

**RESPONSE OF JD WETHERSPOON PLC TO THE CITY OF LONDON
CORPORATION'S LATE NIGHT LEVY CONSULTATION
FEBRUARY TO APRIL 2014**

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.

JD Wetherspoon PLC is one of the United Kingdom's largest and most well-known operators of managed pubs, employing over 33,000 people. Founded in 1979 by our current chairman Tim Martin, the company has 909 premises spread throughout England, Wales, Scotland and Northern Ireland.

During that period, the company has been at the forefront of the evolution of the pub with such initiatives as breakfast opening, increased access for families, the promotion of real ale and the wider availability of food.

The company has long established policies and procedures to ensure its premises promote the licensing objectives. We are committed to partnership working at every level to ensure that our pubs, and the late night economy in which they operate, are safe environments for our staff and customers.

As well as being a significant source of employment, especially for workers in the 18 to 25 age range, our premises are valuable social and community assets where people of all ages can eat, meet and drink in safe and comfortable surroundings.

JD Wetherspoon currently operates 4 premises in the City of London Corporation Licensing Authority area, 3 of which would be liable to contribute to the Levy on the assumption it applied to premises authorised to sell alcohol after Midnight.

Historically, we have had a constructive working relationship with the City of London Police. We oppose the imposition of the Levy but wish to reiterate that this should in no way be taken as a lessening of our commitment to continue working with the authorities in the City going forward.

We are opposed to the implementation of a Levy for several reasons. Firstly, it will impose a significant further cost burden on the hospitality industry within the City, when the overall costs the industry must pay whether for food, drink, labour and taxes continue to rise and customers' real incomes shrink impacting on profitability, and in some instances, the very viability of the businesses effected.

The Levy also follows on from a decade of significant and costly legislative change for the licensed industry starting with the Licensing Act 2003, the ban on smoking in public places and myriad other ancillary legislation during the same period all of which has increased the red tape burden, both in money and time, required for compliance.

We have calculated a total annual Levy payment for the 3 premises likely to be effected by the levy of £10,373.00

In addition to the above, we pay business rates with a reasonable expectation that some of the costs the Levy seeks to meet would be met from those. The industry is also one of the most highly taxed in the country; last financial year alone we paid almost £551,000,000 in VAT, Corporation Tax, NI, excise duty and other ancillary taxes.

We are a large national operator better placed to absorb such costs, but smaller independent operators may not, leading to a loss of individuality in the City's late night economy if those operators choose not to trade in it because of the increased financial burden. Nonetheless should the Levy be introduced we will be forced to consider the economic viability of trading our premises in the late night supply period. If there is not an economic case for remaining open, then we will not do so with a consequential impact on jobs and amenity.

It is not so much the financial impact of the Levy in isolation that should be considered, but its cumulative impact alongside the other increasing costs referred to above.

The late night economy of the City is not composed solely of businesses which may lead to crime and disorder. Many businesses impacted by the levy serve a diverse customer base visiting the numerous restaurants, cultural and business events that are a crucial part of the City's national and international appeal. It is these businesses that will be most affected by the Levy in that their trade in the Levy period may not be great in comparison to alcohol led, high volume premises and therefore have the least means to pay it. They are most likely to opt not to trade beyond the period the Levy applies leaving a likely mono-culture of larger premises and cutting down customer diversity; a diversity which has been long acknowledged as making for a more peaceable atmosphere in town and city centres.

The City of London Corporation should also consider the risk of a de facto uniform terminal hour for premises arising as operators cut back their premises licences to cease at the time the Levy applies from. This will mean more customers on the street at the same time with resultant pressure on resources such as taxis, fast food outlets and policing.

If operators do choose to pay the Levy then they will have to look to ways to generate the additional income to pay it. In a late night economy which is already very competitive this may lead to further discounted drinks promotions.

Given the economic and cultural contribution the late night economy makes to the City, the justification for imposing a greater financial burden on it needs to be a compelling one.

The fairness of the Levy should also be taken into account. We operate our premises in the City in close cooperation with the Police and other authorities. We adhere to responsible drinks retailing and steer away from those promotions which undoubtedly encourage intoxication and anti-social behaviour. The Levy however, makes no distinction between good and bad operators. The justification for a Levy in general terms has been expressed as making the polluter pay, but of course whilst the polluter does pay, so do others who contribute little to the crime and disorder the cost of reducing the levy seeks to meet

We would instead place a greater emphasis on partnership working with operators. There are many examples of successful voluntary schemes between venues and authorities which have a direct impact on reducing crime and disorder and therefore the costs of policing it. These include Best Bar None, Pubwatch, Purple Flag and Business Improvement Districts. These schemes allow venues to use their own inherent expertise and knowledge of the business

environment to effect change rather than simply being asked to fund work by others who do not have such expertise and knowledge. The schemes are therefore much more cost effective and promote a greater buy in from operators than that which will be created by a Levy which many will, with justification, view as simply an additional tax.

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

2am – 6am

Any other time span (please state which time span)

We do not support the Levy in principle therefore do not advocate any time period for its operation.

If a Levy was to be introduced, we would argue that it should apply to true late night operators as opposed to those venues, largely pubs and restaurants, whose licences only allow them to trade a limited time after midnight, perhaps on one or two nights a week, and whose main business focus is therefore before midnight. It is not these types of venues whose customers traditionally contribute to late night disorder. It is noteworthy that from the crime figures for alcohol related violent crimes provided by the City of London Police, the highest number of crimes take place in the period from 0100 to 0300. Can it be reasonable, fair or proportionate that premises that may cease selling alcohol at Midnight, 0030 or 0100 be required to pay for dealing with crimes occurring hours after they are shut?

Question 3

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

a) Do you agree 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
Theatres & Cinemas
Bingo Halls
Community Amateur Sports Clubs
Community Premises
New Year's Eve**

**Business Improvement Districts
No Exemptions**

As a general principle, we do not support any proposed exemption to the Levy based on individual types of premises with the exception of New Year's Eve and premises within a Business Improvement District. The basis of the introduction of the Levy is to meet the costs of policing and other arrangements for the reduction or prevention of crime and disorder, in connection with the supply of alcohol. There is nothing inherent in any of the possible exemption categories which suggests that the alcohol supplied on such premises is any less likely to contribute to such crime and disorder.

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

Many premises which are not normally licensed to sell alcohol beyond 0000 or later will have permission for extended hours on New Year's Eve. All licensed premises which converted their old justice's on-licence will have grandfathered over a right to open until the commencement time for the sale of alcohol on New Year's Day. If a Levy exemption was not applied, such premises would face the choice of either paying the Levy for the benefit of one night's extended trading or varying their premises licence creating a significant administrative burden on them and the City of London's licensing team.

Quite apart from this consideration, New Year's Eve is one of the most significant public celebrations in the calendar and venues should be able to trade beyond midnight without paying a levy so that they can contribute to that celebration.

We refer to the benefits of partnership schemes in our response to question 1b. We note that there is no qualifying BID currently in the City of London but the availability of an exemption will be a strong encouragement to one being established. The effectiveness of BIDs in improving standards and reducing crime and disorder in the late night economy has been clearly shown in Birmingham's Broad Street and Nottingham.

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?

Please see our response to question 3b above.

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

Anything which encourages participation in best practice schemes should be encouraged. These schemes are proven to deliver real improvements in the late night economy in a cost effective way. We support a full 30% reduction for premises which meet the requirements of the Safety Thirst Award Scheme.

We would recommend however that there is not too much prescription in the type of best practice scheme which would potentially attract a reduction. Certain types of scheme are more suited to certain types of premises and the wider the range of schemes which could attract a reduction then the greater the likelihood of those schemes gaining membership and momentum.

Question 6

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

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

Yes. Given that there is no binding requirement for the Police to spend its share in policing the late night economy in the proposed Levy area, we would prefer to see the licensing authority being given its maximum possible share.

Consideration should be given to the development of a joint programme which would pool the levy proceeds to maximise impact.

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

N/A

Question 7

It is proposed that the income from the Levy received by the Local Authority 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 Licensing Authority 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)

We are concerned that the focus of the spending is either on administration or enforcement neither of which we consider likely to have sufficient practical impact nor to engage sufficiently the operators who will be paying the Levy. A much more creative means of applying the Levy proceeds should be developed and we advocate that a liaison group comprising of operators and authorities is set up to decide on spending priorities. This will develop a collaborative approach and allow the monies to be spent in ways most likely to see an improvement in the late night economy. This approach has been followed in Newcastle upon Tyne where a decision to introduce the Levy has already been taken and the first liaison meeting is to take place later this month. This might include street or taxi marshals or other measures to improve the public space and actually encourage peaceable visitors to the late night economy to everyone's benefit.

Question 8

a) Do you agree with the way in which the 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.

Whilst we fully support a focus on operators who are not promoting the licensing objectives, the Police proposals for their share of the Levy proceeds seem unduly narrow. The levy proceeds, or at the very least a significant proportion, should be spent in a manner which benefits all operators who contribute to it in a much more imaginative fashion. This could involve the funding of participation in partnership schemes/initiatives which benefit the whole late night economy and drive standards up across the whole range of operators. Good operators should not see their money solely spent on enforcement action against poor ones.

Question 9

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

We note that some of the criticisms of the previous consultation have, at least in part, been addressed in this consultation.

We note the attempt to outline the costs incurred in policing the period between 0000 and 0600 in the City of London area but the costs provided cover the period 2000 to 0630 and whilst there is an approximation of how much of those costs are incurred in the proposed supply period itself, there is no further breakdown to show when exactly those costs are incurred. Without this information it is difficult to assess when an appropriate supply period is.

We are also concerned that the evidence provided in the consultation as to existing crime figures merely presents two years' figures. This is an improvement on the original consultation but we consider it still impossible to assess any statistical trend. How can it be established if the figures are rising or falling especially in light of various initiatives such as the City of London Police's recently introduced traffic light scheme? The national figures for alcohol related violent crime are falling and it is essential in any consideration of whether an economically damaging Levy is required in the City to see the trends for similar crime in the area.

We strongly urge that further detailed consideration is given to the impact of the Levy on operators of licensed premises in the City and why, if the evidence establishes that there is a trend of rising alcohol related crime and disorder, a partnership based approach cannot be used to tackle it.

JD Wetherspoon PLC

8th April 2014

