

Committee:	Date:
Licensing	3 February 2016
Subject: Late Night Levy – 12 Month Report	Public
Report of: Director of Markets and Consumer Protection	For Decision
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Summary

A Late Night Levy has been operating within the City of London since 1 October 2014. This report looks at the first year of operation and details the number of premises that are paying the Levy, the income collected and how that money has been spent to date.

The evidence shows that as many premises at the beginning of the second Levy year were liable to pay the Levy, due to their terminal hour for selling alcohol being after midnight, as at the beginning of the first Levy year.

The income collected has enabled the licensing service to continue with operating its unique risk scheme combined with Safety Thirst, a best practice scheme. The Police and cleansing service have been able to put additional resources into those areas that are affected by the night time economy directly affecting the levels of crime and disorder and public nuisance.

Although the Levy would need to operate for a minimum of a further year before the effects can be fully examined, the lack of licensing hearings or reviews for the last nine months of the first Levy year is unprecedented.

Recommendation(s)

Members are asked to:

1. Confirm that expenditure of the Levy continue in the three areas set out at paragraphs 19, 20 and 29 with continued exploration of areas where the night time economy, within the scope of paragraph 18, may benefit from use of Levy income.
2. Agree that the final allocation of the Levy, apportioned for use by the City Corporation, to be decided by the Chairman and Deputy Chairman of the Licensing Committee in consultation with the Director of Markets and Consumer Protection.
3. Require officers prepare an annual account of the operation and effect of the Levy which is to be reported to the Licensing Committee.

Main Report

Background

1. The Police Reform and Social Responsibility Act 2011 introduced the power for licensing authorities to impose a Late Night Levy on those premises selling

alcohol after midnight. The aim of the Levy is to empower local areas to charge businesses that supply alcohol late into the night for the extra costs that the night-time economy generates for police and licensing authorities.

2. On the 28 April 2014 this Committee considered a report on the introduction of such a Levy within the City of London and recommended to the Court of Common Council on 12 June 2014 that the Levy be adopted. The Levy was adopted and introduced within the City from 1 October 2014.
3. The Levy was applied to all premises selling alcohol after midnight between the hours of 00:01 and 06:00. Premises selling alcohol after midnight due solely to a condition permitting them to sell on New Year's Eve would still be liable to pay the Levy.
4. Prior to the introduction of the Levy all licensed premises in the City of London were sent a letter informing them of the Levy's introduction and the fact that if they so desired, they could submit a free variation to bring their licence outside of the Levy period. The letters originally stated that this period would end on 18 July 2014 but was later extended to the eve of the introduction on 30 September 2014.
5. The variation involved either reducing their terminal hour for alcohol sales to at or before midnight and/or removing any conditions/non-standard hours that permitted them to sell alcohol after midnight e.g. to stay open late for alcohol sales on New Year's Eve.
6. Copies of the letters to premises that were knowingly liable to pay the Levy and all others can be seen as Appendices 1 and 2 respectively.

Premises liable

7. As at 1 October 2014, 253 premises were liable to pay the Levy by virtue of the fact that their terminal hour for the sale of alcohol was after midnight. Other premises may have been liable by virtue of being permitted to sell alcohol due to conditions/non-standard timings although this number is not available.
8. 90 premises took advantage of the option to submit a free variation which took them outside of the Levy period. It is not recorded whether these premises were simply reducing their terminal hour and/or removing a condition/non-standard hours.
9. Between 1 October 2014 and 30 September 2015 a number of other premises submitted variations to bring them outside the Levy period along with a number of other premises that would have submitted variations whether or not a Levy had been adopted. These would have paid the statutory fee of £89.
10. Again, it was not recorded whether these 'paid' variations were simply reducing their terminal hour and/or removing a condition/abnormal hours or indeed, whether they would have made an application for a minor variation whether or not the Levy had been adopted. It can be seen from the following table that 'paid' applications for minor variations during the first year the Levy was in place were higher than in previous years.

Year	No of Minor
1 Oct 2010 – 30 Sep 2011	35
1 Oct 2011 – 30 Sep 2012	38
1 Oct 2012 – 30 Sep 2013	65
1 Oct 2013 – 30 Sep 2014	64(free) + 46
1 Oct 2014 – 30 Sep 2015	26 (free) + 117

Generated Income

11. The amount of the Levy is prescribed nationally and is based on the premises rateable value. The annual charges for the Levy, and weekly equivalent, are:

Rateable Value (£)	Rateable Band	Amount of Levy (£)	
		Annual Levy	Weekly Equivalent
0 – 4,300	A	299	5.75
4,301 – 33,000	B	768	14.77
33,301 – 87,000	C	1,259	24.21
87,001 – 125,000	D	1,365 (2,730*)	26.25 (52.50*)
125,001 +	E	1,493 (4,440*)	28.71 (85.39*)

** Where a multiplier applies for premises used exclusively or primarily for the supply of alcohol for consumption on the premises (bands D & E only)*

12. It was forecast in April 2014 that the Levy would raise approximately £220k of which £155k would be paid to the City of London Police (the statutory minimum) and £65k retained by the City Corporation.
13. The forecast was based on approximately one third of premises submitting minor variations and the majority of liable premises becoming members of the Corporations' Safety Thirst scheme and obtaining a 30% discount. The forecast was also based on the number of premises at that time, and the rateable band they fell into.
14. The original forecast did not take into account the number of premises that were liable to pay the Levy solely because they retained a condition that permitted them to sell alcohol after midnight, albeit on only one day per year. This was due primarily to the fact that the information was not readily available from the licensing team's database but also, because it was assumed that most premises in this situation would submit a variation to remove the condition.
15. At the six month stage of the first Levy year it was forecast that the Levy would generate approximately £415k. After removing an amount for administering the scheme the remainder was to be divided between the City of London Police (70% - statutory minimum) and the City Corporation (30% - statutory maximum).

Safety Thirst Scheme

16. Legislation permits a local authority to give a 30% discount off the Levy payment for those premises that participate in a best practice scheme. The scheme has to show why membership of it is likely to result in a reduction of alcohol-related crime and disorder, there is a requirement for active participation by scheme members and those members who do not participate appropriately can be removed from the scheme. The scheme currently used by the City Corporation is the Safety Thirst Scheme.
17. The Safety Thirst Scheme has been running for a number of years but was completely revamped in 2014 prior to the Levy being adopted. It lays down a set of criteria in a number of areas that premises either must meet or are expected to meet. Those premises meeting the 'must meet' criteria can join the scheme and receive a 30% discount in their Levy payments.

How is the Levy to be spent?

18. In the report to the Licensing Committee on 6 May 2015 it had not been finalised how the income generated by the Levy was to be spent. However, the City Corporation are required to spend their allocation in specific areas namely:
 - The reduction or prevention of crime and disorder
 - The promotion of public safety
 - The reduction or prevention of public nuisance
 - The cleaning of any highway maintainable at the public expense within the City of London (other than a trunk road) or any land to which the public are entitled or permitted to have access with or without payment and which is open to the air
19. It was suggested in the above report that the money was likely to be spent on funding a post to operate the Code of Practice, Risk Assessment and Safety Thirst Schemes.
20. It was also intended to fund a team of officers to work during the Levy period 00:00 to 06:00 and to provide a late night cleansing team to deal with the effects of anti-social behaviour.
21. The City of London Police have no such restrictions as to what they can spend their allocation of the Levy on. However, it was indicated that the money would only be used to fund additional work related to policing of the Night Time Economy.

Current Position

Premises Liable

22. The number of premises liable to pay the Levy on 1 October 2015 was 330. Of these, 253 – by coincidence the same number liable on 1 October 2014 – were liable by virtue that their terminal hour for the sale of alcohol was after midnight. The remaining 77 were liable because they have a condition on their licence,

and/or non-standard hours, which permitted the premises to sell alcohol after midnight on at least one day per year.

Generated Income

23. The total amount collected in the first Levy year is as follows:

Month	Amount Collected
Oct 14 – Mar 15	£143,594.80
Apr 15 – Sep 15	£301,492.90
TOTAL	£445,087.70

The total for the year was greater than the six month forecast due primarily to fewer premises than expected becoming members of the City Corporation's Safety Thirst scheme.

24. The total amount retained by the Corporation for administering the Levy scheme in its first year is £25k. The amount to be collected from year two onwards is £15k. The year one figure allows an additional £10k for the setting up of the scheme.

25. The net total collected is therefore £445,087.70 less £25,000. This has been apportioned as follows:

- City of London Police - £294,061.39 (70%)
- City Corporation - £126,026.31 (30%)

26. Forecasts of income for 2015/16 (the second Levy year) are not expected to fall much below £430k.

Safety Thirst Scheme

27. Of the premises that paid the Levy between 1 October 2014 and 30 September 2015, only 26 had applied for and met the required standard. 29 premises in total met the required standard.

28. Prior to the second Levy year commencing on 1 October 2015 31 premises had met the required standard with a total of 26 being premises that sold alcohol after midnight.

What has the money been spent on?

29. Of the £126k apportioned to the City Corporation the following amounts have so far been spent:

- Out of Hours Team (£10,000). The team operate between 00:00 and 06:00 and can provide a rapid response to complaints relating to public nuisance – usually in the form of noise. In addition, the team are able to identify areas where, although no complaint has been received, problems do, or may exist. This information is fed back to the Licensing Service who are able visit the premises concerned and discuss ways in which problems can be avoided.

- Part funding of new posts (£30,302). In order to prevent problems occurring the City Corporation introduced a Risk Assessment Scheme whereby issues relating to premises carry a score which is recorded and used to identify where problems may occur. The Licensing Service and City Police are then able to meet with the premises and discuss ways in which problems can be avoided. The scheme was operated by staff with no means of sustaining their funding. Although the risk scheme is for all premises over 90% of those premises obtaining points sell alcohol after midnight. The scheme, along with the work of the City Police and others, has resulted in the number of licensing hearings reduced from approximately 17 per year to none in the second two-thirds of the Levy year (1 Jan 2015 – 30 Sep 2015),
- Cleansing (£34,000) – Department of Built Environment provide a cleansing service through their term contractor Amey that is funded from the Night Time Levy. This service covers all areas of the City and operates Thursday to Sunday (inclusive) during the hours that the Night Time Levy is applicable.

The Night Time Levy team visit locations throughout the City, they sweep, clear litter, wash, disinfect and deal with any Anti-Social Behaviour issues and staining identified around licensed premises. They also provide a service for one-off licensed events. Scheduled flushing and washing is carried out on streets around these locations, as well as removal of flyers and other related litter that is generated by the night time economy. Part of the enhanced service also covers the flushing and washing of transport hubs.

This service has a positive effect on the cleanliness and image of the City. The cleansing management team believe that this service addresses the additional challenges raised by the increasing night time economy. The service is monitored by the Street Environment Team (COL) and the Amey Environmental Managers to make sure the required standards are achieved.

Item	Amount (£)
Out of hours team (Corporation)	10,000
Part funding of licensing post (Corporation)	30,302
Cleansing (Corporation)	34,000
Additional Officer (Police)	51,000
Christmas Campaign 2014 (Police)	76,000
New Year's Eve 2014 (Police)	9,000
Licensing Operations (Police)	45,000
TOTAL	£255,302

Summary of money spent to date

30. Therefore a total of £255k has been spent to date. Discussions are in place between relevant parties in order to ascertain the best way in which the balance, and the ongoing income in future Levy years, can be used. This includes consultation with the Levy payers. Future spends may include areas such as taxi-marshalling and enhancement of health provision during the Christmas period.

31. The City Police identified areas in which to spend their portion of the money. Details of Police expenditure can be seen as Appendix 3.

Corporate & Strategic Implications

32. The proposals within this report will meet one of the overriding objectives contained within the service's business plan namely to 'Oversee the operation of a Late Night Levy'.

Implications

33. Any money retained by the City Corporation from the Levy income must be spent on the areas referred to in paragraph 18, although it does not have to be spent in the same Levy year in which the income was generated.
34. Any expenditure in excess of the income received would need to be met from existing local risk budgets.

Conclusion

35. The number of premises paying the Levy has not reduced. We now have an accurate count of those premises that are paying the Levy by virtue of either a condition or non-standard hours. We know that the number of premises paying the Levy is higher than we thought prior to the Levy being introduced.
36. Forecasts for the second Levy year (1 October 2015 to 30 September 2016) are not likely to be significantly less than in year one. There may be a few more premises submitting minor variations but this is felt unlikely.
37. With Police achieving results which are likely to directly reduce the incidence of crime and disorder, and the number of hearings heard by the Licensing Committee being drastically reduced, it would appear that the Levy money is having a positive effect. However, it is still too early to fully review the scheme and a greater understanding of the success or otherwise should be available by this time next year.

Appendices

- Appendix 1 – Letter to liable premises
- Appendix 2 – Letter to other premises
- Appendix 3 – Police Expenditure

Background Papers

Report to Licensing Committee 28 April 2014: 'Late Night Levy Consultation'.)
Home Office 'Amended Guidance on the Late Night Levy' – 24 March 2015

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