

## Police Reform and Social Responsibility Act 2011

### **Late Night Levy**

#### **What is the late night levy?**

The late night levy ('the levy') will enable licensing authorities to raise a contribution from late-opening alcohol suppliers towards policing the night-time economy. It will be a local power that licensing authorities can choose whether or not to exercise. It must cover the whole of the licensing authority's area. However, the licensing authority will also choose the period during which the levy applies every night, between midnight and 6am, and decide what exemptions and reductions should apply from a list set out in regulations.

#### **What is the policy's aim?**

The levy will empower local areas to charge businesses that supply alcohol late into the night for the extra enforcement costs that the night-time economy generates for police and licensing authorities.

#### **Why is the late night levy needed?**

The Coalition Agreement included the commitment to permit local councils to charge more for late night licences to pay for additional policing. We believe it is right that businesses which profit by selling alcohol in the night-time economy should contribute towards these costs, rather than relying on other taxpayers in the community to bear the full costs.

#### **Who will the late night levy affect?**

If a licensing authority chooses to introduce the levy in their area, all licensed premises which are authorised to supply alcohol in the levy period will be affected. Premises that do not wish to operate in the levy period will be able to make a free minor variation to their licence before the levy is introduced.

#### *Exemptions*

We do not wish to unfairly penalise premises which are not part of the wider night-time economy, and licensing authorities will therefore have the discretion to offer an exemption from the levy to the following categories of premises and schemes:

- Premises with overnight accommodation
- Theatres and cinemas
- Bingo halls
- Community Amateur Sports Clubs ('CASCs')
- Community premises
- Country village pubs
- Business Improvement Districts ('BIDs')

Premises will have to meet specific criteria to be considered for these exemptions. Licensing authorities will also have the discretion to exempt premises that only open late on New Year's Eve. Guidance on exemptions will be published on the Home Office's website in October 2012.

### *Reductions*

Licensing authorities will have the discretion to offer a 30% reduction from the levy to premises that are either a member of a best practice scheme (the scheme must fulfil specific criteria), or in receipt of Small Business Rate Relief and have a rateable value of less than £12,000. Guidance on reductions will also be published on the Home Office's website in October 2012.

### **What amount will be charged under the late night levy?**

The amount of the late night levy will be set at a national level. The charge is calculated according to rateable value. This system applies to the existing licence fee and the levy charge will be collected alongside the annual licence fee. The following charges will apply to the levy:

Rateable Value Bands (based on the existing fee bands)	A No rateable value to £4,300	B £4,301 to £33,000	C £33,001 to £87,000	D £87,001 to £125,000	E £125,001 and above	D x 2 Multiplier applies to premises in category D that primarily or exclusively sell alcohol	E x 3 Multiplier applies to premises in category E that primarily or exclusively sell alcohol
Annual levy charge	£299	£768	£1,259	£1,365	£1,493	£2,730	£4,440

A multiplier is applied to premises in Band D and E that primarily or exclusively sell alcohol for consumption on the premises. This will ensure that larger clubs and bars make a higher contribution towards the levy.

### **Who will receive the revenue raised by the late night levy?**

The police will receive at least 70% of the net levy revenue. The licensing authority can retain up to 30% of the net levy revenue to fund other activities besides policing. There will be restrictions on the types of services that licensing authorities can fund with the levy revenue to ensure that levy is spent on tackling alcohol-related crime and disorder and services connected to the management of the night-time economy. The licensing authority will be able to deduct permitted administration, collection and enforcement costs from the gross levy revenue.

**Why is the late night levy not targeted at individual premises or areas?**

The levy will apply to the whole local authority area because it is the fairest way for all premises that benefit from selling alcohol in the late night economy to contribute towards the additional enforcement costs generated by this practice. Application across the whole licensing authority area will also ensure that the levy raises a meaningful amount for the police and is simple to adopt and administer. We are keen to avoid the mistakes of the previous Government's Alcohol Disorder Zones (ADZs), which were not adopted by any local authority because they were deemed too bureaucratic.

**When will the late night levy come into force?**

The levy will come into force in October 2012. Licensing authorities will need to consult the police, licensed premises and other relevant parties before deciding whether to introduce the levy in their area. We anticipate that the earliest date that a licensing authority could introduce a levy would be approximately June 2013.