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ECONOMIC RESEARCH

Hackney's Evening and Night Time Economy – a Cost Benefit Analysis

Prepared for

London Borough of Hackney

Hackney's Evening and Night Time Economy – a Cost Benefit Analysis

For London Borough of Hackney

Prepared by Ortus ER's Economic Research Team

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26 July 2017

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Document Information

Project Reference Number	PN1703
File Name	PN1703_LBHackney_ENTE_CBA_Report_v3.docx
Title	Hackney's Evening and Night Time Economy – a cost benefit analysis
Version number	V4
Last update	10 July 2017
Name of Author	Dr Emma Pooley, Dr Philip Hadfield and Martin Houghton
Name of Reviewer	Martin Houghton
Document Status	Sensitive
Review Status	Draft
Approval Status	Draft unapproved

Acknowledgement

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1 Executive Summary

This document sets out the findings of a Cost v Benefit (CBA) analysis undertaken on the Evening and Night Time Economy (ENTE) for the London Borough of Hackney (the Council). The Council initially commissioned Trends Business Research (TBR) to carry out the work. However, when TBR ceased to trade, the project was completed by Ortus Economic Research (Ortus) who include members of the original team from TBR.

The project ran in parallel with another piece of work which focused on the behavioural and licensing aspects of the ENTE, led by Dr Philip Hadfield. Dr Hadfield also contributed to this work. The two reports should be viewed together as they are intended to be complementary.

The brief identified the need to develop a robust CBA framework and to use this to understand the contribution of the ENTE to Hackney's economy.

We defined the ENTE using Standard Industrial Classification (SIC) codes[1]. For our purposes and in line with previous research, the ENTE comprises three components:

- **Core**: Food, drink and entertainment.
- **Indirect**: Accommodation, retail, parking and cabs.
- **Supporting**: Care, infrastructure and public transport.

Following development of our CBA framework we analysed a range of data collected from Hackney Council, together with information from our Trends Central Resource (TCR) dataset and other sources.

1.1 Results

The results show that for every £1 of cost bourn by the public purse it receives £3.97 in revenues. Thus, the ENTE can be said to generate a return of four times the costs incurred. Total revenues for Hackney are estimated at £93m and the costs £24m for 2015.

However, the position is complicated by an asymmetry between the destination of relevant costs and revenues. Specifically, local ENTE costs are met by three main parties; the Council, the Metropolitan Police Service and the National Health Service (especially by Emergency Medicine and Ambulance Services), whereas the majority of revenues accrue outside the Borough to HM Treasury. This means that from a local authority perspective, the ENTE generated costs of £3.6m, while returning only £2.1m in 2015 (see Figure 1, below for an illustrative summary).

While the CBA is comprehensive in its capture and analysis of tangible costs and revenues, there are a number of issues that cannot be monetised or quantified, so are not accounted for. These include the emotional impacts of anti-social behaviour, the tacit encouragement of drinking alcohol, the creation of crime/fear of crime in the streetscape, as well as littering and fouling of the pavements and light and noise pollution for residents. Likewise, benefits such as attracting investment, residents and visitors and the positive aspects of family and friends enjoying the food, entertainment and responsible drinking provision in the Borough are not included. The Borough was a world-renowned

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[1] See section 4.2.1 Measuring the ENTE

creative culture - similar to that of other regenerated urban areas, such as East Berlin - to which the ENTE plays no small part.

In addition to the revenues generated by the ENTE, it also provides employment and creates wealth. In 2015, there were 1,375 firms in the ENTE in Hackney. They generated some 4,720 jobs, £219m in turnover and £111m in output[2]. These represented 6.7% of all Hackney's businesses, 4.2% of employment, 1.0% of turnover and 1.2% of GVA.

Figure 1: Summary of the costs and benefits accruing from Hackney's ENTE
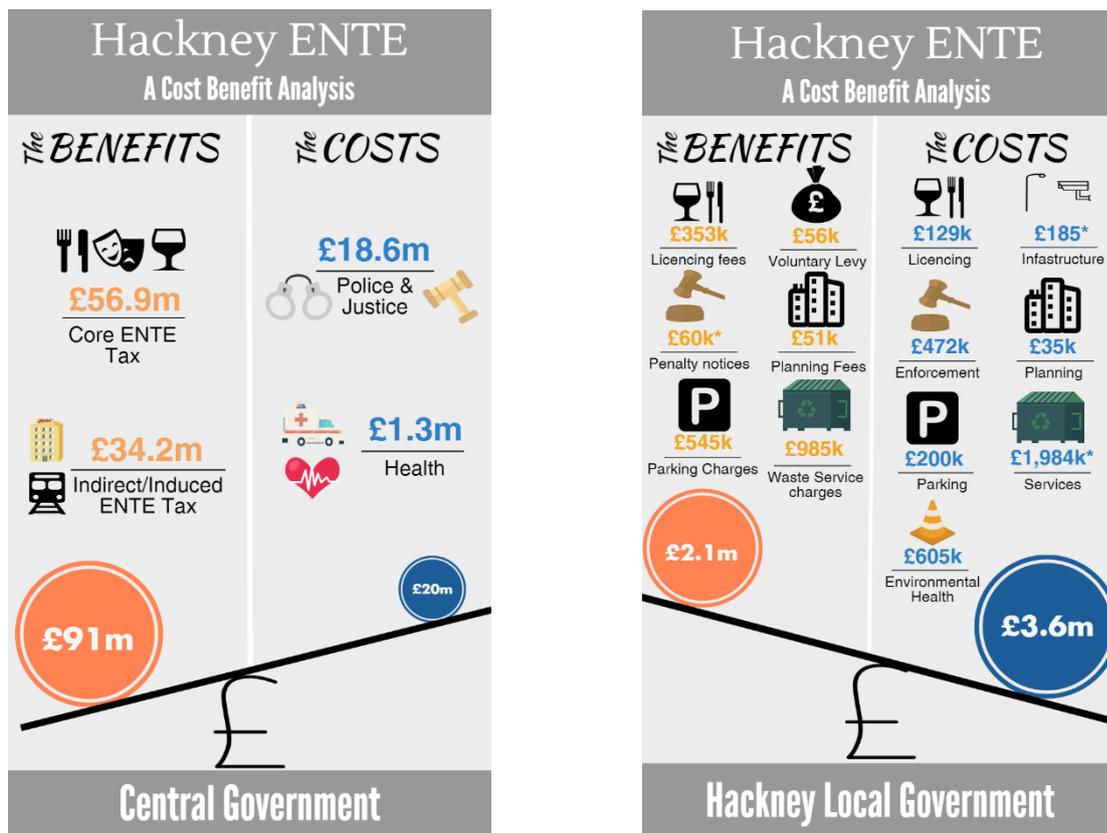
While drink and entertainment have shown only limited growth over the ten-year period 2005 to 2015, food has grown strongly, achieving an annualised increase in employment of 4% and GVA of 11%. Overall the number of ENTE businesses increased from 845 to 1,375, employment from 3,540 to 4,720 and GVA from £49m to £111m.

In addition to considering the borough-wide data, additional analysis was conducted into activity across a number of designated sub-areas. These included: Shoreditch, Dalston, Hackney Central, Stoke Newington and Broadway Market. The results showed the largest concentrations of licensed premises to be in Shoreditch and Dalston. The ENTE Behaviour Study which Hackney Council commissioned concurrently to this work, provides further details as to the composition of the businesses located in these five sub-areas; providing a detailed street-by-street 'premises audit', supported by on-line desk research verification. This shows that, as of 2016, the highest proportion

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[2] Output as defined by Gross Value Added,

of ENTE food offers v total number of premises were concentrated in Stoke Newington, Broadway Market and Dalston.

Shoreditch has a concentration of venues classified here as 'drink' or 'food' and has the highest levels of ENTE employment, turnover and GVA[3]. However, 'entertainment' is more evenly concentrated around the borough. Shoreditch has 23% of all drinking establishments and around a third of the drink sectors employment, GVA and turnover, suggesting that the bars and pubs here are generally larger and have more 'traffic' than in other parts of Hackney. As such, core ENTE employment is heavily concentrated in this area.

The Core ENTE in other urban centres, including Broadway Market, is mostly centred on food, with a smaller proportion of drinking establishments and no entertainment. For example, 75% of establishments in Broadway Market operate in 'food' activities, with the remaining quarter being 'drink'. By contrast, Hackney Central has a relatively large share of the 'entertainment' sector, including iconic venues, such as the Hackney Empire, Hackney Picturehouse and the Moth Club. In Stoke Newington 70 out of a total of 90 businesses are recorded in the 'food' category.

In relation to our CBA it is possible to see how a variety of social harms linked to the Licensing Objectives map onto a number of the 'cost' items for Hackney highlighted by this analysis, such as the costs of policing, waste management, environmental health and licensing enforcement etc. Whilst we cannot state these links as 'causal' to strictly scientific standards, the links are such that they are likely to meet the 'balance of probabilities' test applied in civil matters, including the administrative laws that govern routine local authority policy and practice.

The Behaviour Study, produced concurrently to this report, adopts a licensing-focused approach, looking in detail at the same sub-areas of the Borough discussed here: Shoreditch, Dalston, Hackney Central, Stoke Newington and Broadway Market/London Fields. The Behaviour Study found few links between the provision of food in seated restaurants or the provision of entertainment and negative consequences for ENTE patrons and residents, as defined by the Licensing Objectives. Indeed, in areas such as Stoke Newington comparatively little alcohol-related crime and disorder or public nuisance, was recorded, despite the area having a high concentration of licensed premises. It is therefore important to consider the 'functionality' of ENTE venues such as the extent to which they are drink- or food-led, their size/capacity and hours of trading hours in terms of the likelihood of negative social outcomes (and likely associated economic costs to the public purse).

As well as being the highest generator of GVA, Shoreditch - with its large late-night venues, many of which are drink-led, at least in the later hours – is the biggest generator of social and economic costs. Readers may note that the data underpinning the CBA relies upon businesses offering self-definitions of their activities. Due to the perceived benefits of presenting oneself as a 'food' business when dealing with regulatory authorities, especially when making applications in a Special Policy Area (in licensing terms) then one can see that the proportion of businesses classified as food operators in Shoreditch is: a) an over-estimate when validated against qualitative assessments of true / current

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[3] Explanatory note on data categories. The data underpinning the Economic Profile analysis is drawn from published company data sources, such as Companies House, and is also collected directly from some businesses (particularly those that are unincorporated, or are branches of companies based elsewhere). The activity descriptions eg., 'food' or 'drink' are therefore provided by the businesses themselves. This self-defining of business activity can result in inconsistencies between these data and others, for example, the Licensing Database. Some businesses that primarily sell drink, but also food, may self-describe as restaurants when completing official paperwork, or responding to enquiries (potentially because the regulatory environment is less arduous). This effect is likely to blur the boundaries between the 'food' and 'drink' sub-sectors in the Economic Profile analysis and thereby may result in inflation in the estimates of the number of food businesses. This is the most likely explanation for why the economic profiling of Shoreditch identifies the area as containing a concentration of 'food' businesses although the area is not commonly regarded as a key dining destination within the Borough.

business functionality at night and b) a likely product of the long-standing regulatory landscape and the input of specialist legal advisors skilled in completing official paperwork on behalf of their client base. The Council has recently completed its public consultation on a new Area Action Plan, entitled 'Future Shoreditch' and it will be important to consider the results of this exercise in terms of future land use planning in this part of the Borough.

From an economic strategy perspective, it makes sense to promote those aspects of the ENTE that generate fewer costs in relation to the production of benefits. This is also a stance which sits well with the Borough's Licensing Policies and provides consistency and overlap, allowing the Council to present a considered and unified approach that has a broad evidence base. Although we are unable to 'prove the point' to strictly scientific standards, this assessment, in effect, points to food and entertainment as 'safer bets' in terms of a cost v benefit calculus guided by a test of the 'balance of probabilities' as to the maximisation of benefits v the minimisation of costs.

A key recommendation of this report is that the Council considers a long-term strategic vision for the ENTE in Hackney which synchronises the existing evidence and expertise of officers and representatives working across the various disciplines of economic strategy, planning, licensing, tourism, policing, environmental health and public transport, together with public and stakeholder consultation.

As background, one can see that from an economic development perspective, 'food' (notwithstanding some errors of business category self-assignment) is already the largest and fastest growing sector within the Hackney ENTE in terms of numbers of firms, employment turnover and output (GVA). It also generates the greatest GVA per firm and per employee. Food start-ups are responding to consumer demand and would, therefore, appear to offer potential for further growth and economic contribution; any growth will also be enhanced by knock-on effects in the non-Core ENTE and supply chain. A number of hospitality firms that started in Hackney, have in recent years built on their success and opened outlets across the Capital. London's Global City status creates demand for a wide range of culinary offerings that are likely to continue to provide potential for exciting new business opportunities that draw further attention to Hackney as an exciting leisure destination.

The smallest sector of the three ENTE components, 'entertainment' provides complementary activities to both food and drink. The entertainment sector covers a wide scope of activities, with the vast majority, such as culture and sport, being considered positive for local communities, as well as being special draws for visitors. Such attractions provide support for surrounding businesses by generating additional footfall for an area; some have unique and especially valued aspects and are therefore worthy of particular Council support to ensure their sustainability.

1.2 Structure of this Report

This report contains nine sections, including this summary. Following the summary, Section 2 provides and introduction to the report and the ENTE. Section 3 presents details of the CBA framework and an overview of legislation governing the ENTE. It explains the development of our CBA research design, along with the legal and statutory context of ENTE development.

Section 4 describes the study and sets out the methods used - how the CBA is broken down into its key components and the way data were collected. It also presents the limitations to the method and the need to take account of those items not included in the formal CBA.

Sections 5 and 6 set out the profile of the ENTE in relation to the borough as a whole and then for the sub-areas.

Section 7 provides a comprehensive description of the findings of the CBA and its component parts.

Finally, section 8 draws together conclusions regarding the impact of the ENTE and the CBA methods, and then sets out a limited number of recommendations.

2 Introduction

2.1 Background

The Evening and Night Time Economy (ENTE) is increasingly capturing the attention of researchers, policymakers, private business and public agencies, the media and the wider community.

Throughout history, towns and cities have had some manifestation of an 'economy' that operates in the evening and at night. In ancient Greece (and probably before) people traded objects and services beyond the end of the commonly understood 'working day'. In Asia, night markets selling domestic goods, medicines and food have existed for thousands of years.

However, in the 21st century leisure or 'post-industrial' age, the transactional nature of the evening and night has appeared to grow in its importance to the functioning of towns and cities. So, whilst not having the same weight of economic contribution as activity during the daytime, what happens 'after dark' has great strategic interest than ever before.

This makes the importance of measuring the location, make up and economic significance of the ENTE relevant to a range of policy makers and planners. This is particularly true in Western and Western-influenced nations, where regenerated post-industrial areas have developed a strong focus on leisure consumption linked to the rise of complimentary changes such as the increase in city centre living, agglomeration of industries attracting mobile young professionals in the new economies and the rise of urban tourism.

The first conceptualisation and research into the 'night-time economy' or NTE, as it quickly became known, appeared in the early 1990s, when a small number of cultural and urban theorists identified that European town and city centres, after dark, had their own unique qualities. While these qualities did not entirely separate them from the 'day-time', it was clear that they produced certain distinct sociological phenomenon and raised issues different to those that drove urban governance and city management during the day. These early studies focused on the liberating, consumer-oriented and urban planning aspects of the NTE.

However, since the late 1990s, and partly in reaction to the pro-ENTE-liberalisation agenda influenced by the early studies, there has been considerable research into the ENTE by academics from sociological, criminological, public health and epidemiological backgrounds. These studies often focused on the costs, 'negative externalities' or 'negative impacts' associated with activity after dark. This includes both quantifying crime and disorder, as well measuring police, justice and health overheads and the operational costs of managing the ENTE. Much of this was linked to increasing alcohol and drug fuelled 'excess' in Western towns and cities, driven, in part, by certain business practices such as drinks price promotions, the fashion for sweet free-poured cocktails and shots, and the development of heavy concentrations of similarly-functioning drink-led premises in tight geographical clusters. More recently, there has also been emphasis on low-level externalities such as chronic noise nuisance for local residents.

So, whilst there is now a large body of analysis on the 'cost' impacts of the ENTE, other than the early attempts to posit 'the 24hr city' as 'a good idea', particularly in urban planning and regeneration

terms, very little work has been dedicated to placing these specialist studies into a broader concept of the significance and strategic potential of the Evening and Night Time Economy.

The many potential benefits of a vibrant ENTE have been under-emphasised in the research. There have been no studies of the wellbeing and mental health benefits that may come from enjoying a city's ENTE provision; the freedoms associated with release from the work of 'daytime'; the regeneration of post-industrial cities; the attraction and retention of students, high skilled workers, high growth companies, tourism; and the prestige of cultural production and the hosting of global events. These factors are rarely, if ever, quantified. Likewise, few studies have set out to answer the challenging question of: "What sort of an ENTE might we want"?

Whilst supporting the importance of understanding and measuring ENTE costs, and noting the best practice that is appearing in planning, licensing, town centre management in managing and improving the night time economy, it is with only a little irony that we note that the least investigated part of the night-time economy is the 'economy' part. The part which generates jobs and tax revenues and which provides context for both personal and collective opportunity to 'play' as well as to 'work'.

2.2 ENTE Activities

Measuring ENTE economic activity requires an agreed definition of its components. In the past, ENTE economics were too under-researched for there to have been debate about its makeup. The definitions used here have been applied in major research studies in the UK and Australia and are based upon the publicly accepted Standards Industrial Codes (SIC) used by the Office for National Statistics (ONS) and by the ABS[4] in Australia. The full ENTE definition used in this study can be found in Table 1 (core ENTE) Table 2 (indirect ENTE) and Table 3 (supporting ENTE). The activities are all leisure-based services (not simply drink based) accessed by members of the public; whether local inhabitants, employees working in the area or visitors of one classification or another[5].

The ENTE definition sits in a broad and consistent definition of both its local supply chain and the local economy. This provides clarification of the significance of the ENTE role to the overall local economy. It is a serious and problematic misconception that all ENTE activities are in some way driven by alcohol consumption. It could be argued that this misconception is beginning to change in relation to the evening economy and in areas which have a high concentration of ethnic minority residents from communities who display little or no demand for alcohol (see for example in relation to Arab / North African night culture in Edgware Road, Westminster, Rusholme in Manchester or in parts of Bradford). There are opportunities for perceptions to change further in relation to the night-time hours where demand for suitable non-alcoholic attractions and alternatives arise.

Our definition is divided into 'Core' and 'Non-Core' (Supporting and Indirect Services) businesses which sit within a wider and common definition of a local economy. The three key constituents of 'Core' ENTE businesses are:

- Drink led
- Food led
- Entertainment led

They are defined by a combination of 5 digit SIC classification and described business activity. 'Non-Core' ENTE describes the activities in broad sector classifications that are connected through

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[4] Australian Bureau of Statistics
[5] Business, International or Domestic Tourism

service provision to Core activities to a greater or lesser degree e.g. Non-Drink Retail; Accommodation; Transport; Hospital and Police Services and other public service provision.

All the Core activities constitute a material part and a driving catalyst of the leisure economy. However, they do not include activities such as retail trading which remains primarily a day time activity, or hotels and guest houses which, whilst providing overnight accommodation, are more usually on the fringes of leisure activity provision and, therefore, sit within our wider Non-Core or supply chain definition. Nonetheless there are clearly linkages between the Core and Non-Core activities, eg with late night shoppers patronising Core ENTE establishments.

Likewise, non-leisure activities which operate at night such as hospitals, bakeries and logistics are not included. The focus of the ENTE is very much on leisure activities.

3 Cost Benefit Framework

3.1 Cost Benefit Analysis

A conventional cost benefit analysis will seek to attribute and value all aspects of a particular activity, and allocate those aspects to one side of an equation or the other. In the ENTE such simplicity is not always possible. There is a subjectivity stemming from the differing interest and perspectives of those who participate in this subject, driven by the view that A may be an undesirable cost to society whilst in fact it has 'economic benefit'. An example of this would be the 'cost' to the public purse of CCTV surveillance which may exist to identify 'wrong doing', but provides jobs in a specialist industry which can be seen as a benefit to society and may provide 'public reassurance'.

As a consequence, we have sought to identify as costs all those services paid for by the public purses, eg the costs of policing, ambulance services, street cleansing etc.

These 'Costs' are generally collected under the headings of:

- Police and Justice Services
- Ambulance and Hospital Services
- Subsidised Transport Services
- Local Authority Services (Lighting; Litter; Parking; Special Event Management, etc.)

Conversely, we have identified all the revenues collected by the public sector from consumers or businesses in the course of 'enjoying' or delivering ENTE services.

The revenues fall into three main categories:

- Taxes and duties collected by Central Government and paid to the Exchequer, eg VAT and alcohol duties.
- Local taxes, eg NNDR.
- Fees for services, eg licensing fees, rubbish collection charges etc.

This study is not tasked with identifying and assessing non-tangible cost impacts such as the 'disturbance' caused to residents through excessive noise or non-tangible benefits such as the improvement in 'sociability' which might result from the provision of ENTE services. We note that a study in 2012 by the Greater London Authority[6] initially set itself the task of measuring both the cost impact of noise and the benefit of socialising and were unable to measure either due to the complexities of analysing cause and effect[7].

Whilst it is theoretically possible to design a Randomised Control process for the assessment of any cost or benefit impact, some costs and benefits require a specialised approach which is not envisaged within our brief. None of the costs of the ENTE are any more than sub-sets of services provided to the general public on a 24/7 basis. The notion that there may be need for special categorisation only follows from the view that, in some way, these costs would not be incurred were it not for the impact of entertainment or leisure on anti-social behaviour around the populace that engages with the ENTE. It is true to say, however, that particular costs will increase in response to demand in the

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[6] Alcohol Consumption in the Night Time Economy WP55 – September 2012
[7] This is not to say that there is neither benefit nor cost

case of agglomerations of ENTE premises and other spaces that attract high footfalls. For example, the Council has needed to organise additional cleansing services in response to outdoor drinking and fast food consumption in Shoreditch at night and in London Fields (park) during the warm summer months.

Nonetheless, we have sought to take a consistent and systematic approach to identify all the costs and revenues paid by or accruing to the public purse arising from the operation of the ENTE within Hackney. While data on many of the costs and revenues are not routinely captured and allocated to the ENTE, they are real and are incurred. As a consequence, a degree of interpolation or estimation has been required. We have attempted to disaggregate items into the smallest, discrete elements possible, which has minimised the need for any 'guesstimation' and mitigated against its impact.

3.2 Legislation

Under the Licensing Act 2003 (LA2003), certain activities, such as the Sale of Alcohol and the Provision of Entertainment, cannot take place lawfully without authorisation from a Council Licensing Authority. Licensable Activities are permitted on a case-by-case basis, as listed with various conditions attached, on certain forms of licence, or notice (Premises Licences, Late-night Refreshment licences, Temporary Events Notices etc.).

Late-Night Refreshment (LNR) licences are required for premises serving hot food and drink to the public between 23.00 and 05.00, for consumption on or off premises to which the public has access.

A Temporary Event Notice (TEN) can be used to temporarily extend the hours or activities permitted by a Premises Licence or Club Premises certificate. Individual licensed premises may obtain a TEN up to 15 times per calendar year. TENs can also be used to hold one-off licensable events at unlicensed premises without the need for a Premises Licence, Club Premises Certificate or the presence of a Personal Licence holder, provided certain criteria are met.

In Guidance to the LA 2003 (as amended) "Cumulative impact" refers to the potential impact on the promotion of the four statutory Licensing Objectives (1. the prevention of crime and disorder, 2. prevention of public nuisance, 3. public safety and 4. the protection of children from harm) of a large number of licensed premises concentrated in one area. Cumulative impact is the concept used to describe how in some areas, alcohol-related social harms arise, not because of the activities of individual businesses, but because there are a large number of licensed premises within a small area. The area has 'destination status' which generates large footfalls and 'churn' of patrons to, from, and between premises with associated 'impacts' on the local environment.

Where local evidence exists to suggest that the number of licensed premises in an area is a problem (in terms of the Licensing Objectives), the Council can decide to control the numbers of new venues and variations to the licensing of existing venues in that area. This is known as a Cumulative Impact Policy (CIP) as set out in the Guidance accompanying Section 182 of the LA 2003, issued by the Home Office. Before a Council can introduce a CIP policy it must undertake a consultation with local businesses and residents. Once a CIP is in place,

new licensing applications pertaining to areas within the boundaries of the CIP will need to provide evidence that they will not add to the problems that already exist in that area. Thus, the existence of a CIP reverses the burden of proof, whereby, under normal circumstances, licences are granted unless the Council receives objections ('Relevant Representations') to consider.

'Special Policy Area' (SPA) is the term used by the London Borough of Hackney to refer to those parts of the Borough that are designated under the CIP. There are currently two areas, which are known as the 'Shoreditch SPA' and the 'Dalston SPA'. The SPAs cover only a small proportion of the Borough geography; maps showing the SPA boundaries are included in Hackney's Statement of Licensing Policy.

Further amendments to the LA 2003 are due to be introduced in the Policing and Crime Act 2017 and other changes may follow the Government's response to the 2017 House of Lords' Select Committee Report into the efficacy of current licensing laws. However, none of the amendments and proposed amendments from the HoL involve changes to the four Licensing Objectives, or to the continued existence of CIPs.

Licence Review is the mechanism whereby a licensed premises may have its Premises Licence reviewed by the council's Licensing Authority if the authority receives a formal request for this (a Relevant Representation) from the Police (or other public agency on the list of Responsible Authorities), or from an Interested Party (such as a local resident or business owner). Reviews can only be made in the case of a representation that the premises in question has breached the conditions of its licence and/or has operated in a way which resulted in crime and disorder, or otherwise acted against the Licensing Objectives. Licence Reviews address issues with licensed premises on an individual case-by-case basis and are not a suitable vehicle for Council's to rely upon when making long-term strategic decisions concerning the 'shape' of the ENTE locally.

The Late-Night Levy (LNL) provides a framework to derive private sector financial contributions to the costs of policing and other crime prevention interventions, as directed by councils and local police forces. The levy is set out in Chapter 2 of Part 2 of the Police Reform and Social Responsibility Act 2011 (as amended). LNL charges can be applied to those licensed premises operating between the hours of midnight and 6am, subject to exceptions determined locally with reference to the national statutory guidance. Hackney Council has proposed to adopt a LNL, which is expected to raise approximately £362,000 per year towards the cost of managing the late-night economy of the Borough. A public consultation on these proposals closed on 7 May 2017 and details have yet to emerge as to the next steps in taking forward the LNL proposals in Hackney.

In terms of strategic options for shaping development of the ENTE, the other main tools are those of Planning and Urban Design to guide development proposals and decision-making in individual cases and to provide an overall vision for the Borough and its constituent geographies. The Hackney Development Plan Document (Local Plan) provides an over-arching Borough-wide spatial strategy known as the Core Strategy. Local Plans must also take account of Regional Planning Policy. The London Plan (July 2011) indicates that Dalston, for example, is not only an important 'Major Town Centre', it is also an 'Area of Intensification' meaning that continued transformational re-development is anticipated.

The Local Plan is broken down into Area Action Plan (AAPs) providing comprehensive spatial strategies for co-ordinated development and design in each sub-location. The AAPs are intended to reflect local aspirations for the future of each area, to guide development and provide confidence and certainty to developers, residents and other public sector bodies. There are currently AAPs for six areas of the Borough, including Shoreditch, Dalston and Hackney Central. The Council has recently completed public consultation on a new AAP for Shoreditch, entitled 'Future Shoreditch'. The results of this exercise were not available at the time of writing.

The AAPs integrate policies for the development and the use of land, for example, by guiding the allocation of Use Class Orders and Planning Conditions to certain sites. Planning permission cannot be revoked so these allocations influence the general nature of each area and how it functions over the long term. Central Government offers Planning Policy Guidance (PPG) documents for Town Centres, which includes advice on urban design principles and crime prevention techniques applicable to the ENTE. There is clear opportunity for Hackney to develop a more integrated 'area management approach' which derives evidence and expertise from both the planning and licensing fields and which is in dialogue with broader strategic concerns for the Borough economy.

4 The Study

4.1 Aims

The aims of this study are as follows:

- To produce an economic analysis of the ENTE in Hackney in terms of firm numbers, employment, turnover (revenue) and Gross Value Added (GVA).
- To estimate the government revenue (in terms of taxes, levies and fees) generated by the ENTE both at a local and national level.
- To estimate the costs created by the ENTE (such as policing, health, services and enforcement) at both a local and national level.
- To use this analysis to form a comprehensive Cost Benefit Analysis (CBA) Framework of the Hackney ENTE.
- To make recommendations based on the CBA.

4.2 Methods

4.2.1 Measuring the ENTE

The economic analysis of Hackney's ENTE draws on a longitudinal dataset of businesses referred to as Trends Central Resource (TCR). TCR is one of the most extensive bodies of data on enterprises in the UK. It was developed by TBR[8] following original research undertaken 25 years ago to demonstrate the importance of the job creation role of small firms. It contains data on nearly 3 million live firms and organisations in the UK, together with historical information on a further 5 million organisations going back to the 1970s. TCR contains information on the location, industrial classification, line of business, employment and financial performance of firms. TCR uses a combination of Standard Industrial Classification (SIC) and declared line of business in order to classify firms to our night-time economy definition and various sub-categories.

The evening and night-time economy is spilt into core ENTE and non-core ENTE (comprising of indirect and supporting activities):

- **Core**: Food, drink and entertainment.
- **Indirect**: Accommodation, retail, parking and cabs.
- **Supporting**: Care, infrastructure and public transport.

A summary of the Core ENTE can be seen in Table 1, Table 2 shows the Indirect ENTE, and Table 3 the Supporting ENTE. However, the main focus of this study is the Core ENTE and all measures of benefits will be based on this category. However, we include data relating to the Indirect and Supporting ENTE within Hackney to allow comparisons with previous research carried out in this field.

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[8] Trends Business Research (TBR) initiated the study and carried out much of the analysis. Following the firm's closure the work was completed by Ortus Economic Research. Ortus retains access to TCR.

We carried out the analysis by measuring the number of firms, employment, turnover and GVA (gross value added) in the Hackney ENTE at three time points (2005, 2010 and 2015). Data for the Hackney ENTE was extracted from TCR, following this, validation was performed on the dataset (using information found on the web and at Companies House) and analysis was carried out on the four measures (firm counts, employment, GVA and turnover) for the three time-points.

Table 1: Core ENTE Definition

Sector	Segment
Drink	Bars & Café Bars
	Pubs
	Social Clubs
Entertainment	Bowling alleys
	Casinos
	Gambling establishments (e.g. bookmakers, fruit machine operators)
	Cinemas
	Gyms / Leisure Centres
	Night Clubs
	Snooker Halls
	Sports Venues
	Theatres, Concert Halls & Performance Venues
Food	Restaurants
	Takeaways

Source: Ortus 2017

Table 2: Indirect ENTE

Sector	Segment
Accommodation	Hotels
	Short-stay
	Other accommodation (e.g. camping grounds, boarding houses)
Food & Drink Retail	Alcohol Specialist
	Food Specialist
	Supermarkets / General Stores
	Tobacco Specialist
Other Retail	Culture/Recreation
	Electronics
	Fashion
	Health/Medical
	Household
Media Coverage	Advertising
	Media
	News agencies
Transport	Hackney Cab Hire

| Private Cab Hire |
| Parking |

Source: Ortus 2017

Table 3: Supporting ENTE

Sector	Segment
Care	Medical Cover
	Police
Infrastructure	Environmental
	Town Centre Management
Transport	Hackney Cab Hire
	Parking
	Private Cab Hire

Source: Ortus 2017

4.2.2 Measuring the Benefits of the ENTE

4.2.2.1 Central Government Revenues

The ENTE generates a number of revenue streams for both local government and for HM Treasury. The ENTE provides tax revenue through VAT and gambling duties on goods and services provided by the ENTE, excise duty on alcohol, employee taxes and National Insurance contributions by those employed by the ENTE, National Non-Domestic Rates (i.e. business rates) from ENTE venues, business levies on the ENTE. Finally, the ENTE will also provide revenues indirectly due to taxes paid by the supply chain of the ENTE and revenue induced by the ENTE.

One of the main sources of revenue generated by the ENTE is Value Added Tax (VAT) paid on goods and services provided by the ENTE. This was calculated as 20% (17.5% in 2005 and 2010) of all GVA generated in the food, drink and entertainment segments of the core ENTE[9].

There were two exceptions to this; the gambling and cinema components of the entertainment sector. Gambling is not subject to VAT but is subject to a rather complex array of gambling duties. However, a report by HM Customs and Excise estimated that 22% of all gambling sales are paid in duties to the Treasury[10]. We therefore estimated the tax revenue from gambling as 22% of all sales (turnover).

For the cinema sector, ticket sales are exempt from VAT but food and drink sold on the premises are taxed at the standard rate of VAT. We therefore calculated a weighted average of VAT paid according the amount of expenditure on tickets vs food and drink by cinema-goers[11,12] and applied this to the GVA generated by cinemas.

The second source of income is excise (or alcohol) duty; this taxation is more complex. Taxes are applied per litre to drinks sold according to the type of drink (e.g. beer, wine, spirits etc.) and the alcohol content[13]. Excise duty is technically paid by the brewery component of the supply chain, however, this duty will drive up the costs of drink and so we applied this revenue to the core ENTE.

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[9] VAT applied to GVA rather than turnover because VAT is paid on the value of sales minus the costs of all taxable purchases, i.e. the amount by which the item has increased in value at each stage of the transaction.
[10] Revenue from Gambling Duties, 2000, HM Revenue and Customs.
[11] YouGov Survey of expenditure on Sundries by cinema goers.
[12] Stephen Fellows study on the average cost of cinema tickets.
[13] GOV.UK Tax of shopping and services.

We first calculated a weighted average of excise duty paid on drinks by estimating the average costs and alcohol content of different drinks[14,15,16], estimating the average amount of excise duty paid on each type of drink and then weighting these estimates according to the ratio of drinks sold (i.e. % made up by beer, wine, spirits and soft drink sales) in pubs, bars and restaurants[17]. This gave an estimated rate of excise duty to apply to drinks sales in bars/pubs, licenced restaurants and licenced clubs. Bars, pubs and clubs were assumed to generate 80% of their revenue from drinks while restaurants were estimated to derive 23% of their sales from drinks[18].

A further source of income to the Treasury is Corporation tax. Estimates were based on HMRC Tax & NIC Receipts by HMRC & the Office of National Statistics[19], who report corporation tax of around 3% of GDP (varying according to the tax year). We applied this to GVA in each of the core ENTE segments.

In addition, both Central Government and local authorities generate revenues from Non-Domestic rates (i.e. business rates). These are collected from businesses by local authorities according to the rateable value of business premises (i.e. rental value) and the type[20]. These business rates are then allocated back to the local authorities via a Formula Grant[21] based on the council's circumstances, needs and ability to raise resources locally. Since there is no direct link between business rates' revenues and what the council receives back from Central Government, we have classified business rates as a Central Government revenue rather than a local government revenue. However, the position is changing as local authorities retain an increasing portion of business rates.

The final source of revenue to the Treasury is income tax. We estimated an average contribution to income tax and National Insurance contributions (both employer and employee) for each year based on the ONS survey of Average Weekly Earnings for the Wholesale, Retail, Hotel and Restaurant sector[22] and published government sources on the amount of income tax and NIC by income bracket[23,24]. The estimated employment in each ENTE sector was multiplied by our estimated tax/NI contribution per employee to derive income tax generated by each ENTE sub-sector.

In addition to the contribution of the Core ENTE, the sector will indirectly generate income through its supply chain (indirect effects) and the income generated by the sector (induced effects) which will then be spent in other parts of the economy. Indirect and induced effects on GVA were calculated using multipliers taken from the ONS input-output tables for GVA. The indirect effects were calculated using ONS input-output multipliers rather than from the non-core ENTE because this allows analysis which is more consistent with widely established methods for calculating indirect effects. This method also allows the determination of induced effects using the same methodology. We then worked out the estimated tax revenue from this additional GVA using a similar approach to the Core ENTE. A weighted VAT rate was applied for the supply chain and income tax and corporation tax were calculated from taxation revenue per GDP from the report on the HMRC Tax & NIC receipts published by HMRC/ONS.

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[14] Good Pub guide, Average Beer Prices.
[15] Statistica, Average wine prices.
[16] Average ABV in beer, wine and spirits.
[17] Wine and Spirit Trade Association Market Overview 2015 .
[18] Analysis by Fourth Analytics 2016.
[19] HMRC Tax & NIC Receipts, 2016, KAI Data Policy and Coordination (HMRC) & ONS
[20] https://www.gov.uk/calculate-your-business-rates
[21] A Guide to the Local Government Finance Statement in England, Dept for communities and local government, 2013.
[22] Average Weekly Earnings by Sector, Monthly Wages and Salaries Survey, ONS.
[23] Income Tax Liabilities by Income Range, Survey of Personal Incomes, ONS.
[24] National Insurance Contributions 1999/2000 to 2016/17.

4.2.3 Local Government Revenues

There are various sources of revenue for local government that can be generated by the ENTE. These are as follows:

- Licencing fees from pubs and restaurants
- Planning fees for new food drink and entertainment establishments
- The Voluntary Levy (to be replaced by the Late-Night Levy)
- Council parking charges (parking fees and Penalty Notices) for ENTE visitors
- Enforcement of Penalty Notices (food/noise/planning contravention, commercial waste individual Penalty Notices) associated with the ENTE
- Commercial paid-for waste services associated with the ENTE
- Hire/rental of council owned venues for ENTE purposes
- ENTE related sponsorship

These were all estimated from figures supplied to us by the London Borough of Hackney.

4.2.4 Measuring the Costs of the ENTE

4.2.4.1   Local Government Services Costs

Local government incurs costs as a consequence of the ENTE operating within the area. By consulting with the London Borough of Hackney, these were ascertained to be as follows:

- Costs associated with administering licencing, such as drink, late-night refreshment and Temporary Event Notices (TENs).
- Costs of enforcement of licences.
- Costs of planning.
- Costs to environmental health.
- Costs of maintaining physical infrastructure related to the ENTE.
- Costs of services (such as waste collection, cleansing, and community safety) associated with the ENTE.
- Public transport costs.
- Parking (i.e. costs of enforcement).

For each of these areas we estimated the costs generated by the ENTE through consultation with the London Borough of Hackney.

4.2.4.2   Police and Justice Related Costs

The ENTE, by drawing large crowds, increases the burden on the police through additional incidents of antisocial behaviour, disorderly conduct, assaults etc., often related to excessive drinking. The key elements of this analysis were:

a) To estimate the additional costs to the Metropolitan Police Service (MPS).
b) To estimate what percentage of these costs should be attributed to the ENTE.
c) To estimate how much MPS time is allocated to policing the ENTE in Hackney.

The Policing and Justice-Related costs to the MPS were based on the Commissioner of Police of the Metropolis (CMP) statement of accounts for 2014/15[25]. This report splits policing costs into the following services:

- Local policing
- Dealing with the public
- Criminal justice arrangements
- Road policing
- Specialist Operations
- Intelligence
- Investigations
- Investigative support
- National policing
- Community Safety & Crime Reduction

We then applied the likely expenditure due to ENTE activities for each of these categories to estimate the overall costs of the ENTE to the Metropolitan Police Service. This was done through a combination of desk research and advice from Steve Bending, Head of Safer Communities at the London Borough of Hackney[26]. These figures were then apportioned for Hackney according to the

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[25] CMP Statement of Accounts Audited 2014-2015
[26] He is also a former Borough Commander of the Metropolitan Police Service.

proportion of all crimes in the MPS jurisdiction that were committed in Hackney as recorded in MPS Crime Figures[27].

4.2.4.3   Health-Related Costs

The ENTE places a burden on the NHS mostly through increased incidents of accidents, assaults and alcohol poisoning associated with the ENTE. The two main areas likely to be affected by the ENTE are ambulance call outs and A&E admissions. Figures on alcohol-related ambulance call outs for Hackney were acquired from the London Ambulance Service. We estimated the costs of the ENTE to the ambulance service by multiplying the annual number of alcohol-related call outs in Hackney between the hours of 6am and 6pm by the average cost of an ambulance call out to the NHS[28].

It was not possible to obtain estimates of ENTE-related A&E visits in Hackney and so the cost of alcohol-related A&E visits were estimated from a report for the Greater London Authority[29] and apportioned based on the proportion of the London population that lives in Hackney[30]. This was then apportioned according to the proportion of alcohol-related ambulance call outs between the hours of 6pm and 6am, as this is likely to reflect the pattern of alcohol-related A&E admissions. It would be possible to obtain more precise costings for Hackney were the local Accident and Emergency Departments to adopt something akin to the 'Cardiff Model' of data collection, whereby assault patients complete a questionnaire which records where they consumed their last drinks.

4.3   Limitations

Due to the unavailability of some datasets, it was necessary to make estimates for a number of the costs and benefit. Nonetheless, the detailed and granular approach adopted leads us to believe that the cost and benefit data generated are robust.

4.3.1   Benefits of the ENTE

The estimates of the benefits of the ENTE were based on the employment, turnover and GVA generated by firms in the ENTE. These figures were derived from the TCR database. While this is a highly comprehensive record of firms above the VAT threshold, there are always issues with incorrect, missing or duplicated records in any database. While care was taken to validate the dataset that formed the analysis there was the potential for error. TCR is considered the prime resource for this type of work as it captures a significant proportion of firms operating below the VAT threshold, which is useful for micro and small enterprises operating in the food and entertainment sectors.

The estimates of tax revenue were derived using analytical models that linked data on employment, GVA and turnover with estimates on the likely tax generated per employee or £ of GVA/turnover generated. This was not possible for all taxes, for example the tax paid by workers in the ENTE. In this case, an estimate was made using the median salaries of those workers in the Wholesale, Retail, Hotel and Restaurant sector and extrapolating the likely income tax/NI paid by these workers and their employers. Likewise, there was no data available on the amount of excise duty paid by an average pub, so an estimate was made using the best available data. Similarly, for corporation tax,

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[27] Metropolitan Police Crime Figures
[28] DoH Transforming the NHS Ambulance Services, 2012, National Audit Authority – figure adjusted for inflation.
[29] On the Wagon, Tony Arbour, Greater London Authority
[30] Mid-year population estimate 2015, ONS

there was no available estimate for the ENTE and so published figures of tax paid per £ of GVA were used as the best estimate available.

Another challenge with estimating the benefits of ENTE regards business rates (NNDR) paid by businesses in the ENTE. Although business rates are collected by the Borough, they are then remitted to HM Treasury which reallocates them to local authorities via a Formula Grant[31] based on the council's circumstances, needs, and ability to raise resources locally. While local authorities currently retain 50% of business rates and are due to retain 100% by 2020, the current position is not totally clear as a degree of redistribution still pertains.

4.3.2 Costs of the ENTE

Again, many of the cost figures have been estimated from the best available data. For the financial burden placed on the police, while we have good data on the overall costs of Policing the Metropolitan area, we were required to estimate the costs generated by the ENTE and the amount of burden generated in Hackney based on the best available data and estimates.

While we have good estimates of the alcohol-related ambulance call outs in Hackney, we do not have a direct measure of costs (as the costs will be placed on the local health services as a whole). As such, we had to multiply the call out incidents by average costs of an ambulance call out in the UK. We are therefore assuming that an ambulance call for an alcohol-related issue in Hackney will take up the same level of resources as an average ambulance call out in England, however, we do not have sufficient data to confirm this.

It was not possible to get estimates of ENTE-related A&E visits in Hackney, so the cost of drink related A&E visits were estimated from a report for the Greater London Authority and apportioned based on the proportion of the London population that lives in Hackney. However, this may over/underestimate the costs of the ENTE-related A&E admissions as these are not necessarily evenly distributed throughout London and are likely to be higher than average in Boroughs such as Hackney which have a thriving ENTE; although we have no way of verifying this. As noted above, local adoption of the Cardiff Model of data collection in hospitals would assist future analysis, as well as providing useful information on potentially problematic licensed premises toward which enforcement action may be directed.

Another problem with measuring health-related costs of the ENTE is that it is extremely difficult to pin down to what extent alcohol-related incidents can be attributed wholly to the ENTE. Binge drinking occurs not only in pubs and restaurants, but also at home and in the street, so our estimates may overstate the acute health-related costs of the ENTE. We have not attempted to quantify the impact of the ENTE on chronic alcohol health problems. The ENTE could be seen to exacerbate acute alcohol-related issues (i.e. binge drinking on nights out), however, it is far more difficult to attribute long-term health issues, like alcoholism and liver cirrhosis, and such an assessment is beyond the scope of this study.

4.3.3 Qualitative considerations

Another limitation of the study is that the costs and benefits are only measured quantitatively but the costs and benefits of the ENTE go beyond financial considerations. For example, the antisocial behaviour that can often be associated with the ENTE can have other negative effects on society; such as the annoyance and distress caused by nuisance drinkers in residential areas, as well as the detrimental effects on individuals involved in crime associated with the ENTE. Likewise, the negative

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[31] A Guide to the Local Government Finance Statement in England, Dept. for Communities and Local Government, 2013.

effects on health of the ENTE go beyond the costs to the NHS caused by ambulance call outs and A&E admissions, as they can affect individual wellbeing and long-term health.

Similarly, the ENTE may enhance areas in ways that cannot be measured financially. The ENTE can improve the ambiance of an area, as well as providing spaces for social interaction, community cohesion, entertainment and the arts. These factors are beyond the scope of the CBA but must always be kept in mind when considering the value of the ENTE. A key factor in London's status as a world class city is its vibrant ENTE which attracts mobile workers and visitors from across the globe. Hackney, with its reputation for fashion, music and innovation, has undoubtedly achieved destination-status for ENTE patrons seeking entertainment in London.

5 Findings: Hackney's ENTE

5.1 Economic Profile

Latest data (2015) estimates 20,420 establishments operating in Hackney, employing approximately 111,430 people. In 2015, the Hackney economy generated £21,146m in turnover and a Gross Value Added (GVA) of £8,929m. There has been significant growth in these four aspects of the Hackney economy over the past 10 years. The number of firms has increased from 14,340 in 2005 to 20,420 in 2015, a growth of 42%. Despite a decrease in employment between 2005 and 2010 (-3%), there has been an overall increase in employment of 5% over the past decade (from 106,150 employees in 2005 to 111,430 employees in 2015). Total turnover generated in the borough was £15,134 m in 2005 which grew to £21,146m in 2015, an increase of 40%. There was also a 45% increase in GVA from £6,146m in 2005 to £8,929m in 2015.

The ENTE in Hackney accounts for 19% of all firms (3,905 firms). Collectively, these employ 19,810 people (18% of Hackney employment), generates a turnover of £1,721m (8% of Hackney turnover) and GVA of £799m (9% of Hackney GVA). The ENTE has grown significantly over the past 10 years with a 39% increase in the number of firms, 27% increase in employment, 44% increase in turnover and 79% increase in GVA. Despite this, as a proportion of the total economy, the contribution of the ENTE has remained relatively consistent over the time period (2009-2015).

As described previously, the ENTE can be defined as Core (Direct) and Non-Core (Indirect and Supporting). Whilst all three have grown since 2005 in terms of number of firms, employment, turnover and GVA, as a proportion of the total economy, their contribution has remained relatively constant. However, the contribution of Direct, Indirect and Supporting to the ENTE has changed over the time period (2005-2015) with Core and supporting accounting for a higher percentage of ENTE firms, employment, turnover and GVA in 2015 than they did in 2005. In contrast, the Indirect activities account for less of the ENTE in 2015 than they did in 2005. For example, in 2005 30% of ENTE firms operated in Core activities, 68% in Indirect and 3% in Supporting. In 2015, these figures changed to 35%, 61% and 4% respectively.

We estimate a total of 1,375 Core ENTE firms in Hackney (making up 7% of total Hackney firms), which collectively employ around 4,720 staff (4.2% of employment in Hackney). Overall, the ENTE generated turnover of £219m and GVA of £111m, contributing 1.0% and 1.2% to the total economy respectively (Table 4).

In addition, the supply chain of the core ENTE is estimated to employ a further 590 jobs (370 in food, 130 in drink and 90 in entertainment). These estimates are made using supply chain multipliers published by the ONS.

The Core ENTE also generates additional GVA from its supply chain. We estimate the Core ENTE supply chain contributes a further £30 million in GVA to the economy. The Core ENTE will also contribute additional GVA through induced effects (i.e. money spent by those employed in the Core ENTE). We estimate that this will generate a further £65 million in GVA to the economy.

Table 4: The size of the Core ENTE in Hackney – proportion of whole economy

	Firms	**Employment**	**Turnover (£m)**	**GVA (£m)**
Drink	1.6%	1.0%	0.3%	0.3%
Entertainment	0.7%	0.4%	0.2%	0.1%
Food	4.5%	2.8%	0.6%	0.8%
Total Core	**6.7%**	**4.2%**	**1.0%**	**1.2%**

Source: Ortus 2017. PN1703_LB_Hackney_ENTE_Economic_Profile_Final/S2

The Core ENTE is made up of three subsectors;

- Food
- Drink
- Entertainment

Food is the largest subsector of the Core NTE in Hackney in terms of number of firms (67% of Core NTE, 4.5% of total economy), employment (66% of Core NTE, 2.8% of total economy), turnover (56% of Core NTE, 0.8% of total economy) and GVA (68% of Core NTE, 0.6% of total economy) (Table 5). This subsector also experienced the largest growth in terms of firms (growth of 6% per year since 2005), employment (4% per year since 2005), turnover (7% per year since 2005, not correcting for inflation) and GVA (11% per year since 2005, not correcting for inflation). The smallest subsector in Hackney is entertainment which only contributes 10% of the Core NTE firms, 11% employment, 15% turnover and 11% GVA. Entertainment is also the slowest growing subsector of the Core NTE in Hackney. Whilst, all three sub-sectors have grown since 2005 (Figure 1), this appears to be in line with the broader growth of the Hackney economy. Consequently, the relative contribution of food, drink and entertainment activities to the Hackney economy has remained largely unchanged since 2005.

Table 5: The size of the ENTE in Hackney

	Firms	**Employment**	**Turnover (£m)**	**GVA (£m)**
Drink	320	1,090	62	24
Entertainment	135	500	31	12
Food	920	3,130	123	76
Total Core	**1,375**	**4,720**	**219**	**111**

Source: Ortus 2017. PN1703_LB_Hackney_ENTE_Economic_Profile_Final/S1

**Figure 2: Trends in the Hackney Core ENTE**
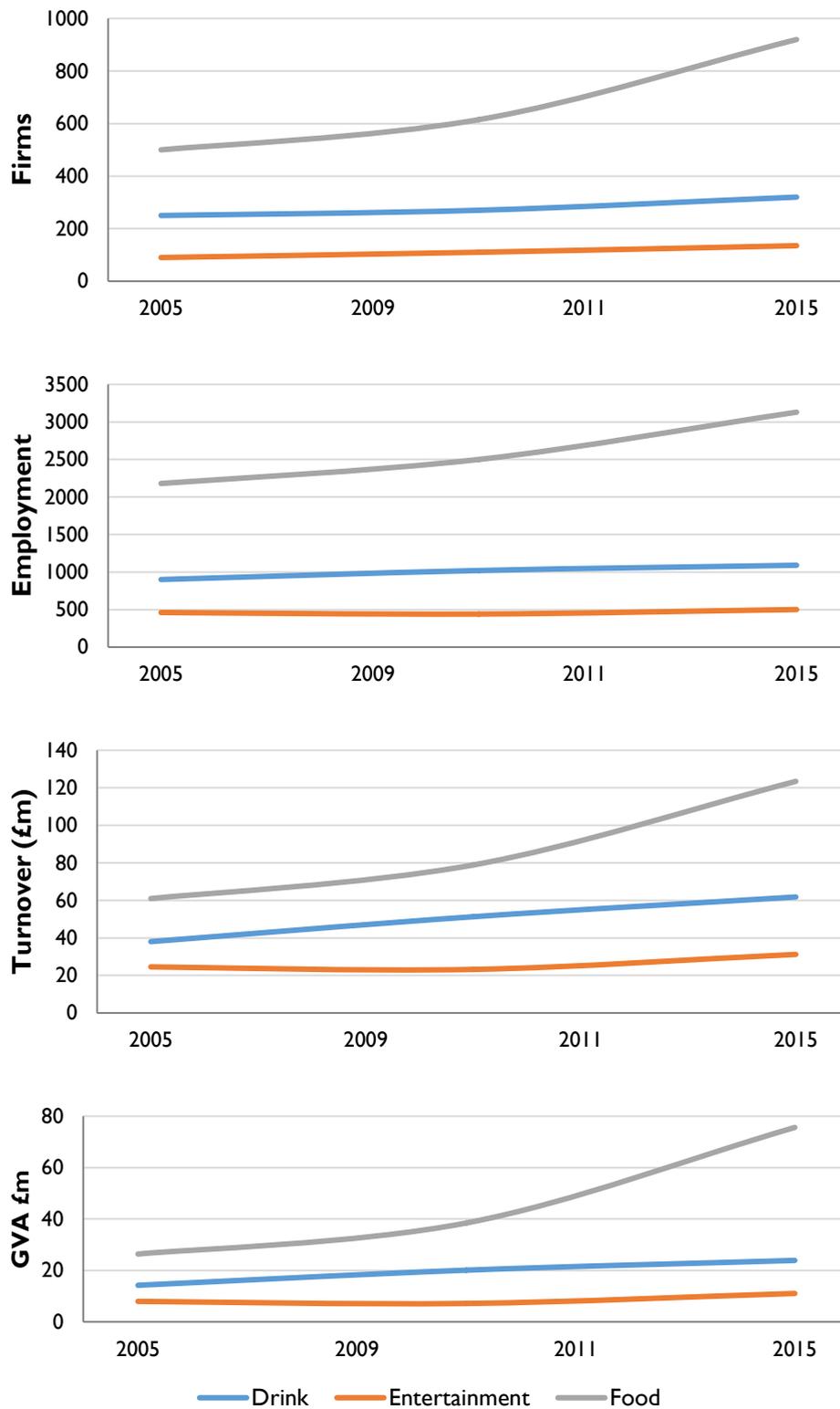
Source: Ortus 2017. PN1703_LB_Hackney_ENTE_Economic_Profile_Final/C1

6 Findings: Economic Profile of Sub-areas

We carried out further analysis on four sub-areas of Hackney as shown in Figure 2, below.

Figure 3: Four main areas in Hackney
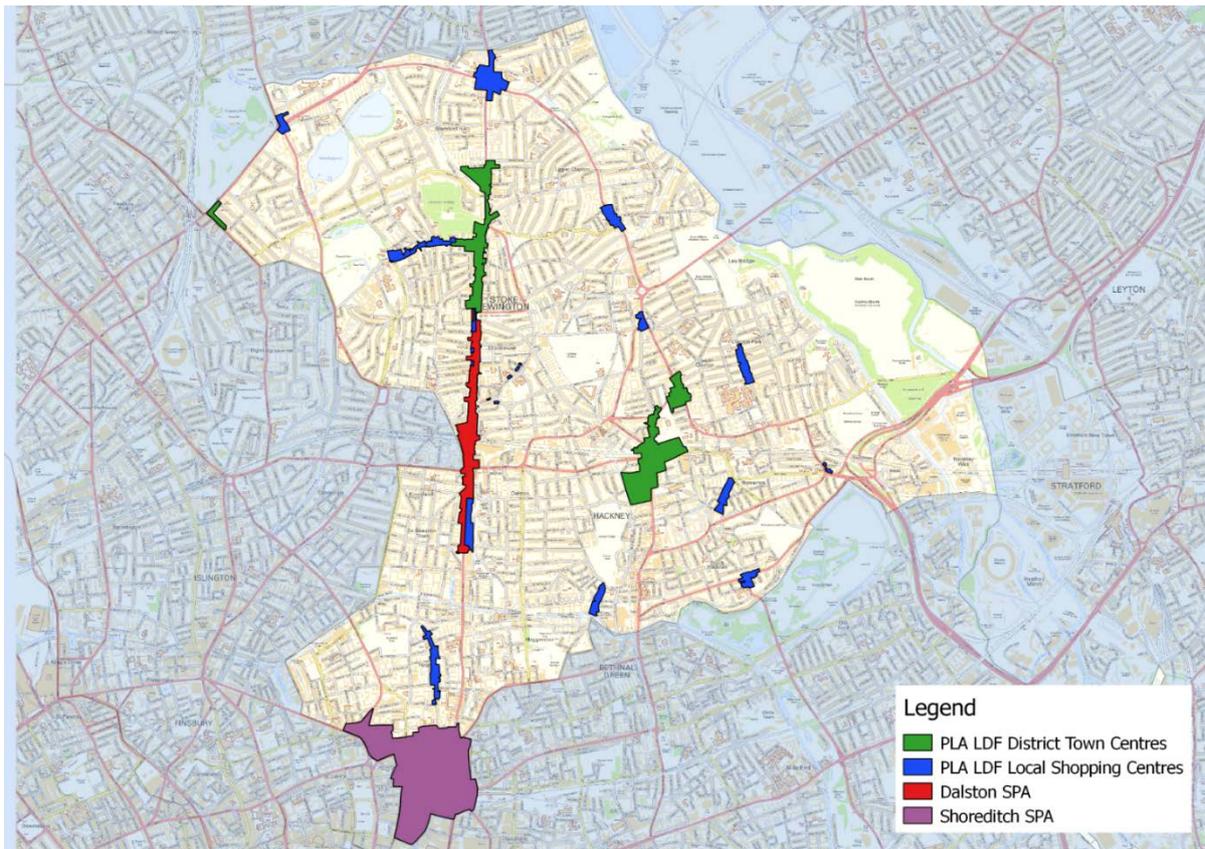
Source: LB Hackney

These areas are not all contiguous, with some made up of multiple locations, eg the Town Centres and Shopping Centres.

Collectively, the five local areas investigated (Shoreditch, Dalston, Hackney Central, Stoke Newington and Broadway Market) account for about 40% of all Core ENTE firms in Hackney and around half of its associated employment, turnover and GVA.

The Hackney Core ENTE is largely concentrated in the South of Hackney around Shoreditch, as shown in Table 6, below.

Table 6: Local areas contribution to the Hackney ENTE; % of whole borough

	Firms	Employment	Turnover (£m)	GVA (£m)
Shoreditch	19%	27%	28%	30%
Dalston	11%	8%	7%	8%
Hackney Town Centre	4%	6%	6%	5%
Stoke Newington Town Centre	7%	8%	8%	8%
Broadway Shopping Centre	1%	2%	2%	2%
Shopping Centres	13%	12%	12%	11%

Source: Ortus 2017. PN01316R_LB_Hackney_ENTE_Profile_Local_Areas_Final/S1

A fifth of all Core ENTE firms (255 firms out of a total of 1,375) and around a quarter of all pubs and bars are located in Shoreditch (Table 7). This area generally has larger firms (in terms of employment, turnover and GVA) compared with the rest of Hackney and these firms show higher productivity (GVA/head of employment) than the rest of the Hackney Core ENTE. For example, GVA/head in Shoreditch is £26.6k/employee, whereas in Dalston the figure is £23.1k/employee.

Overall, over a quarter of Hackney Core ENTE employment and turnover is contributed by Shoreditch firms and almost a third of the Hackney's GVA for the sector is generated in Shoreditch. Dalston also makes up a smaller but significant proportion of Core ENTE firms in Hackney. Similar to Shoreditch, the largest contributor to the Core ENTE in Dalston, is 'food' which (as self-defined) accounts for 80% of establishments, 70% of employment, 60% of turnover and 69% of GVA.

Table 7: Local areas contribution to the Hackney ENTE

	Firms	Employment	Turnover (£m)	GVA (£m)
Shoreditch	255	1,260	60	33
Dalston	145	360	16	8
Hackney Central	55	250	12	6
Stoke Newington	90	400	17	9
Broadway Market	20	90	4	2
Shopping Centres	175	570	106	52
Whole Borough	1,375	4,750	219	111

Source: Ortus 2017. PN01316R_LB_Hackney_ENTE_Profile_Local_Areas_Final/S1

Table 8: Local areas contribution to the Hackney food establishments

	Firms	Employment	Turnover (£m)	GVA (£m)
Shoreditch	155	830	34	23
Dalston	115	250	10	6
Hackney Central	35	160	6	4
Stoke Newington	70	310	12	7
Broadway Market	15	70	3	2
Shopping Centres	530	1,510	59	34
Whole Borough	920	3,130	123	76

Source: Ortus 2017. PN01316R_LB_Hackney_ENTE_Profile_Local_Areas_Final/S1

Table 9: Local areas contribution to the Hackney drinking establishments

	Firms	Employment	Turnover (£m)	GVA (£m)
Shoreditch	75	340	20	7
Dalston	25	70	4	2
Hackney Central	15	40	2	1
Stoke Newington	15	80	4	2
Broadway Market	5	20	1	0
Shopping Centres	185	540	31	12
Whole Borough	320	1,090	62	24

Source: Ortus 2017. PN01316R_LB_Hackney_ENTE_Profile_Local_Areas_Final/S1

Table 10: Local areas contribution to the Hackney entertainment establishments

	Firms	Employment	Turnover (£m)	GVA (£m)
Shoreditch	25	100	7	3
Dalston	5	40	3	1
Hackney Central	10	80	4	2
Stoke Newington	5	10	1	0
Broadway Market	-	-	-	-
Shopping Centres	90	230	17	6
Whole Borough	135	500	33	12

Source: Ortus 2017. PN01316R_LB_Hackney_ENTE_Profile_Local_Areas_Final/S1

Shoreditch has a particular concentration of food and drink (in terms of employment, turnover and GVA (Table 8 and Table 9). However, entertainment is more evenly concentrated around the borough. Shoreditch has only 23% of all drinking establishments but has around a third of the drink sectors employment, GVA and turnover, suggesting that the bars and pubs here are generally larger and have more 'traffic' than in other parts of Hackney; as such, Core ENTE employment is heavily concentrated in this area (Figure 4).

The Core ENTE in Hackney urban centres, including Broadway Market, is mostly centred on food, with a smaller proportion of drinking establishments and no entertainment. For example, 75% of establishments in Broadway Market operate in food activities, with the remaining quarter being drink. By contrast, Hackney Central has a relatively large share of the entertainment sector including the Hackney Empire (see Hackney ENTE local areas workbook for more details). Stoke Newington is a major destination for dining in the Borough, with 70 firms, out of a total of 90 overall, self-defining as 'food' businesses.

See the maps presented below for further details:

- Figure 3: The four sub-areas of Hackney
- Figure 4: Spatial distribution of the core ENTE firms in Hackney (2015)
- Figure 5: Core ENTE Employment Density by Lower Super Output Area

Figure 4: The four sub-areas of Hackney
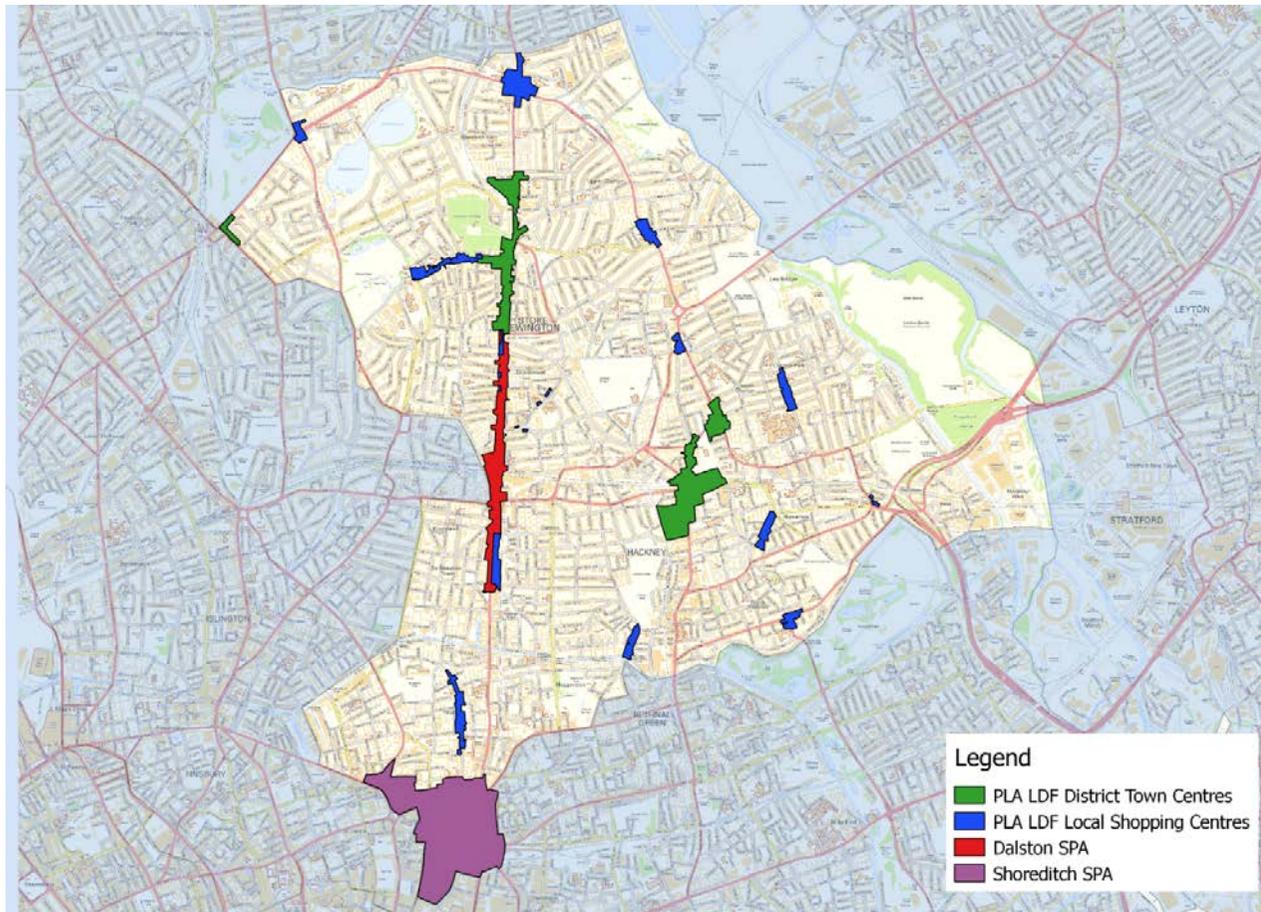
Source: LB Hackney

Figure 5: Spatial distribution of the core ENTE firms in Hackney (2015)

Legend

- Drink
- Entertainment
- Food
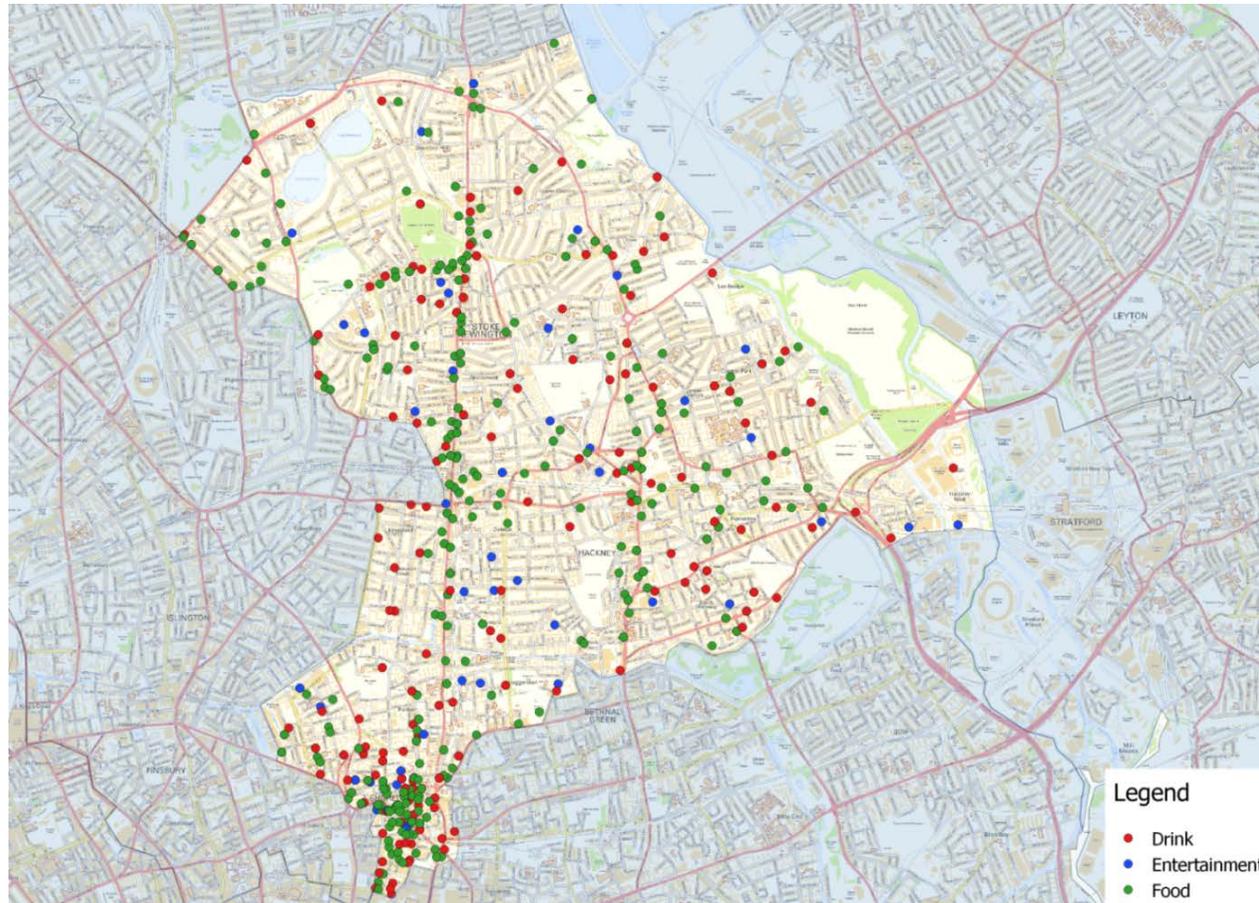
Source: Ortus 2017. PN1703_LB_Hackney_ENTE_Economic_Profile_Final/MI

Figure 6: Core ENTE Employment Density by Lower Super Output Area

Core ENTE Emp

- ☐ 0 - 20
- ☐ 20 - 70
- ☐ 70 - 140
- ☐ 140 - 240
- ☐ 240 - 1070
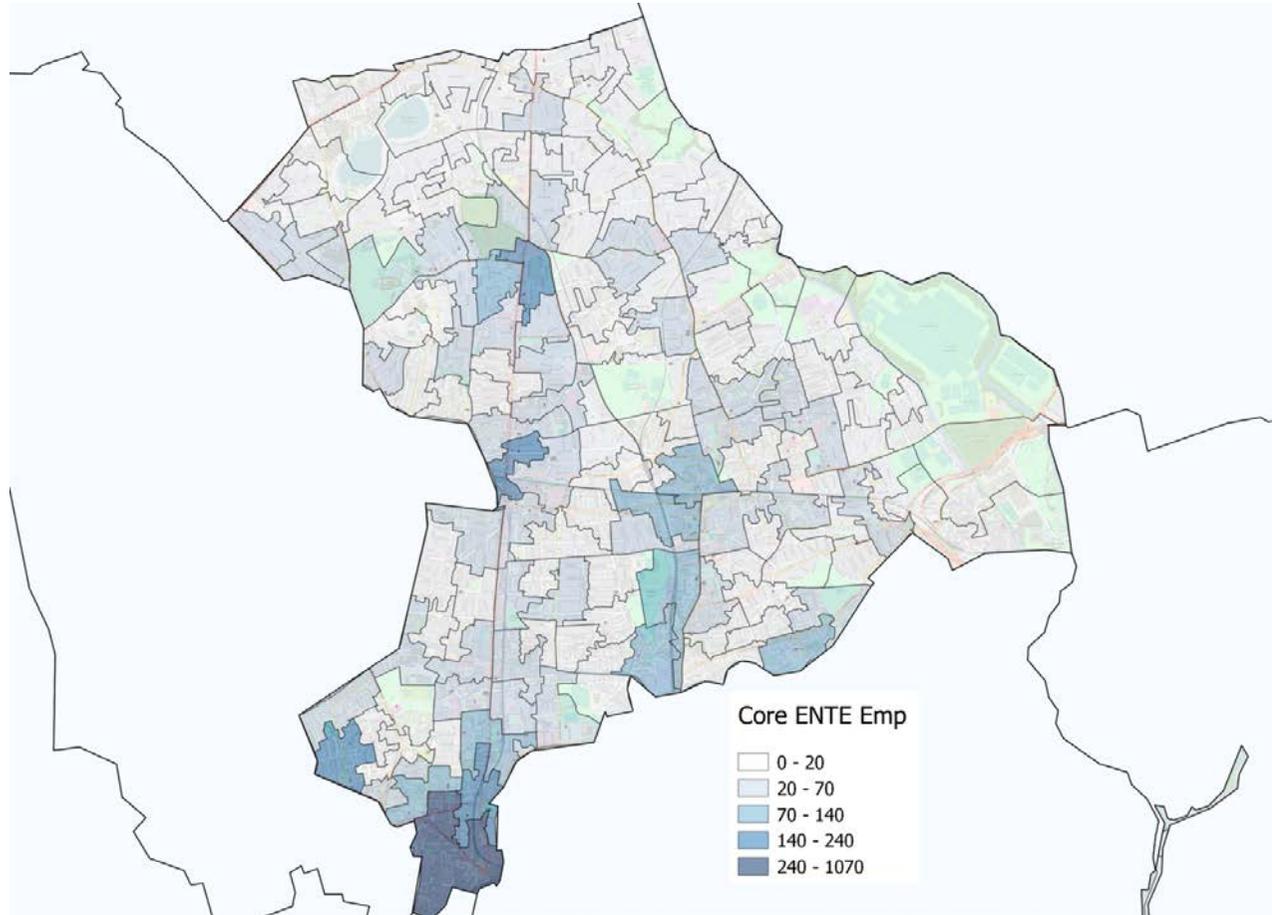
Source: Ortus 2017. PN1703_LB_Hackney_ENTE_Economic_Profile_Final/MI

7 Findings: Cost Benefit Analysis

7.1 Summary of Findings

The total costs of the Hackney ENTE (including costs to the police and justice system, the NHS and costs to the borough council) were estimated to total £23.5 million. The benefits of the Hackney ENTE, however, were estimated to total £93.2 million. The ratio of benefits to costs of the ENTE was therefore 3.97 and generates a net gain of £69.7 million. The costs and benefits of the evening and night-time economy impact at both a local and national level, as such we have split the analysis into a local government CBA and a Central Government CBA.

7.1.1 Local Government Cost Benefit Analysis

We estimate the total benefit to the borough council of the Hackney ENTE to be £2.1 million. The ENTE is estimated to cost the council approximately £3.6 million. This means that the borough council makes a loss of around £1.5 million due to ENTE activities with a ratio of benefits to costs of the ENTE of 0.57. The CBA to the LB Hackney is summarised in the infographic below (Figure 6).

Figure 7: Infographic summarising the local government costs and benefits of the Hackney ENTE
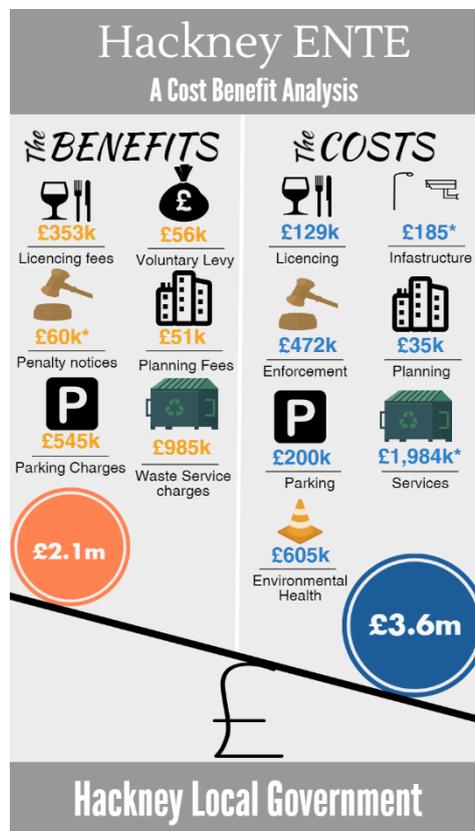

Source: Ortus 2017

7.1.2 Central Government Cost Benefit Analysis

We estimate the total benefit to Central Government of the Hackney ENTE to be £91.1 million. By comparison, Hackney's ENTE is estimated to cost Central Government around £19.9 million. For 2015, the ratio of benefits to costs of the ENTE at the national level is therefore 4.58, which generates a net gain of £71.3 million. The CBA of the Hackney ENTE to UK Central Government is summarised in the following infographic (Figure 7).

Figure 8: Infographic summarising the central government costs and benefits of the Hackney ENTE
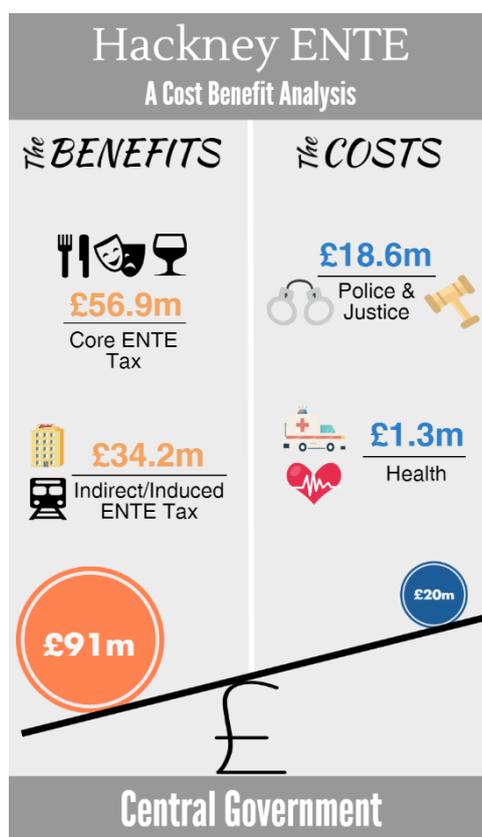
Source: Ortus 2017

7.1.3 Additional Benefits

Over and above the benefits shown above the ENTE is responsible for generating jobs, valued added and spending within the borough, as set out in section 5.1, Table 5:

	Firms	Employment	Turnover (£m)	GVA (£m)
Drink	320	1,090	62	24
Entertainment	135	500	31	12
Food	920	3,130	123	76
Total Core	**1,375**	**4,720**	**219**	**111**

Source: Ortus 2017. PN1703_LB_Hackney_ENTE_Economic_Profile_Final/S1

7.2 Local Government Costs

The costs borne by Hackney Council are set out in Table 11.

Table 11: Local Government Costs[32]

Department	Item	Cost
Licensing	Food & Drink	£59,253
	Late Night Refreshment	£1,573
	TEN	£68,367
Enforcement	Licensing	£140,790
	Licensing Policy Development/Community Engagement	£1,500
	Licensing Adjudication and Application Processing	£291,328
	Licensing legal work	£38,521
Planning	Planning costs - development planning	£4,849
	Planning costs - development control	£30,223
Environmental Health	Food safety/hygiene	£26,109
	Noise abatement	£578,402
Infrastructure	Street lighting	£0
	CCTV	£0
	Street scene	£25,000
	Parks waste management	£160,000
Services	Waste collection & disposal	£1,214,000
	Cleansing	£674,000
	Community safety wardens (ENTE o/time)	£56,000
	Community relations and assurance	£15,000
	Community safety messaging	£15,000
	Engagement with ENTE providers	£10,000
Public transport	Buses/Overground	£0
	Taxi licensing	£0
Parking	Enforcement costs	£199,745
Total Local Government Costs		**£3,609,659**

Source: Ortus/LB Hackney. PN01316R_Hackney_ENTE_Costs_Benefit_Analysis_Final/S3

7.3 Policing Costs

The Hackney ENTE is estimated to cost around £18.6 million to the Police and Justice system, see Table 12. This is the largest cost by far, making up 79% of all ENTE-related costs. Over half of this (£10.2 million, 55%) is spent on the ENTE related local policing but substantial proportions are also spent on ENTE-related investigations (£3.0 million, 16%), dealing with the public in ENTE issues (£1.7 million, 9%), ENTE-related criminal justice arrangements (£1.4 million 8%), and ENTE-related intelligence (1.5 million, 8%).

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[32] All costs data provided by LB Hackney and TfL. The inclusion of zero costs in some categories appear to result from difficulty in disaggregating costs, or these being incurred anyway, with no additional costs for the ENTE.

Table 12: Policing Costs

Service	Estimated Expenditure in Hackney (£)	% of ENTE costs
Local policing	£10,186,000	55%
Dealing with the public	£1,699,000	9%
Criminal justice arrangements	£1,414,000	8%
Road policing	£151,000	1%
Specialist Operations	£478,000	3%
Intelligence	£1,465,000	8%
Investigations	£2,955,000	16%
Investigative support	£205,000	1%
National policing	£0	0%
Community Safety & Crime Reduction	£16,000	0%
Total ENTE related costs	**£18,569,000**	**100%**

Source: Ortus 2017. PN01316R_Hackney_ENTE_Costs_Benefit_Analysis_Final/S1

7.4 Health Costs

The Hackney ENTE is estimated to cost the NHS around £1.3 million per year due to acute responses to drink-related issues between the hours of 6am and 6pm. The majority of this comes from increased pressure on A&E departments due to drink related issues (£876k, based on London averages) while an additional £440k is estimated to be spent on ambulance call outs for ENTE related incidents.

7.5 Local Government Benefits

The benefits of the ENTE to local government revenues are summarised in Table 13. The ENTE is estimated to contribute over £2m to the London Borough of Hackney every year. The largest source of revenue to the council from the ENTE is the money generated from commercial waste (£985k, 48% of total revenue). This obviously also incurs a cost which will be addressed in the next section. The next largest contribution from the ENTE (£544,675, 27% of total) is from parking charges to Hackney ENTE visitors in the form of Pay and Display charges and Cashless parking charges (89%), followed by enforcement penalty notices for unpaid parking or illegal parking (11%). Licencing fees from pubs and restaurants contribute around £353k in revenue to the council (17% of the total). Smaller revenues are generated from other areas such as planning fees (£51k) and the Voluntary Levy (£56k) which provides street warden patrols in Shoreditch and Dalston at weekends. At the time of writing it seems likely that the voluntary levy will soon be replaced by a Late-Night Levy on premises operating between midnight and 6am, with some exceptions (see Section 3.2 above). The LNL is expected to raise around £362,000 per annum toward the costs of managing the Hackney ENTE.

Table 13: Local Government revenue from the Hackney ENTE

Local Government Income Source	Value
Licensing fees	£353,368
Planning fees†	£51,262
Venue hire + rents	£0
Voluntary levy (to be replaced by Late Night Levy)	£56,000
Parking charges	£544,675
Enforcement penalty notices	*£482,156*
Pay and display/cashless parking	*£62,519*
Enforcement penalty notices	£60,000
Food, noise, planning contravention	*£25,000*
Commercial waste	*£25,000*
Individuals	*£10,000*
Commercial paid-for waste services	£985,000
ENTE related sponsorship	£0
Total Revenue	**£2,050,305**

Source: Ortus 2017. PN01316R_Hackney_ENTE_Costs_Benefit_Analysis_Final/S6

7.6 Central Government Benefits

The Central Government revenues from the ENTE are summarised in (Table 12). In total, the ENTE in Hackney is estimated to generate around £92m per year to the Exchequer.

The largest ENTE contribution to Central Government is from VAT (and gambling duties) on goods and services with an estimated £40.5 generated. Food is by far the largest generator to Core ENTE VAT receipts (£15.1m, 89% of core VAT) with drink and entertainment contributing £4.8m and £3.6 respectively). For the entertainment sector around half of these receipts are estimated to be from gambling duties. We also estimate that a further £17m in VAT is generated from the Core ENTE through indirect and induced effects. These are taxes generated through the supply chain of the ENTE and from VAT paid by those who make their living through the ENTE.

The next largest contributor of the ENTE to Central Government is income tax/national insurance contributions of workers in the ENTE. Again, employees in the food-led ENTE are estimated to contribute around £12m in taxes with employees in the drink industry contributing around £4.2m and employees in the entertainment industry contributing £1.9m. A further £14.8m of income tax is generated by those in the ENTE supply chain (indirect effects) or the additional employment generated by induced effects of the ENTE.

Business Rates are estimated to generate a further £6.5m in revenue. While this is collected by local authorities it is absorbed into a central fund which is then contributed back to local authorise in the form of a Formula Grant. While these funds are ultimately spent at the local level, there is no direct link between how much an authority brings in and how much it receives; as such, we have included this revenue under Central Government expenditure.

Excise duty also makes a small but significant contribution to central revenues at £6.2m per year. Unsurprising, the majority of this is generated from the drinks industry but a substantial portion is received from the food sector due to drink sales in licenced restaurants with a small proportion estimated from the entertainment sector, through drink sales in night clubs.

Finally, Corporation Tax (made on the profits of ENTE businesses) is estimated to contribute around £2.8m to the Exchequer. A further £2.4 is estimated to be generated from the ENTE supply chain and through the induced effects of the ENTE sector on the broader economy, making a total of £5.21m.

Table 14: Central Government revenue from the Hackney ENTE

ENTE Segment	Central Government Revue Stream (£m)					
	VAT/ gambling duties	Excise (alcohol) Duty	Income tax/ NI	Corp. Tax	Business Rates	Total Revenue
Drink	4.78	4.14	4.19	0.6	1.44	15.16
Entertainment	3.59	0.07	1.92	0.28	0.61	6.48
Food	15.12	2.07	12.04	1.90	4.15	35.29
Total Core ENTE	*23.49*	*6.28*	*18.16*	*2.78*	*6.21*	*56.93*
Indirect/Induced effects	17.01	n/a	14.79	2.41	n/a	34.21
Total ENTE revenue	**40.51**	**6.28**	**32.95**	**5.19**	**6.20**	**91.14**

Source: Ortus 2017. PN01316R_Hackney_ENTE_Costs_Benefit_Analysis_Final/S6

8 Conclusions and recommendations

8.1 Conclusions

Our conclusions are in two parts; assessing the impact of the ENTE on Hackney and its economy, and a consideration of the methodology of undertaking a cost benefit analysis on the ENTE.

8.1.1 The impact of the ENTE in Hackney

The evidence gathered and analysed by this study indicates that the ENTE in Hackney generates a positive return for the public purse. However, the situation is not straightforward as the revenues and costs are incurred asymmetrically. Government in the form of HM Treasury receives significantly more from the ENTE that it incurs in costs. The position for Hackney Council is somewhat different as it sees far greater costs than revenues.

This situation, unsurprisingly, leads to significant differences in perspective as to the merits and liabilities of the ENTE. For example, at the local level there are real concerns regarding the costs of cleaning, anti-social behaviour and noise abatement enforcement. For HM Treasury, the focus is on ensuring the collection of taxes and hence a general desire to promote the economic aspects of the sector.

As far as Hackney Council is concerned the ENTE is responsible for £3.6m in costs while only generating £2.1m in revenues. However, this ignores the positive impacts of the jobs and wealth generated by the nearly 1,400 firms operating in the Borough. Likewise, it takes no account of the taxes including business rates, which are recycled back to Hackney from Central Government.

Clearly not all costs and benefits have been captured. The intangible and unquantifiable issues associated with the ENTE are well documented and cover the impacts of antisocial behaviour, the tacit encouragement of drinking alcohol, creating conditions for crime/fear of crime as well as light and noise pollution, etc. Thus, the cost benefit analysis could be seen as presenting an overly optimistic view of the ENTE. However, as not all costs are incorporated into the analysis, the same is true for the benefits. No account has been taken of attracting businesses and investment to the Borough by dint of its appealing ENTE, the benefits of being part of a truly global city, derived in part from the Capital's world class ENTE and the positive social aspects of dining out, entertainment and responsible drinking.

8.1.2 Methodological issues

The development of a practical framework for undertaking cost benefit analysis in the ENTE is, as far as can be seen, a novel approach. It certainly builds upon prior work undertaken in the UK and Australia. Moreover, the approach is consistent with standard methodologies in its use of type I and type II multipliers to assess indirect and induced impacts. In fact, future studies may develop this further to Green Book[33] standards by taking account of economic displacement and leakage.

A key feature of the method was the decision to take a rigorous approach to measuring costs and benefits from a standard perspective, viz. the public purse. Hence the decision to define the benefits of the ENTE as revenues derived by the public sector, eg taxation as well as paid for services delivered by the local authority. As such, the turnover and employment created by the ENTE are not, in themselves, included in the formal CBA.

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[33] HM Treasury's Green Book is the national standard for undertaking economic appraisals.

There were two major challenges in undertaking the CBA; identifying and accessing key data, and acquiring appropriate factors and coefficients to estimate figures, where direct measurement was not possible, eg tax revenues from the ENTE. These were addressed through help from the client and third parties with an interest in the outcome, persistence, and familiarity with economic modelling.

To minimise the potential inaccuracies associated with modelling and estimation, efforts were made to disaggregate data into the finest detail possible. In this way errors tended to be limited and not magnified.

Overall the method is considered robust and fit for purpose in that it presents a cost benefit analysis that is clear, consistent and can be replicated[34].

8.2 Recommendations

The recommendations mirror the conclusions in that they seek to consider the impact of the ENTE in Hackney along with the method of conducting a CBA.

8.2.1 Impact of the ENTE in Hackney

Following the acknowledgement, above, of the benefits and detriment associated with the ENTE it is clear that efforts are needed to enhance the positive and mitigate against the negative impacts.

Hackney Council, as the licensing authority, has significant powers of control over the ENTE. Licensing as a regulatory framework is shaped largely by the four Statutory Licensing Objectives (the prevention of crime and disorder, the prevention of public nuisance, public safety, and the protection of children from harm) which guide local authority policy and practice. Hackney is currently in the process of re-drafting its licensing policies following a lengthy process of evidence gathering, research and community consultation. Economic factors are not and cannot be seen as the key drivers of licensing policy; a principle re-iterated in the 2016 House of Lords review of the Licensing Act.

In relation to CBA, it is possible to see how a variety of social harms linked to the Licensing Objectives map onto a number of the 'cost' items for Hackney highlighted by this analysis, such as the costs of policing, waste management, environmental health and licensing enforcement etc (whilst we cannot state these links as 'causal' to scientific standards, the links are such that they are likely to meet the 'balance of probabilities' test applied in civil matters, including the administrative laws that govern routine local authority policy and practice).

The Behaviour Study produced concurrently to this report adopts a licensing-focused approach, looking in detail at the same sub-areas of the Borough discussed here: Shoreditch, Dalston, Hackney Central, Stoke Newington and Broadway Market/London Fields. The Behaviour Study found few links between the provision of food in seated restaurants and the provision of entertainment and negative consequences for ENTE patrons and residents, as defined by the Licensing Objectives. Indeed, in areas such as Stoke Newington comparatively little alcohol-related crime and disorder or public nuisance, was recorded, despite the area having a high concentration of licensed premises. It is therefore important to consider the 'functionality' of ENTE venues such as the extent to which they are drink- or food-led, their size/capacity and hours of trading hours in terms of the likelihood of negative social outcomes (and likely associated economic costs to the public purse). One can therefore see that, as well as being the highest GVA generator, Shoreditch - with its large late-night venues, many of which are drink-led, at least in the later hours – is the biggest generator of social and economic costs. Readers may note that the data underpinning the CBA relies upon businesses offering self-definitions of their activities. Due to the perceived benefits of presenting oneself as a 'food' business when dealing with regulatory

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[34] Replication is dependent on accessing granular, firm level data as this is the basis for estimating GVA, a key input to much of the modelling.

authorities, especially when making applications in a Special Policy Area (in licensing terms) then one can see that the proportion of businesses classified as food operators in Shoreditch is a) an over-estimate when validated against qualitative assessments of true business functionality and b) a likely product of the long-standing regulatory landscape.

From an economic strategy perspective, it would make sense to promote those aspects of the ENTE that generate fewer costs in relation to the production of benefits. This is also a stance which sits well with the Borough's Licensing Policies and provides consistency and overlap, allowing the Council to present a considered and unified approach. Although the case cannot be 'proved' to scientific standards, this assessment, in effect, points to food and entertainment as 'safer bets' in terms of a cost v benefit calculus guided by the 'balance of probabilities' as to the maximisation of benefits v the minimisation of costs.

A key recommendation of this report is that Council consider a long-term strategic vision for the ENTE in Hackney which synchronises the existing evidence and expertise of officers and representatives working across the various disciplines of economic strategy, planning, licensing, tourism, policing, environmental health and public transport, together with public and stakeholder consultation.

As background, one can see that from an economic development perspective food is already the largest and fastest growing sector within the ENTE in terms of firms, employment turnover and output (GVA). It also generates the greatest GVA per firm and per employee. Food start-ups are responding to consumer demand and would, therefore, appear to offer potential for further growth and economic contribution; any growth will also be enhanced by knock-on effects in the non-Core ENTE and supply chain. London's Global City status creates demand for a wide range of culinary offerings that are likely to continue to provide potential for exciting new business opportunities that draw further attention to Hackney as a leisure destination.

The smallest sector of the three ENTE components, 'entertainment' provides complementary activities to both food and drink. The entertainment sector covers a wide scope of activities, with the vast majority, such as culture and sport, being considered positive for local communities, as well as special draws for visitors. Such attractions provide support for surrounding businesses by generating additional footfall for an area; some have unique and especially valued aspects and are therefore worthy of particular Council support to ensure their sustainability.

8.2.2 CBA method

While the CBA method adopted for this project is considered ground breaking, there are opportunities for further enhancement. These include:

Adoption and promotion of the CBA model to help better understand the ENTE and to quantify those areas of greatest benefit and cost, so that they may be addressed. The CBA framework is also considered valuable in that it provides an overall view of the ENTE and its various components, so can help in managing the trade-offs between parties with alternative perspectives.

Encouraging organisations such as Hackney Council to record relevant data so that it can be captured and used in future iterations of the CBA.

Considering disaggregating the three component sectors into greater detail, eg:

Food

- Restaurants
- Take-aways

Drink

- Bars
- Pubs
- Social clubs

Entertainment

- Leisure activities, eg bowling alleys, cinemas, night clubs
- Cultural, eg theatres, concert halls
- Gambling, eg casinos, bookmakers etc
- Sport, eg gyms, leisure centres and sports stadia

However, this will require reliable and good quality firm-level data for modelling purposes. For the borough as a whole, BRES and IDBR extracts should provide some insights.

Consideration may also be given to addressing issues such as leakage, eg how activity may leach out into other areas and displacement, where one economic activity is replaced by another, eg drink-led businesses may be able to pay higher rents than other types of activity and hence drive them out. This could lead the CBA to be considered Green Book compliant.

9 Appendix

9.1 Glossary

Abbreviation/Term	Explanation
CBA	Cost Benefit Analysis is a semi-technical mechanism that seeks to establish the costs and benefits accruing to an activity or investment. It seeks to be neutral and provide an objective assessment.
Core ENTE	Activities that make up the core of the night time economy. See Table 1. Examples include: restaurants, food take-aways, pubs, clubs, theatres and cinemas.
Density	This considers the concentration of economic activity within a given geographic space. For example, it may consider the number of enterprises per square kilometre. Density is a useful measure of intensity and general vibrancy. Conversely, density in respect of, say drinking establishments, may indicate a potential problem arising from alcohol-related anti-social behaviour.
Displacement	An economic term that captures the impact of one economic activity pushing out another. Where this happens, the resulting economic benefit needs to be adjusted to take account of only net benefits, as some are lost with the departing business.
Employment	Number of employees associated with the firms/businesses delivering services.
ENTE	Evening and Night Time Economy
Establishment	Business or other organisation involved in the ENTE.
Excise	A tax levied on certain types of goods or services, eg alcohol, tobacco and gambling.
HM Treasury Green Book	The Treasury guidance on undertaking economic appraisal. Methods which conform to the guidance are referred to as 'Green Book compliant'.
GVA	Gross Value Added is a measure of output analogous to Gross Domestic Product (without taking account of subsidies and taxation). In this work, it is calculated by summing: gross profit, payroll costs and amortisation and depreciation. Note there are several methods for calculating GVA.
HMRC	Her Majesty's Revenue and Customs, the arm of central government responsible for taxation.
HM Treasury	The UK department of Finance.
Indirect	Economic activity associated with a core activity. Typically, the term 'indirect' refers to supply chain activities, especially when considering economic impact appraisal. This is often estimated using a Type I multiplier.
Indirect ENTE	Activities associated with the ENTE but which may take place mainly during the day, eg retailing or are only partially involved, eg overnight accommodation. See Table 2. Examples include: taxis, hotels, food retailing, and regulatory services.
Induced	Economic activity associated with a core activity. Typically, the term 'induced' refers to the effect of spending by those working in a sector. This is often estimated using a Type II multiplier.
Late Night Levy	The Late Night Levy is a discretionary power which local authorities in England and Wales can use (following consultation) to charge licensed premises opening late at night a levy (or tax) to cover costs associated with managing the late night economy.

Leakage	Economic term referring to activity that 'leaks' out of one area into another so that not all of its benefits are retained.
Licensing Act 2003	The Act of Parliament that covers the licensing of the sale and supply of alcohol. Permission to carry on some or all of these licensable activities is now contained in a single licence, responsibility for issuing licences now rests with local authorities, eg Hackney Council.
NIC	National Insurance Contributions are an employment tax levied on employers and earners.
NNDR	National Non-Domestic Rates, also known as business rates. The rate is set by national government, though the tax is collected by local authorities. The revenues are shared between local authorities and HM Revenue, though the portion retained by the local authority is increasing.
ONS	Office of National Statistics, the publisher of national statistics, or official data.
Sales turnover	Revenues generated from economic activity.
SIC	Standard Industrial Classification, 2007. System of classifying economic activity. This ranges from broad sectors down to detailed sectors. The level of detail is denoted by the number of digits, with a single digit being the most aggregated (least detailed) and five digit the most detailed.
Supporting NTE	Activities mainly in the supply chain. See Table 3. Examples include: food and drink manufacturing and distribution, catering, food and drink wholesaling and music.
TCR	A database of UK businesses that contains some 3m records and a range of relevant information about each company. It is used by Ortus to analyse sectors and activity taking place within bespoke geographies.
VAT	Value Added Tax is an ad valorem consumption tax that seeks to capture the value added at each step of a process that delivers a product or service from the producer to consumer. The general rate of VAT is 20%. In 2005 and 2010 it was 17.5%.
Voluntary Levy	A voluntary levy on ENTE businesses in Hackney. Around 40 businesses are involved generating approximately £56,000 per annum.