for running a safe, legal and compliant business

We believe that Punch Taverns is in a uniquely qualified position to make a valuable submission as, not only do our circa 4,000 premises cover every local authority area in England and Wales, but we also have significant experience and knowledge of the Licensing Act 2003, the Police Reform and Social Responsibility Act 2011 and associated relevant legislation.

We fully support the view that premises should be well run and promote the four licensing objectives. We do not however, support the view that those premises or indeed any premises should be obliged to pay a levy in addition to licensing fees, business rates and general taxation. The Licensing Act 2003 and associated relevant legislation contain sufficient safeguards and means of dealing with premises that cause or contribute to crime and disorder.

Furthermore, with the publication of the Home Office consultation on fees under the Licensing Act 2003, the proposal could potential see general licensing costs increase in the lowest band pubs. This could see licensed premises annual fees increase by 957% if the maximum is applied. It has been stated by Government that small businesses are at the heart of the economic recovery and are key in creating jobs in the community, and as such are committed to supporting them as far as possible such as cutting taxes, removing red tape and improving the small business infrastructure. We are strongly of the view that Local Authorities trying to implement a levy are penalising small and medium sized responsible premises who have the permission to trade into the levy supply period at a time of economic difficulty. Placing further financial burdens on already struggling businesses will only inhibit economic growth in the community.

It should not be forgotten that many premises that are permitted to supply alcohol beyond 00:01 will have conditions on their premises licences requiring the employment of door staff, the installation and use of a CCTV system and other such conditions, which result in a one off or on-going cost to the premises in terms of compliance. These premises, if the late night levy is adopted, will have to, in addition to bearing the expense of the foregoing, pay the levy (if they do not want to reduce the hours for which they are currently legally entitled to supply alcohol).

Whilst it is no doubt the case that the budgets of both the Police and the Authority are under pressure, licensed premises pay their annual licensing renewal fee, their business rates and other taxes. Licensed premises being required to pay another tax would be most unwelcome. For some businesses the late night levy will simply be unaffordable. It is quite likely the case that very many licensed premises that trade during the proposed late night levy supply period, will be required by conditions on their premises licences to incur expense regarding the installation and operation of CCTV systems, the employment of SIA registered door staff, the use of polycarbonate containers, etc. These conditions would have been imposed to promote the licensing objective of the prevention of crime and disorder. To be required to incur the expense of compliance with conditions and in addition to pay the late night levy when the likelihood of there being additional policing or other arrangements is most unwelcome to say the least.



CITY OF LONDON CORPORATION
LATE NIGHT LEVY
CONSULTATION QUESTIONNAIRE

Question 1

It is proposed that a Late Night Levy be introduced in the City of London in order to assist in the funding of the reduction and prevention of crime and disorder in connection with the late night supply of alcohol.

a) Do you agree that a late night levy should be introduced in the City of London?

No

b) If not please give your reasons below?

Fees are already raised through ordinary taxation, business rates, licence fee etc. It is inherently unfair to seek to raise funds from a 'class' of premises based simply on their legal right to trade during a specified period. It is also premature to consult on a late night levy when the entire fee structure for licensing is under review and may be changed substantially and in ways that conflict or have an element of 'double taxation' when considered next to the Late Night Levy.

Question 2

It is proposed that the Levy should be introduced for those premises who supply alcohol between the hours of midnight and 6 a.m.

a) Do you agree that if a levy was to be introduced it should operate between these times?

No

b) If not, during what time period do you think the levy should operate and why?

- | | | |
|---------------------|--------------------------|--------------------------------|
| 1am – 6am | <input type="checkbox"/> | |
| 2am – 6am | x | |
| Any other time span | <input type="text"/> | (please state which time span) |

Reasons for your choice of time period:

There can only really be a true distinction between premises that operate solely as late night venues and premises that trade into a late night period. For fairness, the levy period should be set in such a way as to ensure that it catches only those premises that trade solely late at night. 2am is a reasonable time to make this distinction.

Question 3

It is proposed that no premises should be exempted from paying the Levy.

a) Do you agree that there should be no exemptions?

No

b) If not, which of the following types of premises do you think should be exempted from paying the levy? (Mark each one you think should be exempted).

- | | |
|--------------------------------|--------------------------|
| Overnight Accommodation | x |
| Theatres & Cinemas | x |
| Bingo Halls | x |
| Community Amateur Sports Clubs | <input type="checkbox"/> |
| Community Premises | <input type="checkbox"/> |
| New Year's Eve | x |
| Business Improvement Districts | <input type="checkbox"/> |
| No Exemptions | <input type="checkbox"/> |

c) If you have ticked one or more of the boxes above please give your reasons below.

Overnight accommodation:

On the basis that the exemption should only apply to permit the supply of alcohol to those who are staying at the premises, for consumption on the premises.

Theatre and Cinema:

We hold the view that these premises should be exempt on the basis that the supply of alcohol is ancillary to their business and they are unlikely to contribute to any crime and disorder issues that affect the NTE during the proposed supply period. The exempt supply should end at the conclusion of the film or theatre production.

Bingo Halls:

We hold the view that these premises should be exempt on the basis that the supply of alcohol is ancillary to their business and they are unlikely to contribute to any crime and disorder issues that affect the NTE during the proposed supply period. The exempt supply should end at the conclusion of the playing of bingo.

New Year's Eve:

New Year's Eve is a national event that in the past has been de-regulated to enable premises to operate later hours for the sale and supply of alcohol. It is often an extension to hours that has been 'grandfathered' onto licences without any other extended hours applied for and as such to require the fee to be paid would be an unreasonable burden for many operators and would result in significant additional burden to the authority in terms of administration of 'free' minor variations to remove.

Question 4

It is proposed that premises meeting the necessary 'small business rate relief' criteria should not be entitled to a reduction in Levy.

a) Do you agree that such premises should not receive a reduction?

No

b) If not, please give your reasons below?

We submit that such premises should be entitled to a reduction in respect of any levy adopted. Of all the premises that may be affected by a levy that may be adopted, these are some of the premises that can least afford to pay it.

Question 5

It is proposed that those premises meeting the requirements of the Safety Thirst Award Scheme should be entitled to a 30% reduction in their Levy payment.

a) Do you agree that such premises should receive a 30% reduction?

Yes

b) Please give your reasons below.

This answer is given notwithstanding we feel that other award schemes should be considered for eligibility, such as Best Nar None and Purple Flag. To fail to recognise such schemes reduces their viability and given that the levy is being introduced to deal with late night crime and disorder, all such schemes that have a positive effect need to be recognised.

It is suggested that any best practise scheme that involves an element of expense to premises in order to qualify- be that by way of paying a fee to join or because of costs associated in achieving the accreditation standard- this should be taken into account and a reduction to the levy applied.

Given that many premises are already required to invest as a matter of course in CCTV, door staff and other provisions mainly related to trading later into the night, as well as costs in achieving 'best practise', the reduction should be set at 30%

Question 6

It is proposed that the income raised from the Levy should be divided between the City Corporation and the City of London Police with 30% going to the City Corporation and 70% to the Police.

a) Do you agree that the net revenue from the levy should be split in this way?

Yes

b) If not, please give your reasons for this and the split you feel would be more appropriate (Please remember that the City of London Police cannot receive less than 70%).

Question 7

It is proposed that that income from the Levy received by the City Corporation will be spent in accordance with paragraphs 5.10 and 5.11 of this document.

a) Do you agree with the way in which the City Corporation will spend their portion of the levy?

No

b) If not, please give your reasons below and any suggestions you have for ways in which the money can be spent (please remember that the money can only be spent on those areas described in paragraph 5.3 of this document).

Point 5.10 of the consultation relates to a post created for the benefit of all licence holders and as such it is harmful and wrong to expect only a section to pay for it.

Point 5.11 of the consultation would purport to create night time posts only. This, we suggest is wholly unrealistic and will in truth become an enforcement body paid for by late night operators but used as a means of enforcing against all premises holders. This is not the purpose of the Levy.

Regulation 8 of The Late night levy (Application and Administration) Regulations 2012 is prescriptive regarding how the Licensing Authority must apply its proportion of any monies raised by the adoption of the Late Night Levy.

We believe that the council's portion of the levy should be used for cleaning of any highway maintainable at the public expense within the City of London and for other schemes that would benefit all parties paying the Levy.

Question 8

- a) Do you agree with the way in which the City of London Police will spend their portion of the Levy?

No

- b) If not, please give your reasons below giving examples where possible of how you think the money would be better spent.

Using funding to pay for objections to TENs is simply robbing Peter to pay Paul. TENs are excluded from the Late Nigh Levy. To get applicants to pay a levy to allow the police to object to it is unfair. Presumably most applications come from premises who do not have later hours (including those who reduce their hours to avoid paying the levy)

The 'action team' does not appear to be focussed on the night time economy. Again, this is a misallocation of the funds raised.

Covert operations are not used necessarily for 'early intervention'. Indeed it is certainly not solely used for the night time economy. For instance, test purchase operations should not be paid for by the Late Night Levy given that such operations need to focus on a much wider time period.

Should the Late Night Levy be introduced, the police portion of the levy should be used to fund extra officers on the street during the levy period and nothing more.

Question 9

Have you any other comments to make regarding the introduction of a Late Night Levy?

It is accepted that in these challenging times, all (new) sources of possible revenue need to be considered. That said, the concern is that the monies generated by the late night levy will be used to limit the savings that the Police and the Authority need to secure to their budgets and that the monies raised will not be used to pay for additional policing or other arrangements related to the late night economy.

The City of London is almost unique in that it is predominantly a 'working' borough that operates working hours much later than those in other business districts - particularly with its significant number of international corporations. Therefore, the City has a service industry that supports the Cities unique hours. As such, we have concerns that the Levy, if introduced, will have detrimental consequences in forcing restaurants and pubs to vary their hours in order to avoid paying the Levy. This is because often trade after midnight is not sufficient to warrant payment of an additional Levy. We also feel that there has not been enough consideration given to the fact that business rates in the City of London are generally very high and therefore the Levy charged will also be higher than in other areas. Losing this amenity could have a detrimental effect on the image and perception of the City of London as one of the world's leading commercial centres.

In addition, implementation of a levy is likely to cost more than envisaged to administer and the amount of revenue raised could be significantly less than expected. It would appear that there has been no consideration of 'hidden' costs, such as the inevitable increase in TEN's applications that will require processing and will in all probability lead to more hearings before the Licensing Committee.

Whilst the Police and Council incur costs in relation to the reduction or prevention of crime and disorder in connection with the supply of alcohol between 00.00am and 6.00am, the night time economy provides economic benefits to the City which may be lost, at least in part, on implementation of a levy.

It is far from clear what funds will be raised by the late night levy, if it is introduced (despite the figures quoted above). We have concerns that any monies raised will not be sufficient to ensure the Authority can properly comply with its obligations under regulation 8 of The Late Night Levy (Application and Administration) Regulations 2012.

Further, we disagree with the figures stated in the consultation as being the sums that will be raised. Many premises who either do not use their later hours or who simply have permissions for the odd Bank Holiday that take them into the Late Night Levy period will simply remove those permissions, which will reduce the amount raised.

Certainly we would have serious concerns about the use of the Levy to fund enforcement action against all premises irrespective of whether they operate later hours or indeed have any effect on the night time economy.

It is also important to take into account the fact that when premises secured permission to undertake the supply of alcohol during the proposed late night levy period they will have, in many cases, been required to comply with conditions to assist in ensuring they were able to continue to promote the licensing objectives. Complying with these conditions will, in many cases, have resulted in the premises incurring not inconsiderable expense.

Additionally, if there are particular premises that are not promoting the licensing objectives, they can be subjected to, amongst other measures, a review under section 51 of the 2003 Act, a summary review under section 53A of the Act, a prosecution under section 136 of the Act, a closure order under section 161 of the Act or a closure notice under section 19 of the Criminal Justice and Police Act 2001.

As such, and for all the reasons stated above it is felt that the Late Night Levy will not benefit the City of London in any meaningful way.

Of greatest significance, however, is the Fees consultation currently under way. It would be a significant error in judgement to seek to implement a levy of premises who are currently being asked to contemplate significant fee increases in any event. In addition, there are elements of the fee consultation that overlap with the purpose of the LNL. Whilst the police would not directly see any monetary gain from a change in the fee structures it is likely that there will be a significant effect on the Night Time Economy that would not be fully understood before a levy is introduced.

Thank you for completing this questionnaire. Could you please indicate below the capacity in which you are making your comments?

- Licensed Premises (with licence to sell alcohol after Mid-night)
- Licensed Premises (with licence to sell alcohol no later than Mid-night)
- Non-Licensed Business (no licence to sell alcohol)
- Resident
- Alderman or Common Councilman
- Other (please state)

National Pub Company with premises in the City of London both entitled to sell alcohol after midnight and with no such entitlement.

We are happy to accept the consultation questionnaire anonymously but if you would like to tell us who you are then please complete your details below:

Name: Steven Buckley

Organisation you represent (if relevant): Punch Taverns plc.

This response is made for and on behalf of Punch Taverns plc.

