

<b>Committee(s)</b>	<b>Dated:</b>
Licensing Committee	7 February 2018
<b>Subject:</b> Late Night Levy – 12 Month Report (1 Oct 2016 – 30 Sep 2017)	<b>Public</b>
<b>Report of:</b> Director of Markets and Consumer Protection	<b>For Decision</b>
<b>Report author:</b> Peter Davenport - Licensing	

### Summary

A Late Night Levy has been operating within the City of London since 1 October 2014. This report looks at the third 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 a similar number of premises were liable to pay the Levy at the beginning of the fourth Levy Year 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 The Department of Built Environment's 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.

### Recommendation(s)

Members are asked to:

1. Agree the way in which the City of London Police's share of the Levy is to be administered as outlined in paragraphs 18 – 20 of this report.
2. Agree that the Late Night Levy should continue to operate for at least a further three years.
3. Require officers to 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 is 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.

### Current Position

#### Premises Liable

4. In the April 2014 report to this Committee there were 290 premises that were expected to pay the Levy when it became effective assuming none wished to vary their hours for free prior to the Levy starting. During the first Levy Year (October 2014 to September 2015) 308 premises paid the Levy. During the third Levy Year (October 2016 to September 2017) 300 premises were subject to the Levy. This would appear to indicate that the Late Night Levy is not a deterrent to those premises wishing to operate after midnight from doing so.

#### Generated Income

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

**Table 1: Levy Payable by Premises**

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)*

6. The total amount collected in each Levy Year to date, and the apportionment between administration costs, the City Police and the City Corporation each year, is shown in Table 2 below. Forecast income for the first half of the fourth Levy Year, expected to remain broadly in line with the same period in previous years, is also included.
7. The Levy may produce a slightly higher figure for Year Four due to the Valuation Office Agency re-assessing the rateable bands of premises in 2017 and some premises moving into a higher band.
8. The total amount collected and apportioned to the City Corporation, and to be collected over the next few months, is as follows:

**Table 2: Levy Income and Apportionment by Levy Year**

<b>Levy Year</b>	<b>Total Collected £000</b>	<b>Admin Cost £000</b>	<b>Police Share (70%) £000</b>	<b>City Share (30%) £000</b>
1 (Oct 14 – Sep 15)	445	25	294	126
2 (Oct 15 – Sep 16)	468	15	317	136
3 (Oct 16 – Sep 17)	454	15	307	132
4 (Oct 17 – Mar 18) (part year)*	112	5	75	32
<b>TOTAL</b>	<b>1,479</b>	<b>60</b>	<b>993</b>	<b>426</b>

*\*Forecast figures*

9. A breakdown of the City Corporation's share of the income by both Levy and Financial Year is as follows:

**Table 3: Breakdown of City Corporation's share of the Levy income**

<b>Table 3 Levy Year</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>TOTAL</b>
1 (Oct 14 – Sep 15)	39	87	0	0	126
2 (Oct 15 – Sep 16)	0	41	95	0	136
3 (Oct 16 – Sep 17)	0	0	32	100	132
4 (Oct 17 – Mar 18) (part year) *	0	0	0	32	32
<b>TOTAL</b>	<b>39</b>	<b>128</b>	<b>127</b>	<b>132</b>	<b>426</b>

*\* Forecast figures*

### **Safety Thirst Scheme**

10. Legislation permits a local authority to give a 30% discount on 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.

11. 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.
12. The number of premises achieving membership of the scheme during 2015 was 32 of which 26 were subject to the Levy. The number achieving membership in 2017 was 46 of which 39 were subject to the Levy.

### **How the Levy has been spent – City Corporation**

13. The City Corporation are required to spend their allocation of levy money 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
14. Of the total Levy funds apportioned to the City Corporation to the end of 2017/18 (including the forecast for the first half of Levy Year Four) the following amounts have so far been spent or committed:

**Table 4: City Corporation Levy Expenditure to 31 March 2018**

<b>Financial Year</b>	<b>Area of expenditure</b>	<b>Cost £000</b>	
2015/16	Out of Hours Team	20	
	Funding of Licensing Posts	30	
	Cleansing	34	
	<b>Total 2015/16</b>		84
2016/17	Out of Hours Team	20	
	Funding of Licensing Posts	39	
	Cleansing	64	
	Club Soda	30	
	<b>Total 2016/17</b>		153
2017/18	Out of Hours Team	20	
	Funding of Licensing Posts	39	
	Cleansing	64	
	Club Soda	20	
	<b>Total 2017/18</b>		143
	<b>Total Expenditure</b>		<b>380</b>
	Unspent Balance		46
	<b>Total Levy Funding (COL)</b>		<b>426</b>

- a) Out of Hours Team. 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.
- b) Part funding of new posts. In order to help 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 previously 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 18 per year to currently only 10 per year.
- c) Cleansing – The Department of the Built Environment provides a cleansing service through their term contractor Amey that is funded from the Levy. This service covers all areas of the City and operates Thursday to Sunday (inclusive) during the hours that the Levy is applicable.

The Levy funded cleansing team visits locations throughout the City, 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 Amey Environmental Managers to make sure the required standards are achieved.

During 2016/17 additional power washing was carried out to clean areas particularly affected by the night time economy. The areas targeted being Cloth Fair (to include alleys beside public houses), Eastcheap (to include Lovat Lane, Pudding Lane and Monument), Muscovy Street (to include Trinity Square, Minories and Aldgate), Bishopsgate Area and Leadenhall Street (to include Cornhill and Royal Exchange). This is continued during 2017/18.

- d) Club Soda – Club Soda are an East London based startup helping people whether they want to drink more mindfully, or go alcohol-free. Club Soda offer online behaviour change tools, email programs, workshops and socials, and a supportive community.

Initial payments to the group have helped fund a guide for City pubs where they can self-assess their performance in the provision of alternative drinking

options. During the six month project, Club Soda visited all venues in the City of London that sell alcohol after midnight. Certain aspects of the scheme have been dovetailed into the Corporation's Safety Thirst scheme.

For 2017/18 the scheme is to be enhanced to include hotels, restaurants and other premises. Only that part of the project dealing with premises selling alcohol after midnight will be funded by the Levy. This is estimated to be between £20k and £30k.

15. Table 4 shows that a total of £380k has been spent or committed by the City Corporation to the end of March 2018, and £46k of the income for the same period remains unallocated.
16. Regular discussions are in place between relevant parties in order to ascertain the best way in which this balance, and the ongoing income in future Levy Years, can be used. This will include consultation with the Levy payers.

### **How the Levy has been spent – City of London Police**

17. Unlike the City Corporation, the City of London Police does not have restrictions as to what they can spend their allocation of the Levy on. However, it was indicated that the money would be used to fund additional work related to policing of the Night Time Economy
18. A Late Night Levy Planning Meeting (LNLPM) meets quarterly to discuss Levy spend by the Police. However, to agree final spend the process is onerous and could take time to agree with requests being submitted to Force Tasking.
19. It is the intention that future LNLPM meetings will be chaired by the Chief Superintendent of Uniformed Policing and attended by other representatives of CoLP and COL including Licensing, Environmental Health, Community Safety and Finance.
20. The governance of this meeting will replace the requirement for requests for Levy funds to go to Force Tasking for approval. It is also suggested, until further notice, that the management, accounting and allocation of monies will be carried out by the City Corporation, once approved by the LNLPM. It is considered that this will assist with clarity, accuracy and simplicity of future reports to Committee and other interested parties.
21. Details of the City of London police expenditure for Levy Year Three (Oct 2016 to Sep 2017), and allocated expenditure to date for Levy Year Four (Oct 2017 to Mar 2018) can be seen as Appendix 1.

### **Corporate & Strategic Implications**

22. The proposals within this report will help to meet one of the overriding aims contained within the new draft Corporate Plan 2018-23 namely to 'Contribute to a Flourishing Society' by way of making people safe and feel safe.

## **Implications**

23. Any money retained by the City Corporation from the Levy income must be spent on the areas referred to in paragraph 13, although it does not have to be spent in the same Levy year in which the income was generated.
24. Any expenditure in excess of the income received would need to be met from existing local risk budgets.

## **Conclusion**

25. The number of premises paying the Levy has not reduced significantly in Year Three.
26. Forecasts for the fourth Levy Year (1 October 2017 to 30 September 2018) are that income is likely to be maintained at a level similar to the first three years.
27. 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 also reduced, it would appear that the Levy money is having a positive effect on the night time economy.
28. As such, the Late Night Levy should continue to operate for at least a further three years.

## **Appendices**

- Appendix 1 – Police Expenditure

## **Background Papers**

Report to Licensing Committee 11 July 2016: 'Late Night Levy – Interim Report.'

Report to Licensing Committee 01 February 2017: 'Late Night Levy – 12 Month Report.'

Home Office 'Amended Guidance on the Late Night Levy ' – 24 March 2015

## **Peter Davenport**

Licensing Manager

T: 020 7332 3227

E: [peter.davenport@cityoflondon.gov.uk](mailto:peter.davenport@cityoflondon.gov.uk)