

Briefing Paper: The Late Night Levy

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Overview

The Late Night Levy is a discretionary power available to licensing authorities in England and Wales to raise revenue to address the costs of policing and managing the night-time economy. Licensing authorities in England and Wales sit within local government: licensing is managed and administered by local government officials, with decision-making on applications for premises licences and licensing policy ultimately resting with licensing committees made up of elected local councillors. Licensing authorities can be councils of districts, counties or London boroughs.

The levy applies to holders of premises licenses or club premises certificates during the “late night supply period”. In practice, this includes late-night bars, pubs, restaurants, nightclubs and alcohol-retailing shops. The late night supply period is determined locally within the hours of midnight and 6 am. The levy applies to a licensing authority’s entire geographical area and to all premises licensed to supply alcohol during the late night supply period within both the on- and off-trade. The levy amount is nationally-determined based on the rateable value of each premise (Table 1). The rateable value refers to the open market rental value on 1 April 2015, which is determined by the Valuation Office Agency. The net revenue from the levy must be split between the licensing authority and the police service (via the Police and Crime Commissioner (PCC)), with a minimum of 70% of the net revenue going to the police. The licensing authority and police may choose to pool the net revenue.¹

Table 1: Late Night Levy charges²

	Rateable Value	Annual Levy Charge
A	No rateable value - £4,300	£299
B	£4,301 - £33,000	£768
C	£33,001 - £87,000	£1,259
D	£87,001 - £125,000	£1,365
E	£125,001 + above	£1,493
D x 2	Multiplier applied to premises in category D that are primarily / exclusively alcohol-led	£2,730
E x 3	Multiplier applied to premises in category E that are primarily / exclusively alcohol-led	£4,440

History

The levy was introduced in the *Police Reform and Social Responsibility Act 2011* in order to address the costs of alcohol-associated crime, which are estimated in England at £11 billion per year (2010-11 costs).^{2,3} A Home Office Impact Assessment estimated the levy would be viable in 94 licensing authorities in England and Wales.⁴ In response to fewer licensing authorities implementing the levy

¹ Home Office. (2015). [Amended late night levy guidance](#).

² Home Office. (2012). [Consultation on including a health objective in the Licensing Act 2003 related specifically to cumulative impact](#).

³ Institute of Alcohol Studies (2020). [The costs of alcohol to society](#).

⁴ Home Office (2011). [Impact Assessment for the alcohol measures in the Police Reform and Social Responsibility Bill](#).

and criticism that the levy was inflexible and unfair, the *Policing and Crime Act 2017* reformed the levy by:

- 1) Permitting licensing authorities to apply the levy to specific geographical locations;
- 2) Extending the levy to apply to late night refreshment outlets (defined as those supplying hot food and hot drink between 11 pm and 5 am);
- 3) Allowing PCCs to request the licensing authority to consult on introducing a levy (the licensing authority must then conduct a levy consultation or respond in writing to the PCC to explain why they will not proceed with a consultation); and
- 4) Mandating licensing authorities to publish how levy funds are spent.⁵

The *Policing and Crime Act 2017* levy reforms have not yet come into force.

Introducing a levy

Licensing authorities wishing to introduce a Late Night Levy must consult with the chief officer of police and relevant PCC. If the levy appears appropriate to local circumstances and viable, the licensing authority must then hold a consultation on the proposed design of the levy including: the defined supply period, any exemptions and/or reductions to the levy fee and an outline of how the licensing authority will use their share of the net revenue. Following the consultation period and a decision to proceed with the levy, the levy must achieve full council (local authority) approval prior to implementation. Following a decision to introduce the levy, holders of premises licenses or club premises certificates may apply for a minor variation to reduce their licensed hours to avoid paying the levy. Any changes to the levy, including changes to the split of the net revenue or the supply period, must be subject to further consultation prior to implementation.¹

Licensing authorities may choose to offer reductions or exemptions for certain categories or locations of premises (Box 1). A 30% reduction of the levy fee is permitted for a premise that is a member of a recognised “business-led best practice scheme” (e.g. PubWatch), or receives small business rate relief and has a rateable value of less than £12,000.¹

Box 1: Permitted exception categories¹

Premises with overnight accommodation
Theatres and cinemas
Bingo halls
Community amateur sports clubs
Community premises
Country village pubs
Business Improvement Districts
Businesses licensed for the supply period only on New Year’s Eve.

National context

Eleven licensing authorities in England currently operate Late Night Levy schemes (Box 2), of which 6 are in London. Redbridge consulted on the levy and planned to implement it, but those plans are currently on hold. Cheltenham had a levy in operation between 2014 – 2017, but terminated it

Box 2: Late Night Levy schemes (March 2021)

Camden*
Chelmsford
City of London*
Hackney*
Islington*
Liverpool
Newcastle
Nottingham
Southampton
Southwark*
Tower Hamlets*
*London Boroughs

⁵ Woodhouse. (2019). [Briefing Paper Number 7100: The Late Night Levy](#). House of Commons Library.

after raising less revenue than anticipated.^{3,6} Citing changes to the night time economy, the introduction of a Business Improvement District and the financial impact of COVID-19 on the hospitality sector, Southampton City Council voted to terminate the levy from 1 April 2021.^{7,8}

The use of levy funds has varied by area. Examples of their use include additional police and community safety officers, including police sergeants with a specific night-time economy remit; targeted police operations and patrols; street pastors; taxi marshals; additional CCTV; radio systems; street cleaning; pop-up urinals; public awareness campaigns; temporary venues for individuals leaving the area; training for licensed premise staff; defibrillators; and financial support to best practice schemes.^{9,10,11}

Industry response

Industry actors have argued the levy places an unfair burden on premises that contribute to the financial success of local areas, that the levy unfairly applies to the entire local authority when certain geographical sub-areas place a greater demand on police services and that outlets licensed for food takeaway are unfairly exempt despite contributing to alcohol-associated crime and disorder and late-night litter.⁹

Despite these criticisms, two studies conducted by the National Institute for Health Research, School for Public Health Research (NIHR SPHR) found that once levies were in operation, many commercial actors reported satisfaction with levy-funded services, particularly the visible police and community-safety presence.^{12,13} However, at the time of writing, there has been no detailed evaluation published.

Evaluation and Review

The Institute for Alcohol Studies and Foundation for Alcohol Research and Education reviewed and assessed multiple alcohol availability policies and concluded that the Late Night Levy had limited evidence of effectiveness in reducing alcohol-associated harms. However, the same report acknowledged that there have been no formal evaluations of the impact of the levy.¹⁴

There has been no national evaluation of the Late Night Levy; a proposal from researchers at the University of Oxford and the London School of Hygiene & Tropical Medicine to do so was not funded. The Mayor's Office for Policing and Crime (MOPAC) has commissioned research into the operation and impact of the Late Night Levy in London which is to include an analysis of crime and antisocial behaviour, but the results have not been published.¹⁵

⁶ Southwark Council. (2019). [Late night levy](#).

⁷ Southampton City Council. (2020). [Late night levy](#).

⁸ Southampton City Council. (2020) [Public Document Pack. Wednesday 18th November 2020](#).

⁹ Secretary of State for the Home Department. (2017). [The Government Response to the Report from the House of Lords Select Committee on the Licensing Act 2003. Session 2016-17 HL Paper 146: The Licensing Act 2003: post-legislative scrutiny](#).

¹⁰ Camden Council. (2015). [Late night levy: Key information document](#).

¹¹ Home Office. (2016). [Impact Assessment: Policing and Crime Bill: Changes to the Late Night Levy](#).

¹² Mooney et al. (2017). Investigating local drivers for alcohol harm prevention: a comparative case study of two local authorities in England. *BMC Public Health*. <https://doi.org/10.1186/s12889-017-4841-3>

¹³ McGill et al. (2020). Tackling local alcohol-related harms in the night time economy: a process evaluation with a complex systems perspective. Society for Social Medicine & Population Health. Annual Scientific Meeting.

¹⁴ Foster et al. (2017). [Anytime, anyplace, anywhere? Addressing physical availability of alcohol in Australia and the UK](#). *Institute for Alcohol Studies and Foundation for Alcohol Research and Education*.

¹⁵ Greater London Authority. (2019). [ADD2372 Late Night Levy Research](#).

A process evaluation of the Late Night Levy conducted by the researchers at the London School of Hygiene & Tropical Medicine in one London local authority found that a quarter of venues varied their licensing hours to avoid paying the levy. Payment of the levy by premises that continued to hold licences to sell alcohol after midnight was sufficient to fund additional police and community-safety patrols. The additional patrols prioritised engagement with the public and licensed premises to reduce disorder and antisocial behaviour and to improve venue management practices. Following the first year, the local authority reported a 17% reduction in alcohol-related crime between midnight and 8 am and a 14.4% reduction in alcohol-associated violence compared to the previous 12 months, although cautioned that these reductions were likely not all attributable to the levy.¹³

The House of Lords Select Committee on the *Licensing Act 2003* concluded the Late Night Levy “failed to achieve its objectives and should be abolished” but simultaneously suggested that reforms in the *Policing and Crime Act 2017* “may stand some chance of successfully reforming the levy”.¹⁶ The report followed a call for evidence with responses from a range of stakeholders including those from the public sector and representatives from the alcohol industry and the Committee received advice from a licensing barrister; the report’s conclusions arguably reflect these multiple interests.

In the absence of a robust national impact evaluation, it is too soon to determine the success of levies in achieving objectives relating to alcohol-associated crime and harm reduction. Following a consultation with stakeholders, The Home Office estimated that 25% of premises shorten their opening hours in response to the levy,¹¹ thus effect of reducing the late-night availability of alcohol in areas which implement the levy. There is a clear public health evidence base for the effectiveness of reducing the days and hours of alcohol sale on alcohol-associated harms.^{17,18} Several recent studies found that greater hours of sale after midnight had particular impacts in terms of increased assaults^{19,20} and alcohol-related ambulance call-outs²¹. This may therefore be an important way in which the levy could have a positive impact on alcohol-related harms over and above how the funding raised is later spent.

Resources

Police Reform and Social Responsibility Act 2011, Chapter 2: Late Night Levy Policing and Crime Act 2017: Late Night Levy Reforms Home Office Guidance on the Late Night Levy House of Commons Library, Late Night Levy Briefing Paper

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¹⁶ House of Lords. Select Committee on the Licensing Act 2003, Report of Session 2016-2017. (2017). [The Licensing Act: post-legislative scrutiny](#). p.124 and p.159.

¹⁷ Public Health England. (2016). [The public health burden of alcohol and the effectiveness and cost-effectiveness](#).

¹⁸ Popova et al. (2009). Hours and days of sale and density of alcohol outlets: impacts on alcohol consumption and damage: a systematic review. *Alcohol and Alcoholism*. <https://doi.org/10.1093/alcalc/agg054>

¹⁹ Rossow I, Norström T. The impact of small changes in bar closing hours on violence. The Norwegian experience from 18 cities. *Addiction*. 2012;107:530–7. <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1360-0443.2011.03643.x>

²⁰ Kypril K, McElduff P, Miller P. Night-time assaults in Newcastle 6-7 years after trading hour restrictions. *Drug Alcohol Rev*. 2016;35:E1–2. <https://onlinelibrary.wiley.com/doi/abs/10.1111/dar.12342>

²¹ de Goeij MCM, Veldhuizen EM, Buster MCA, Kunst AE. The impact of extended closing times of alcohol outlets on alcohol-related injuries in the nightlife areas of Amsterdam: a controlled before-and-after evaluation. *Addiction*. 2015;110:955–64. <https://onlinelibrary.wiley.com/doi/abs/10.1111/add.12886>