

LICENSING COMMITTEE

16th December 2013

Title of paper:	Late Night Levy	
Director(s)/ Corporate Director(s):	Andrew Errington Director Community Protection	Wards affected: All
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Relevant Council Plan theme(s):		
Choose Nottingham		X
Respect for Nottingham		X
Transforming Neighbourhoods	Nottingham's	X
Supporting Nottingham People		X
Serving Nottingham Better		X
Summary of issues (including benefits to customers/service users):		
<p>This report will summarise the process and key issues to consider with respect to the introduction of a Late Night Levy (LNL) in the City. A LNL allows the Licensing Authority to charge a prescribed fee to any late night alcohol supply venue to help offset the cost of policing the night-time economy.</p> <p>The Committee is asked to make a decision whether to hold a public consultation on the introduction of a levy. In doing so the Committee must consider the cost of policing and other arrangements for the reduction or prevention of crime and disorder, in connection with the supply of alcohol between midnight and 6am and, having regard to those costs the desirability for raising this revenue to contribute towards the cost of policing the night-time economy.</p>		

Recommendation(s):	
1	<p>That the Licensing Committee determine to consult on the following LNL scheme.</p> <p>A LNL to apply from 1 October 2014, to be charged to premises that are authorised to sell alcohol at any time between 00:01 – 06:00. There will be a 30% reduction in the fee for premises in the BID and an exemption for premises falling within the following categories as defined in Regulation 4 of the late Night Levy (Expenses, Exemptions and Reductions) Regulations 2012:</p> <ul style="list-style-type: none"> (i) Premises with overnight accommodation (ii) Theatres and cinemas (iii) Bingo halls (iv) Community Amateur Sports Clubs (v) Community premises (vi) Premises which only become liable for the LNL by virtue of their being permitted to supply alcohol for consumption on the premises on 1st January in every year. <p>The funds raised, net of the administration costs incurred by the Licensing Authority, be split 30/70 between the Licensing Authority and the Police respectively.</p> <p>The Licensing Authority's portion of the funding will be used throughout the city to support the prevention of crime and disorder caused by the night time economy during the hours of the levy. This will be achieved through the establishment of three night time Community Protection Officer posts.</p>
2	<p>That the Licensing Committee note that the Late Night Levy is a strategic choice for the Council 2013/14 and part of the medium term financial plan.</p>

1 BACKGROUND

1.1 Nottingham is a safe city with a positive reputation for its night-life which is enjoyed by many residents and visitors.

The vast majority enjoy themselves in safety without creating problems for others. But an active night-time economy (NTE) also

brings with it additional costs for the Council, police and other partners dealing with the crime and disorder.

The Police Reform and Social Responsibility Act (PRSR) 2011 amends and supplements the Licensing Act 2003 with the intention of 'rebalancing' it in favour of local authorities, the police and local communities. Chapter 2 of the PRSR 2001 allows local authorities to charge a levy to persons who are licensed to sell alcohol late at night in the authority's area, as a means of raising a contribution towards the cost of policing the late-night economy. The amount payable is based on the rateable value of the premises.

It is for the Licensing Authority to decide whether a levy is implemented.

- 1.2 When making the decision to propose a levy or not, Councillors must consider:
 - (i) the costs of policing and other arrangements for the reduction or prevention of crime and disorder, in connection with the supply of alcohol between midnight and 6am; and
 - (ii) having regard to those costs, the desirability of raising revenue to be applied.
- 1.3 Councillors must firstly determine whether a LNL is a viable proposal for the City. Secondly a proposed LNL must be created and undergo public consultation. The results of the consultation will be returned to the Committee to make a recommendation on whether to implement a LNL to the Full Council.
- 1.4 Graphs showing the number of alcohol related crimes and alcohol related anti-social behaviour recorded can be found at **Appendix A**. The graphs have been supplied by the Performance and Insight Team of the Nottinghamshire Police and cover the period 1st August 2012 to 31st July 2013.
- 1.5 Nottinghamshire Police have provided figures confirming that policing and other arrangements for the reduction and prevention of crime and disorder in connection with the supply of alcohol between midnight and 6am costs approximately £1,565,182.52. A breakdown of these figures has been provided by the Police and can be found at **Appendix B**.

The Police will have the opportunity to further discuss the costs of policing and other arrangements for the reduction or prevention of crime and disorder, in connection with the supply of alcohol in more detail during the consultation process.

The Police and Crime Commissioner's (PCC) Alcohol Strategy and Action Plan lists the increased use of tactical options, such as the LNL, to support robust enforcement as one of its actions. The plan also details a survey of over 1,000 people carried out by the PCC. One of the questions asked was who did they (the respondents) think should cover the cost of policing the night time economy. 59.89% of respondents supported the idea of a local levy on retailers, pubs and clubs.

- 1.6 Where Councillors decide that a LNL is viable the Council is required to carry out a statutory consultation as prescribed by Regulations. This includes consulting with the Local Police Authority, the Police and Crime Commissioner and all relevant late night venue licence holders as well as the public. The consultation exercise is likely to cost £20,004.12; a breakdown of the costs is detailed below.

Consultation Costs for LNL – November 2013				
Officer	Grade	Hourly rate	Hours (1 day =7.5 hrs)	Cost per officer
HoS	SLMG	41.75	75	3131.25
TL	I	25.16	120	3019.20
Senior Licensing Officer	F	16.72	525	8778.00
Total				14928.45
Plus overheads @34%				5075.67
Total Start Up cost incurred by the council				20004.12

Results of the consultation will be provided at a future Committee to make a recommendation to Full Council to make a decision as to whether to implement a LNL or not.

- 1.7 The consultation must run for no less than 12 weeks. If the introduction of the LNL is approved, the Licensing Authority must write to all those with a relevant late night authorisation informing them of the date the LNL will take effect. This letter must be sent at least three months before the proposed LNL start date.

Licence holders must also be informed of the minor variation process at least two months before the implementation date and offered the opportunity to submit a free application for a minor variation to

reduce their hours to avoid the LNL.

Given these timescales the earliest start date for a LNL would be October 2014.

1.8 Reductions of 30% to the levy fee may be applied to premises that are registered and active members of a business led best practice scheme that promotes the licensing objectives. The Home Office guidance states there are three elements which should be expected within a scheme which might be considered for a reduction:

- (i) Clear objectives and activities which will, or are likely to, result in a reduction of alcohol related disorder;
- (ii) Active participation in the scheme by members; and
- (iii) A mechanism to identify and remove in a timely manner those members who do not participate appropriately.

Those on sale premises in receipt of Small Business Rate Relief and a Non Domestic Rateable Value of under £12,000 may also be considered for a 30% reduction.

The introduction of any such reduction is at the discretion of the Licensing Authority; however the Authority must be satisfied that any scheme benefitting from the reduction contains all three elements detailed above.

1.9 The Licensing Authority may decide to permit fee exemptions to certain categories of premises. These exemptions categories are specified in the Late Night Levy (Expenses, Exemptions and Reductions) Regulations 2012 and include premises with overnight accommodation, theatres and cinemas, bingo halls, amateur sports clubs, community premises (village/community hall), country pubs and any premises only opening into the late night supply period on New Years Eve. The definition of these categories can be found in the regulations, the relevant extract of which is detailed at **Appendix C**.

Licensing Authorities can also offer exemption from the Levy for premises which participate in BIDs that operate in the night time economy and have a satisfactory crime & disorder focus.

The Nottingham BID, the result of a merger of the Nottingham Retail and Leisure BIDs, has been in place since January 2013. One of the

aims of the Nottingham BID is to deliver strong crime prevention and safety measures across the city centre. The BID has taken responsibility for the business crime reduction partnership in the city and made provision of taxi marshals as part of its Service Delivery Plan 2013. Any exemption/reduction applied to premises operating within the BID is upon the discretion of the Licensing Authority.

- 1.10 A minimum of 70% of the net resources generated by a levy is required to be given to Nottinghamshire Police. The Licensing Authority can determine to allocate a larger proportion of the net funds to the Police if it wishes. Whilst the use of these funds by the police is not ring fenced, Nottinghamshire Police have confirmed that it is to be used to tackle late night alcohol related crime and disorder within the City.

The remaining funds go to the Licensing Authority. These funds must be used to tackle alcohol related crime and disorder and also the management of night time economy. The activities funded must have regard to the connection with the supply of alcohol during the late night supply period and related arrangements for :-

- (i) The reduction of crime and disorder;
- (ii) The promotion of public safety;
- (iii) The reduction or prevention of public nuisance; or
- (iv) The cleaning of any relevant highway or relevant land in the local authority area.

- 1.11 If introduced the levy will be applicable to any premises operating a late night supply of alcohol between a specified set of hours starting no earlier than 12 midnight and finishing no later than 6am. Other licensable activities, such as provision of late night refreshment or regulated entertainment, and opening hours are not affected by a LNL, i.e. late night refreshment venues will therefore not contribute to a LNL.

- 1.12 The levy fees are set by the Government and are based on the non-domestic rateable value (NDRV) of the premises. The NDRV is currently used to determine the application and annual fees for all licensed premises and generally requires larger premises to pay a higher fee. A table of the charges is detailed below.

	A	B	C	D	E	D x 2	E x 3
Rateable value bands (based on the existing fee bands)	No rateable value to £4,300	£4,301 to £33,000	£33,001 to £87,000	£87,001 to £125,000	£125,001 and above	Multiplier applies to premises in Band D that primarily or exclusively sell alcohol	Multiplier applies to premises in Band E that primarily or exclusively sell alcohol
Levy Charge	£299	£768	£1,259	£1,365	£1,493	£2,730	£4,440
Annual Fee	£70	£180	£295	£320	£350		

1.13 The levy must be set across the whole of the city. It cannot be restricted to a specific area.

1.14 Permitted expenses are prescribed by Regulation 3 of SI 2012/2550. The Licensing Authority will be able to deduct costs for administration from the gross amount. These are likely to be considerable, requiring a new administrative and invoicing process and enforcement of the levy. Although difficult to estimate at this time, it is anticipated that the employment of a Licensing Officer will be required to administer the LNL, depending on the late night supply period and input from the Licensing Manager. The administration costs have currently been estimated at £22,119 annually.

The table below details how these costs have been calculated:

Grade	Gross Hours	Basic Hourly Rate	Number of grades	Costs
6D	1,924.00	£10.92	0.33	6,932
6E	1,924.00	£12.79	0.33	8,122
5I	1,924.00	£25.17	0.03	1,453
Total staff Nos costs			0.69	16,507
ON costs @ 34%				5,612
TOTAL OVERALL COSTS				22,119

1.15 Potential funding will be dependant upon the late night supply period. The table below details potential gross funding and premises affected, depending upon the late night supply period assuming no exemptions or reductions are applied under the scheme.

Late night supply period	00:00 to 6am
Premises affected	398
Approximate revenue	£446,000
Administrative costs	£22,000
70% Police	£297,000
30% Licensing Authority	£127,000

Please note: all figures in the above table are estimates to the nearest £1,000 based on a snap shot of the licensed premises in the City as of August 2013. These figures are subject to revision and may be revised up or down.

If the levy was adopted with a start time of 04:01, the resources generated would not cover administration costs meaning the levy would not be viable. A more detailed break down of these figures can be found at **Appendix D**, which also includes figures were the potential exemptions and reductions to be applied by the Licensing Authority.

- 1.16 The Licensing Authority can also deduct the costs in connection with the introduction of the levy in the first year before apportioning the levy revenue between the Police and the Licensing Authority, leading to a reduction in the amount of funding received by the Police and Licensing Authority in the first year. The table below details estimates of these costs.

Officer	Grade	Hourly rate *	Hours (1 day =7.5 hrs)	Cost per officer
Director	Tier 2	56.63	22.5	1274.18
Deputy Director	SLMG	48.88	22.5	1099.80
HoS	SLMG	41.75	37.5	1565.63
TL	I	25.16	112.5	2830.50
Business Analyst	G	17.26	75	1294.50
Senior Licensing Officer	F	15.03	495	7439.85
Total				15504.45
<i>Plus overheads @34%</i>				5271.51
Total Start Up cost incurred by the council				20775.96

As a result of this additional expense, revenue from the first levy year (year zero) would be as follows, assuming no exemptions or reductions are applied under the scheme.

Late night supply period	00:00 to 6am	02:00 to 6am
Premises affected	398	217
Approximate revenue	£446,000	£252,000
One Off cost in year zero	£21,000	£21,000
Administrative costs	£22,000	£22,000
70% Police	£282,000	£146,000
30% Licensing Authority	£121,000	£63,000

1.17 The table below details revenue in year zero and year one of the scheme if the recommended design for the LNL is adopted, with an avoidance rate of 20%.

	Licensing Authority	Police
Year Zero	£80,000	£187,000
Year One	£86,000	£202,000

1.18 Any premises wishing to apply for a minor variation to reduce their hours to fall outside of the late night supply period can do so free of charge. This cost is also deductible from the gross revenue raised by the levy in year zero – the first year.

1.19 One effect of introducing a LNL may be to reduce the number of premises open late at night, potentially reducing the scope for alcohol related crime and disorder. This however should be balanced against the costs to businesses with a relevant late night authorisation and the potential effects on the economy of the City.

1.20 Councillors will want to consider the financial burden placed upon local businesses. The table at paragraph 1.12 above shows the difference between the current annual fees paid by the licensed premises and the potential LNL charge. Councillors will note that the LNL charge could be between two and four times more than the current annual fee, however the annual fee does not currently contribute to the cost of policing the night-time economy.

The introduction of an additional charge (on top of the annual fee) could have an impact on the competitiveness of the City in the region as an entertainment venue. However, as a Core City with a vibrant night time economy, Nottingham is a sufficiently well-established and popular destination to withstand some churn of licensed premises.

2 REASONS FOR RECOMMENDATIONS

- 2.1 The LNL would generate funding to support the Licensing Authority and the Police in dealing with the late night economy. The amount of money generated must be sufficient to justify the costs in setting up and administering the scheme and make the scheme viable. If the LNL is not imposed the Police and the Council will have chosen not to make use of a potential funding stream.
- 2.2 The proposed scheme will maximise the funding generated by the levy, with the Police receiving approximately £187,000 in year zero and £202,000 in subsequent years. (These figures are based on the scenario that 20% of venues will vary their licence to avoid falling within the LNL regime).

This will contribute to the cost of policing the night time economy and may allow the Police to employ more police staff for the late night economy period. These officers would be working over midnight and all premises open at that time will benefit from their support.

The remaining resources will be held by the Licensing Authority who are proposing to invest in additional measures which will benefit the same businesses.

- 2.3 As detailed in Appendix A, both the number of alcohol related crimes and ASB incidents steadily increase throughout the evening, peaking between 22:00 and 02:00. However there are still a significant number of incidents throughout the night.

As the LNL cannot apply before 00:00, it would be equitable for those premises with a late night authorisation from midnight – 06:00 to fall within the levy regime as they all benefit from the night time economy.

- 2.4 There are a handful of premises which currently fall within the potentially exempt categories (excluding BID). Given the nature of these venues the sale of alcohol is not the primary source of

business and it would be disproportionate to bring them within the LNL regime.

- 2.5 The funding levels generated if the BID were also exempted from the LNL would be greatly reduced. This could render the LNL an ineffective method for generating funding to tackle alcohol related issues associated with the late night economy.
- 2.6 As on sale premises in receipt of Small Business Rate Relief and a Non Domestic Rateable Value of under £12,000 benefit from the night time economy and contribute to the need for policing it, these premises should also contribute towards the LNL in full and not be subject to a 30% reduction in the fee.

The BID is involved in projects that target retail and leisure issues including delivering strong crime prevention measures across the city centre. These include the BID taking responsibility for the business crime reduction partnership in the city, including the provision of the city centre radio scheme and provision of Taxi Marshalls available every Friday and Saturday between 10pm and 4am. As such a 30% reduction in the LNL fee for BID members is proposed.

- 2.7 It is proposed that the Licensing Authority's portion of the levy will be spent upon the recruitment of three additional Community Protection Officer posts for the night time economy.

Using the Licensing Authority's portion of funding from the levy for these posts will support the reduction/prevention of crime in the late night economy arising from the supply of alcohol?.

- 2.8 1st October 2014 has been proposed as a start date for the levy in order to allow a level of flexibility in the timescales. This allows time to deal with any unforeseen issues without interfering with the proposed implementation date of the LNL.
- 2.9 To determine not to undertake a formal consultation will not allow a full and effective discussion around the issues.

3 OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 An exercise has been carried out calculating the funding that will be generated annually, applying various supply periods, reductions and

exemptions and these are summarised in table form in Appendix C.

3.2 This comprised of looking at adopting the LNL across the city from midnight, 02:01 and 04:01 in the following scenarios:

- (i) Without any exemptions (such as bingo halls or BID). However there are a number of potentially exempt categories for which, given the nature of venues falling within the exemptions, the sale of alcohol is not the primary source of business. It would be disproportionate to bring them within the LNL regime.
- (ii) with an exemption for all potentially exempt categories except the BID.
- (iii) with an exemption for all potentially exempt categories including the BID.
- (iv) with an exemption for all potentially exempt categories except the BID which has a 30% reduction instead.
- (v) with an exemption for premises falling within the BID only.
- (vi) With a 30% reduction for premises falling within the BID.

In scenario (iii) and (v) the BID would receive a full exemption reducing the funding generated substantially so as to potentially render the scheme an ineffective method for generating funding. Premises within the BID benefit from the night time economy and contribute to the need for policing it and therefore these premises should also contribute towards the LNL.

3.3 Please note: All of these figures are approximate based on a snap shot licensed premises in August 2013. The tables at Appendix C show the potential revenue for the Licensing Authority and the Police for each of the above scenarios which show possible viability. In our findings, it became clear that if the levy was adopted with a start time of 04:01, the costs of operating the LNL become inhibitory to obtaining any effective funds and therefore would not be viable. For that purpose, these figures are not shown

A more detailed breakdown of all the figures can be found at **Appendix E**

3.4 Not to adopt the LNL.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

- 4.1 The tables at 1.15, Appendix D and Appendix E are a snap shot view which could change significantly once any levy is set. This risk is increased when considering the potential for premises to amend their hours to avoid payment of the fee.

For example, setting a late night supply period of 01:00 could result in some or all of the premises supplying alcohol until 01:00 to reduce their hours to 00:59pm, reducing the LNL revenue significantly.

Any risk with regard to less than expected revenue from the LNL is to be underwritten by the Licensing Authority.

The resource implications include a public consultation, potential minor variation applications, process and procedure set up as a one off cost. Continued costs will include maintenance of a billing system, administration, enforcement and project costs to spend funding. This will cost approximately £22,119 annually.

There is also a risk is that the cost of operating the LNL may be inhibitory to obtaining any effective funds to tackle alcohol related crime and disorder in comparison to the costs, both financial and goodwill, met by the local licensed premises. This may be mitigated by additional detail provided by partners at consultation with regard to what additional activities could be undertaken with the revenue raised by a LNL.

Consultation responses will provide a steer to the views of the licensed premises potentially affected by a LNL.

The key opportunity is that additional funds are raised to police the late night economy. The risk being that introducing a LNL will have an inhibitory effect on the late night economy and decrease offering the city has. These two need to be balanced against each other.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)

- 5.1 Legal Implications

The Licensing Authority has a wide discretion as to whether a Late

Night Levy should be applied and if so what form the levy scheme should take. As indicated in the main body of the report the introduction of a late night levy applies to the entire district and before determining to implement a scheme the Licensing Authority must have regard to the costs of policing and other arrangements for the reduction and prevention of crime and disorder in connection with the supply of alcohol between midnight and 6am. Councillors then have to determine the **desirability** of raising revenue to be applied to tackle alcohol related crime and disorder and also the management of night time economy. Once again the discretion in relation to desirability is wide and may encompass more than just financial issues.

5.2 The Guidance indicates that the Licensing Authority is expected to have considered the need for a levy with both the Chief Officer of Police and the Police and Crime Commissioner before deciding to consult on the proposal, Consultation documentation should indicate the design of the scheme and the services which the licensing authority intends to fund with it's share of the revenue. There are no restrictions on what the Police share of the revenue can be spent on (for example it could be spent in districts other than the City). The guidance recommends that this issue should be discussed with the Police and that the PCC should consider allocating the funds back to local commanders to allow the revenue to be spent in the area in which it was raised. The Director of Community Protection has however indicated in paragraph 1.10 above that the Police have given a commitment to use this funding within the City.

5.3 The risk of challenge prior to consultation is low though Councillors should be satisfied that the Legislation and Guidance has been substantially complied with before consulting on a scheme. Should a Late Night Levy ultimately be introduced any challenge is likely to be by way of Judicial Review which could have serious financial and reputational consequences for the Council.

5.2 Equality and Diversity Implications

The LNL if introduced would be applied to all venues within the specific time stated.

5.3 Crime and Disorder Act Implications

The LNL could reduce the ability of the premises involved to work

towards reducing crime and disorder by them arguing that they are contributing to the LNL and it is therefore not their responsibility anymore.

If premises choose to close earlier, when the Levy starts this could mean far more customers leaving premises at the same time and less staggered closing times.

6 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

6.1 None.

7 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

7.1 The Police Reform and Social Responsibility Act 2011.

7.2 The Late Night Levy (Application and Administration) Regulations 2012.

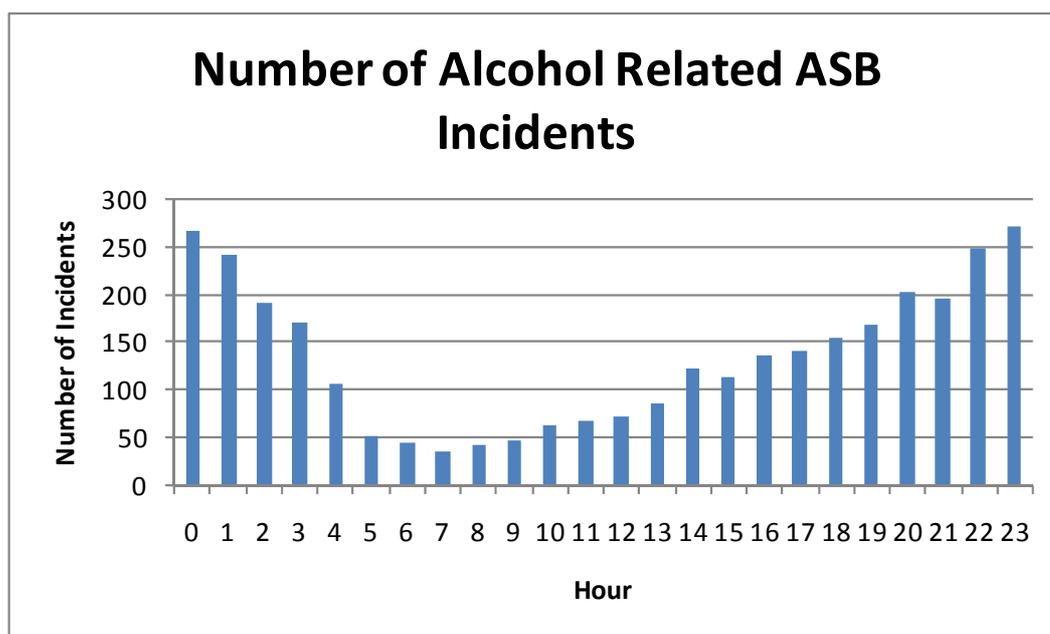
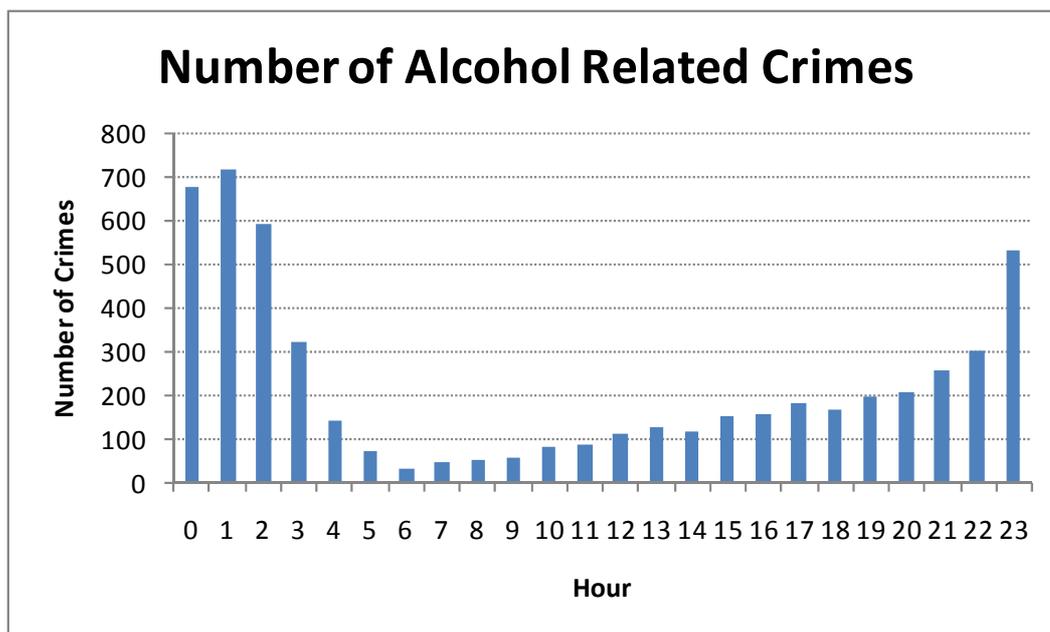
7.3 The Late Night Levy (Expenses, Exemptions and Reductions) Regulations 2012.

7.4 Amended Guidance on the Late Night Levy.

7.5 Nottinghamshire Police & Crime Commissioner's Alcohol Strategy and Action Plan.

APPENDIX A

Temporal Analysis (City)



These graphs have been supplied by the Performance and Insight Team of the Nottinghamshire Police and cover the period 1st August 2012 to 31st July 2013. Both the number of alcohol related crimes and ASB incidents steadily increase throughout the day with the highest volumes recorded between 22:00 and 02:00.

The figures have been arrived at using the definition used by Nottinghamshire Police for alcohol related crime; these are from a combination of tags and measures used on the police's recording system, namely:

- Whether the offence in question has been tagged in the force crime system with the correct alcohol tag
- If the offence details mention one of a number of key words (i.e. "In Drink", "Drunk", "Intoxicated" etc)
- If the offence in question has been detected, whether or not an alcohol tag was used on the offender details
- If the offence in question was generated from an incident, whether the initial incident was tagged as alcohol related

Appendix B – Estimated costs of policing alcohol related issues the Night Time Economy (NTE)

Role	Quantity (Staff)	Days (Annual)	Hourly Cost	Total Hours TOD	Total Annual Cost
Early Intervention Costs					
Sgt	1	104	29.38	8	24444.16
Constables	4	104	26.06	8	86727.68
PCSO	4	104	13.16	8	43796.48
Total Annual Costs - Early Int					154968.32
NTE Phase 2 Demand Costs					
Inspector	1	104	35.53	10	36951.2
Sgt	3	104	29.38	10	91995.6
Constables	15	104	26.06	10	406536
Licensing Constable	1	104	26.06	10	27102.4
Total Annual Costs - Phase 2					562585.2
Custody	Quantity	Initial Cost	Hourly Cost		Total Annual Cost
Arrests (Minimum)	1593	400	0		637200
Average Detention (8 Hours)	1593	0	100		159300
Total Annual Costs - Custody (Min)					806500
Contact Management					
Call Taking					10401
Incident Operators					10076
Total Annual Costs - Contact/Dispatch					20477
NTE Raised Risk Night Policing					
Additional Constables	5	15	26.06	10	19545
Additional Sergeants	1	15	29.38	10	4407
Total Annual Costs - Raised Risk					20952
TOTAL ANNUAL COST – NTE POLICING					1,565,182.52

These figures have been provided by Nottinghamshire Police in November 2013 as an estimate of the costs of policing alcohol related incidents in the NTE.

PLEASE NOTE the following:

- Excluded response police officer costs – The Police attribute this to normal business and the demand profile of the City Centre. The dedicated NTE teams are what better defines the response to the policing of the NTE.
- Custody Costs are an estimate.
- Volume of prisoners is the minimum attached to incidents – it is likely that further can be attributed to the NTE through greater analytical work.
- Prisoner Processing – Difficult to define, but it is believed 4 constables per weekend process NTE related issues; however this is entwined with other divisional business.

Appendix C

Extract from the Late Night Levy (Expenses, Exemptions and Reductions) Regulations 2012

Late night levy: permitted exemption categories

4. For the purposes of section 135(1)(a) of the Act, permitted exemption categories are holders of relevant late night authorisations in relation to premises which are—
- a) a hotel or guest house, lodging house or hostel at which the supply of alcohol between midnight and 6am on any day may only be made to a person—
 - (i) who is staying at the premises, and
 - (ii) for consumption on the premises;
 - b) a theatre at which the supply of alcohol between midnight and 6am on any day may only be made to a person for consumption on the premises who is—
 - (i) a ticket holder in relation to a relevant production at the premises,
 - (ii) concerned in the performance, organisation or management of the relevant production, or
 - (iii) invited to the premises as a guest to attend an event to which the public do not have access;
 - c) a cinema at which the supply of alcohol between midnight and 6am on any day may only be made to a person for consumption on the premises who is—
 - (i) a ticket holder in relation to the exhibition of a film at the premises, or
 - (ii) invited to the premises as a guest to attend an event to which the public do not have access;
 - d) premises in respect of which—
 - (i) the provision of facilities for the playing of bingo is authorised by a bingo premises licence granted in accordance with section 163 of the Gambling Act 2005(8),
 - (ii) the holder of the bingo premises licence is authorised to provide facilities for the playing of bingo by virtue of a non-remote bingo operating licence granted in accordance with section 74 of the Gambling Act 2005, and
 - (iii) the playing of bingo is the primary activity carried on at the premises;
 - e) a club which is registered as a community amateur sports club by virtue of section 658 of the Corporation Tax Act 2010(9);
 - f) community premises in relation to which the premises licence contains the alternative licence condition;
 - g) a public house which is a hereditament in respect of which the ratepayer is subject to a non-domestic rate calculated in accordance with section 43(6A) of the Local Government Finance Act 1988(10);
 - h) a hereditament in respect of which—
 - (i) the ratepayer is liable for a BID levy in accordance with section 46 of the Local Government Act 2003(11), and
 - (ii) the BID arrangements in relation to which a BID levy is imposed are established for purposes which include relevant purposes; or

- i) authorised to be used to supply alcohol for consumption on the premises between midnight and 6am on 1st January in every year (but are not so authorised at those times on any other day in any year).

Extract from the Amended Guidance on the Late Night Levy

December 2012

- 1.25 Licensing authorities can decide, when considering the levy design, if any of the following permitted categories of premises should be exempt from the requirement to pay the levy. These exemption categories are specified in the Late Night Levy (Expenses, Exemptions and Reductions) Regulations 2012.
- 1.26 **Premises with overnight accommodation:** This exemption is not applicable to any premises which serve alcohol to members of the public who are not staying overnight at the premises, such as a hotel bar which can be accessed by the general public.
- 1.27 **Theatres and cinemas:** Premises in this category must ensure that, during the late night supply period, the sale of alcohol is only made for consumption on the premises to ticket holders, participants in the production or invited guests to a private event at the premises. Licensing authorities should be satisfied that premises which are eligible for this exemption are bona-fide theatres or cinemas, and that the sale of alcohol is not the primary purpose of their businesses. The definition of a “cinema” or a “theatre” should be readily understood by its plain, ordinary meaning.
- 1.28 **Bingo halls:** Premises in this category must be licensed and regulated under the Gambling Act 2005.
- 1.29 **Community Amateur Sports Clubs (“CASCs”):** Premises in this category must have relief from business rates by virtue of being a CASC (Section 658 of the Corporation Tax Act 2010)
- 1.30 **Community premises:** Premises in this category must have successfully applied for the removal of the mandatory designated premises supervisor (“DPS”) requirement and demonstrated that they operate responsibly.
- 1.31 **Country village pubs:** In England, premises in this category must be the sole pub situated within a designated rural settlement with a population of less than 3,000. The definition of a rural settlement appears in the qualifications for rural rate relief in Part III of the Local Government Finance Act 1988.
- 1.32 **New Year’s Eve:** Licensing authorities can offer an exemption from the levy for holders in relation to premises which only have a relevant late-night authorisation by virtue of their being permitted to supply alcohol for consumption on the premises on 1st January in every year.
- 1.33 **Business Improvement Districts (“BIDs”):** Licensing authorities can offer an exemption from the levy for premises which participate in BIDs that operate in the night-time economy and have a satisfactory crime and disorder focus. Licensing authorities have the discretion to determine whether the BIDs in their area are eligible.

Appendix D - Anticipated income in Year One and subsequent years

Potential Police Income with 20% avoidance rate						
LNL period	All premises	All Exemptions	All exemptions with BID 30% reduction	All exemptions except BID	BID 30% reduction	BID exempt
00:01 - 06:00	£234,000	£139,000	£202,000	£228,000	£192,000	£140,000
02:01 - 06:00	£126,000	£ 55,000	£100,000	£119,000	£ 98,000	£ 58,000

Potential Licensing Authority Income with 20% avoidance rate						
LNL period	All premises	All Exemptions	All exemptions with BID 30% reduction	All exemptions except BID	BID 30% reduction	BID exempt
00:01 - 06:00	£100,000	£ 60,000	£ 86,000	£ 98,000	£ 82,000	£ 60,000
02:01 - 06:00	£ 54,000	£ 24,000	£ 43,000	£ 51,000	£ 42,000	£ 25,000

PLEASE NOTE: The funding tables are shown to the nearest £'000

Appendix E – Anticipated income in Year One and subsequent years

Late Night Supply period of 00:00 – 06:00

Table 1

All premises			Net Income	
Band	No. of premises	Revenue	Licensing Authority	Police
A	30	£ 8,970.00		
B	174	£133,632.00		
C	99	£124,641.00		
D	11	£ 15,015.00		
D+	7	£ 19,110.00		
E	67	£100,031.00		
E+	10	£ 44,400.00		
Total revenue		£445,799.00	£127,104.00	£296,576.00
20% avoidance rate		£334,349.25	£100,356.06	£234,164.14
40% avoidance rate		£267,479.40	£ 73,608.12	£171,752.28

Table 2

All Exemptions				
Band	No. of premises	Revenue	Licensing Authority	Police
A	25	£ 7,475.00		
B	128	£ 98,304.00		
C	56	£ 70,504.00		
D	4	£ 5,460.00		
D+	3	£ 8,190.00		
E	46	£ 68,678.00		
E+	4	£ 17,760.00		
Total revenue		£276,371.00	£ 76,275.60	£177,976.40
20% avoidance rate		£221,096.80	£ 59,693.34	£139,284.46
40% avoidance rate		£165,822.60	£ 43,111.08	£100,592.52

Table 3

All exemptions with BID 30% reduction				Net Income	
Band	No. of premises	No. with reduction	Revenue	Licensing Authority	Police
A	28	3	£ 8,102.90		
B	172	44	£121,958.40		
C	98	42	£107,518.60		
D	10	6	£11,193.00		
D+	7	4	£15,834.00		
E	64	20	£86,594.00		
E+	10	6	£36,408.00		
Total revenue			£387,608.90	£109,646.97	£255,842.93
20% avoidance rate			£310,087.12	£86,390.44	£201,577.68
40% avoidance rate			£232,565.34	£ 63,133.90	£147,312.44

Table 4

All exemptions except BID			Net Income	
Band	No. of premises	Revenue	Licensing Authority	Police
A	28	£ 8,372.00		
B	171	£131,328.00		
C	98	£123,382.00		
D	10	£ 13,650.00		
D+	7	£ 19,110.00		
E	63	£ 94,059.00		
E+	10	£ 44,400.00		
Total revenue		£434,301.00	£123,654.60	£288,527.40
20% avoidance rate		£347,440.80	£97,596.54	£227,725.26
40% avoidance rate		£260,580.60	£71,538.48	£166,923.12

Table 5

BID 30% reduction				Net income	
Band	No. of premises	No. with reduction	Revenue	Licensing Authority	Police
A	30	3	£ 8,700.90		
B	174	46	£123,033.60		
C	99	43	£108,399.90		
D	11	7	£ 12,148.50		
D+	7	4	£ 15,834.00		
E	67	20	£ 91,073.00		
E+	10	6	£ 36,408.00		
Total revenue			£395,597.90	£112,043.67	£261,435.23
20% avoidance rate			£296,698.43	£ 82,373.83	£192,205.60
40% avoidance rate			£237,358.74	£ 64,571.92	£150,667.82

Table 6

BID exempted			Net Income	
Band	No. of premises	Revenue	Licensing Authority	Police
A	27	£ 8,073.00		
B	128	£ 98,304.00		
C	56	£ 70,504.00		
D	4	£ 5,460.00		
D+	3	£ 8,190.00		
E	47	£ 70,171.00		
E+	4	£ 17,760.00		
Total revenue		£278,462.00	£ 76,902.90	£179,440.10
20% avoidance rate		£208,846.50	£ 60,195.18	£140,455.42
40% avoidance rate		£167,077.20	£ 43,487.46	£101,470.74

Late Night Supply period of 02:00 – 06:00

Table 1

All premises			Net Income	
Band	No. of premises	Revenue	Licensing Authority	Police
A	10	£ 2,990.00		
B	90	£ 69,120.00		
C	56	£ 70,504.00		
D	9	£ 12,285.00		
D+	4	£ 10,920.00		
E	43	£ 64,199.00		
E+	5	£ 22,200.00		
Total revenue		£252,218.00	£ 69,029.70	£161,069.30
20% avoidance rate		£189,163.50	£ 53,896.62	£125,758.78
40% avoidance rate		£151,330.80	£ 38,763.54	£ 90,448.26

Table 2

All Exemptions			Net Income	
Band	No. of premises	Revenue	Licensing Authority	Police
A	6	£ 1,794.00		
B	62	£ 47,616.00		
C	26	£ 32,734.00		
D	2	£ 2,730.00		
D+	1	£ 2,730.00		
E	23	£ 34,339.00		
E+	1	£ 4,440.00		
Total revenue		£126,383.00	£31,279.20	£ 72,984.80
20% avoidance rate		£ 94,787.25	£23,696.22	£ 55,291.18
40% avoidance rate		£ 75,829.80	£16,113.24	£ 37,597.56

Table 3

All exemptions with BID 30% reduction					
Band	No. of premises	No. with reduction	Revenue	Licensing Authority	Police
A	8	2	£2,212.60		
B	87	25	£61,056.00		
C	55	29	£58,291.70		
D	8	6	£8,463.00		
D+	4	3	£8,463.00		
E	39	16	£51,060.60		
E+	5	4	£16,872.00		
Total revenue			£206,418.90	£ 55,289.97	£129,009.93
20% avoidance rate			£165,135.12	£ 42,904.84	£100,111.28
40% avoidance rate			£123,851.34	£ 30,519.70	£ 71,212.64

Table 4

All exemptions except BID				
Band	No. of premises	Revenue	Licensing Authority	Police
A	8	£ 2,392.00		
B	87	£ 66,816.00		
C	55	£ 69,245.00		
D	8	£ 10,920.00		
D+	4	£ 10,920.00		
E	39	£ 58,227.00		
E+	5	£ 22,200.00		
Total revenue		£240,720.00	£ 65,580.30	£153,020.70
20% avoidance rate		£192,576.00	£ 51,137.10	£119,319.90
40% avoidance rate		£144,432.00	£ 36,693.90	£ 85,619.10

Table 5

BID 30% reduction				Net Income	
Band	No. of premises	No. with reduction	Revenue	Licensing Authority	Police
A	10	2	£ 2,810.60		
B	90	27	£ 62,899.20		
C	56	30	£ 59,173.00		
D	9	7	£ 9,418.50		
D+	4	3	£ 8,463.00		
E	43	18	£ 56,136.80		
E+	5	4	£ 16,872.00		
Total revenue			£215,773.10	£58,096.23	£135,557.87
20% avoidance rate			£161,829.83	£41,913.25	£ 97,797.58
40% avoidance rate			£129,463.86	£32,203.46	£ 75,141.40

Table 6

BID exempted			Net Income	
Band	No. of premises	Revenue	Licensing Authority	Police
A	8	£ 2,392.00		
B	63	£ 48,384.00		
C	26	£ 32,734.00		
D	2	£ 2,730.00		
D+	1	£ 2,730.00		
E	25	£ 37,325.00		
E+	1	£ 4,440.00		
Total revenue		£130,735.00	£32,584.80	£76,031.20
20% avoidance rate		£ 98,051.25	£24,740.70	£57,728.30
40% avoidance rate		£ 78,441.00	£16,896.60	£39,425.40