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On the Rocks: London's Nightlife in Crisis

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ABOUT THE NEXT GENERATION CENTRE

Across Britain today, young people increasingly feel that the economic status quo isn't delivering for them. Whether it be because extortionate housing and renting costs are denying them the opportunity of owning their own home, or because higher education no longer meets their needs, they are turning away from the ideas and institutions that made Britain so successful.

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FOREWORD

It's no secret that London's once-great nightlife is in crisis. Stories of early closures in historically thriving areas of the city are now ten-a-penny - unlike the drinks, which have become notably more expensive in recent years. For far too many venues, early closure has turned into permanent closure, with more than 3,000 pubs, bars, and clubs calling it a night since March 2020.

For young professionals drawn to London not just for employment, but also for its vibrant social scene, the decline of the city's nightlife deprives them of the fun enjoyed by previous generations. For tourists coming to enjoy London by day and by night, the limited nightlife options is a huge draw back, particularly when compared to rival European cities. And for businesses in the supply chain that rely upon a thriving night-time economy - from drinks retailers to logistics firms - the death of the night-time economy is costing jobs, investment and growth.

During the Covid-19 pandemic, I made it a mission to keep the night-time economy afloat. Boris Johnson and I liberated small businesses from reams of red tape, some of which was literally mediaeval in origin. New ministerial orders allowed shops, cafes, and restaurants to put tables and chairs outdoors, enabled every cafe and restaurant to become takeaways overnight, permitted pubs to erect marquees in beer gardens, granted late-night shopping on major high streets, and made it easier to hold markets, festivals, and street parties. In those difficult days, the opportunity to meet with friends and family for a drink or an evening meal provided much-needed relief for millions of people up and down the country.

Parts of our town and city centres flourished as never before with continental-style al fresco drinks and dining. Hundreds of thousands of small businesses made use of these simple but transformative reforms, reaffirming the fact that when the state gets out of the way, entrepreneurs can prosper. Unfortunately, many of these changes have since been walked back by local councils whose instincts are always to block and ban.

The long-term economic impacts of the pandemic undoubtedly tipped some businesses over the edge, but this doesn't explain why London's hospitality industry was struggling pre-Covid, or why other UK cities have been able to rebound far more strongly. The challenges facing London's night-time economy are the result of policy decisions made by the Mayor of London, the failures of his hapless 'Night Czar' and the coterie of councils that have swamped the city's favourite watering-holes beneath an ever-rising tide of regulation and taxation.

Whether it's mandatory 11pm closures on weekdays in Hackney, a late-night levy on establishments serving alcohol in places like Tower Hamlets and Islington, or the scrapping of outdoor dining in Wandsworth and Westminster, councils across the city are constraining hospitality venues with a Puritanism that would make Oliver Cromwell blush. The combination of additional costs and restrictive operating conditions is simply too much for many establishments to bear.

I'm delighted to welcome the recommendations made in this Adam Smith Institute paper, which carry on in that liberalising spirit. By cutting unnecessary red tape to overcome the vetocracy, making this great city a safer place to be at night, and reducing burdensome costs across the hospitality sector, we can restore London's reputation as a truly 24-hour city. It's also a chance to show hard-working young professionals, who stand to benefit most from a hospitality sector renaissance, that

free market capitalism benefits them, and that the Conservative Party cares about younger voters.

Get it right, and we can not only give young people cheaper pints, but a tangible example of how cutting taxes and scrapping cumbersome regulations can benefit them. We can all drink to that.

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Rt Hon Robert Jenrick MP, Member of Parliament for Newark, former Secretary of State for Housing, Communities and Local Government (2018-21)

EXECUTIVE SUMMARY

London's nightlife is a great national asset, which generates £46 billion for our economy, and helps to cement the city's global reputation. The night-time economy contributes heavily to London's economy. Beyond a direct financial contribution, the U.K. night-time economy acts as a catalyst for secondary spending across transportation, security, and food services.

For many Londoners, the opportunity to eat, drink, and socialise with friends, colleagues, and loved ones is a large part of the city's appeal.

However, due to ever-higher costs, restrictive regulations, and broader political mismanagement, the night-time economy is struggling to recover post-Covid, and many establishments closing their doors for good. The Night Time Industries Association (NTIA) estimates that 3,011 pubs, bars, and nightclubs have closed across London since March 2020.

In recognition of this fact, national and local policymakers should implement a series of liberalising measures designed to lift the burden on the capital's night-time economy, and to offer a much-needed lifeline to the UK hospitality industry more broadly. In particular, we recommend the following policies:

1. Reduce costs for the hospitality sector by slashing beer duty, cutting VAT, and intervening to get rid of local alcohol levies.
2. Reform our planning and licensing regime to give hospitality venues more control over what services they can offer and when, taking power away from a vocal minority of NIMBYs.
3. Improve transport provision in the capital, through the expansion of the Night Tube, intervention to stop the harmful 'taxi tax', and greater police presence around major transport infrastructure.

On the one hand, these changes would make it cheaper and easier for consumers to enjoy London's nightlife offering; on the other, it would also reduce costs and regulatory burdens for businesses, helping to keep struggling establishments afloat and stimulating a sector-wide recovery.

INTRODUCTION

From William Hogarth's famous 1751 print of the high-spirited *Beer Street* to The Queen Vic of *Eastenders* fame, London's reputation is inextricably tied to the health of its hospitality sector.

Whether it's a pint at the pub, a relaxed al fresco meal at a favourite restaurant, or a night out on the town, letting our collective hair down is one of life's greatest pleasures. Thanks to the hospitality sector, our capital city has a reputation as a world-leading place to eat, drink, and socialise. For young people in particular, evenings like these offer welcome respite from the rat-race of working life and a chance to meet with friends, partners, and loved-ones.

Unfortunately, London's hospitality sector is in crisis. Sky-high operating costs, stifling taxation, and restrictive licensing laws are making it more difficult than ever for our favourite late-night haunts to survive and thrive. The Night Time Industries Association (NTIA) estimates that more than 3,000 pubs, bars, and nightclubs have closed since the Covid-19 pandemic.¹ Those venues that haven't been forced to close face rising costs and challenging regulatory conditions.

We all have an interest in supporting the city's nightlife - London's hospitality sector has traditionally been part of what makes this city such a fantastic place to live and work. Moreover, more than a quarter of the city's workforce is employed in the night-time economy, while the sector's £46 billion in revenue represents a key part of the city's economy.²

Slowly but surely, this emergent crisis is beginning to receive the attention that it deserves. Much-maligned Night Czar Amy Lamé's insistence that London is a "24-hour city" has attracted the ire of commentators from across the political spectrum, and has provoked an ongoing conversation about the city's fast-declining night-time economy.

It is more important than ever that policymakers, both local and national, heed the warning signs, and take action now to prevent a further decline in the health of London's hospitality sector. Fail to do so, and we can expect to see more closures, more restrictive opening hours, and ever-higher prices, compromising London's global reputation and making this city a far less vibrant place to live and work.

As we do so, we should be clear about what the causes of this crisis are, and what they are not. The hospitality sector is struggling because of structural economic factors

¹ *Night-time economy in alarming state - association*, BBC News, 23th April 2024

² *New data shows London's world-leading hospitality industry and live music events defied all expectations in 2023*, London Assembly, 16th January 2024

and policy decisions, which drive high operating costs. Despite the insistence of some commentators, the decline of London's nightlife cannot be blamed on the changed spending habits of younger people.

We will not save London's nightlife by adding more costs and more regulations, nor by demonising young people. It is time to back our hospitality sector and our young people in equal measure, liberalising rules and lifting burdens wherever we can.

In that spirit, we urge policymakers and the public alike to heed the (probably apocryphal) words of Martin Luther, who so famously extolled the value of recreation, noting that: *“whoever drinks beer, he is quick to sleep; whoever sleeps long, does not sin; whoever does not sin enters Heaven! Thus, let us drink beer!”*

WHERE WE ARE NOW

London: A Global City?

Considering that the hospitality sector faces challenging conditions across the UK, why does this paper focus on London?

We can start by looking at the geographic distribution of Gross Value Added (GVA) generated by the night-time economy (NTE). England's NTE is a much larger contributor to the UK's GVA total than the other three nations.³ England's NTE GVA makes up 91% of the UK total - yet only 84% of the UK population lives in England, and 87% of NTE businesses are based in England. This discrepancy highlights the exceptional GVA output per business and per employee in England's NTE.⁴ One of the principal reasons for this is the GVA generated by London in particular. London's rich culture, art, food, beverage, and tourism sectors together constitute around one third of the UK's entire leisure and hospitality GVA. It is therefore impossible to talk about UK hospitality without talking about London.

Londoners are also more likely to enjoy night-time activities than their counterparts elsewhere in the country. 54% of Londoners regularly wind down for the night after 11pm, compared to a UK figure standing at 48%. Younger people, as expected, tend to be the most active after dark. Almost half of all night-time trips in London (whether that be via public transport, car or on foot) are made by people aged 25-44.⁵

If that's not enough, according to the online review service Trip Advisor, London is Europe's top nightlife destination.⁶ Whether it's world-famous West End theatre shows, secret techno caves in the trendy East, or lively pubs in Covent Garden, London draws visitors from across the globe and enjoys iconic status in the global consciousness.

The health of London's nightlife is particularly pertinent for young people, at a time when our broader economy is too often failing to deliver the kind of lifestyle that they deserve and desire. The city's night-time economy is reliant upon the young students and graduates who choose to live, work, and spend in the capital. Teeming with internships and graduate opportunities, London has been shown to be the only Travel to Work Area with a higher graduate retention rate than its non-graduate retention rate (84.2% compared with 83.7%).⁷ Despite the rising cost of living, London is

³ *Night Time Economy Report 2024*, Night Time Industries Association, p.22

⁴ *Ibid*, p.22.

⁵ *London at night: an evidence base for 24-hour city Executive Report*, GLA Economics, November 2018, p.6

⁶ *London has been named Europe's best destination to visit this year*, Ed Cunningham, TimeOut, 9th January 2024

⁷ *Exploring educational attainment and internal migration, within English Travel to Work Areas : 2002 to 2019*

continuing to attract young people, gaining a net of 29,000 people in the 20-29 age range from the rest of England and Wales between 2019-2020.⁸ London's outsized contribution to the UK's night-time economy, measured through its global status and its ability to retain and attract the next generation of earners, proves its pivotal role in defining the successes of our night-time economy as a whole.

However, it's not all positive. While London nightlife continues to enjoy a global reputation which ought to be celebrated by politicians of all stripes, it also faces considerable and disproportionate challenges. While nightlife elsewhere in the UK, and particularly in cities such as Manchester, has started a gradual post-pandemic stabilisation, London's nightlife is in steep decline, a fact highlighted elsewhere in this paper.

It's important to highlight that many of the recommendations put forward in this paper would also address the challenges facing the UK's wider hospitality sector. Planning reform and tax cuts in particular have the potential to provide a huge boost to the hospitality sector nationwide. Where the specific recommendations made are inappropriate for a particular local context, we encourage policymakers to approach in the liberalising spirit that forms the basis of our proposals for the capital.

London's hospitality sector and the night-time economy:

So, what does London's night-time economy look like now?

The broad category of "night-time economy" encompasses a range of related but distinct areas of economic life that operate between 6pm and 6am,⁹ including restaurants, bars, pubs, and nightclubs. When we use terms like 'hospitality sector', 'nightlife', and 'night-time economy' throughout this paper, we are specifically focused on the definition adopted by the Greater London Authority.

The Greater London Authority uses four industry groupings to explore the night-time economy: (i) night-time cultural and leisure activities, (ii) activities which support night-time cultural and leisure activities, (iii) 24-hour health and personal social services,¹⁰ (iv) activities which support wider social and economic activities. For the sake of clarity, this paper will focus on (i) night-time cultural and leisure activities and (ii) activities which support night-time cultural and leisure activities, with a particular focus on the hospitality sector. By focusing on a range of establishments

p.6

⁸ *Making the Grade: Regional Offices Report*, Lambert Smith Hampton, Matthew Colbourne, January 2021

⁹ *Night time hours have been defined in Think Night: London's neighbourhoods from 6pm to 6am*, London Night Time Commission, 31st January 2019

¹⁰ *The night-time economy, UK - 2022*, Office for National Statistics, 24th January 2023

including restaurants, bars and pubs, alongside nightclubs, live music venues, and other experiential leisure, such as competitive socialising and outdoor activities, we capture the full breadth and diversity of London's nightlife offering.^{11 12}

Generating a staggering £46 billion in revenue, the night-time economy contributes heavily to London's economy.¹³ Beyond this direct financial contribution, the night-time economy acts as a catalyst for secondary spending across transportation, security and food services. Infrastructure supporting such activities after dusk, particularly the Night Tube and night bus services, are integral to that story. In the first year of operation, the Night Tube alone boosted London's economy by £171 million.¹⁴

27% of workers in London are night-time workers. Although recent statistics indicate a slight decline in night-time workers from 9.5 million in 2016 to 8.7 million in 2022, employee jobs in night time industries are growing faster than employee jobs in London's wider economy. As a key employment sector across the capital, the night-time economy offers a range of jobs from entry-level positions to careers in management and entertainment. The flexibility of these employment opportunities, including zero-hour contracts, is particularly valuable for students and young professionals.

What's more, the demand for evening and night activities in the capital is set to only increase. London's population is expected to rise by 1.62 million by 2041,¹⁵ and it still remains one of the world's most visited cities. Yet as the number of potential customers increases, it remains to be seen whether London can generate the supply to meet this growing demand.

An Industry on the Rocks:

London's night-time economy is in crisis. The Night Time Industries Association (NTIA) estimates that 3,011 pubs, bars, and nightclubs have closed across London since March 2020.¹⁶ Across the UK as a whole, 13,793 night-time economy businesses closed between March 2020 and December 2023, representing more than 15% of the national total.¹⁷ It is not just local pubs that are struggling to make ends meet -

¹¹ Competitive socialising includes venues such as crazy golf, bowling alleys, and augmented reality and technology games. To give some indication of its popularity, at Westfield's two London malls, around 130,000 sq ft of competitive socialising space has been signed for since 2021 alone: *Night Time Economy Report 2024*, Night Time Industries Association, p.33

¹² *Impact of the Night Tube on London's Economy*, London Assembly, 5th March 2020

¹³ *Proportion of workers that are night-time workers by country and region, 2022*, UK, Office for National Statistics, Labour Force Survey, April to June 2022

¹⁴ *The night-time economy, UK: 2022*, Office for National Statistics, 24th January 2023.

¹⁵ *London at night: an evidence base for 24-hour city Executive Report*, GLA Economics, November 2018.

¹⁶ *Devastating new report reveals 3,000 clubs, bars and pubs have shut in London since the pandemic*, J. Pryn, The Standard, accessed 4th April 2024

¹⁷ Ibid.

the rising cost of operating has crucified even the most popular clubs. Over the past 18 months, London has lost Werkhaus, Space289, and G-A-Y - with thousands of others, like Bush Hall and Heaven already on the chopping block.^{18 19}

The biggest challenge facing London's hospitality sector comes in the form of ever-higher operating costs.

2024 analysis from the British Beer and Pub Association found that the average British pub reported a total turnover (excluding VAT) of £679,635, reduced to a gross margin of £385,614 when accounting for the cost of sales.²⁰ While this gross margin represents an increase of 30% compared to 2019, costs have risen by 45% over the same period, totaling an average of £365,424 (of which £171,028 was spent on wages and salaries, £19,364 was spent on business rates, £41,184 was spent on utilities, and £133,848 was spent on other costs, including rent).

This returns a net income of £20,190, representing a 3% net margin, down from an average 8.5% net margin in 2019. It ought to be remembered that these figures constitute an average - by definition, half of pubs are recording margins of less than 3%.

How can we explain this shrinking margin? Put simply, rising costs across the board combine to create an unpleasant financial cocktail.

Since shocks to global energy markets instigated by the war in Ukraine took effect in early 2022, energy prices for medium-sized non-domestic users have risen from roughly 19.4p per kWh to 32.1p per kWh (65% increase).²¹ At the same time, commercial rental costs in London have risen, and at a faster rate than in the rest of the country - the Carter Jonas Central London Net Effective Rents Monitor shows net effective rent sitting 3.8% above its pre-pandemic peak, rising to as high as 8.8% above pre-pandemic levels in the West End, London's nightlife hotspot.²²

Business rates and staffing costs have also increased. HM Government announced in its November 2023 Autumn Statement that it would freeze the small business multiplier at 49.9p but chose to uprate the standard multiplier (e.g. the business rates calculation for non-SME businesses) by last September's CPI inflation rate of 6.7%.²³ Accordingly, the non-domestic standard rating multiplier in England of 51.2p

¹⁸ *West London's Legendary Bush Hall Venue Is Under Threat Of Closure*, Jack Saddler, Secret London, 11th March 2024

¹⁹ *Legendary London Club Heaven could be forced to close*, India Lawrence, TimeOut, 29th February 2024

²⁰ HOLD

²¹ *Gas and electricity prices in the non-domestic sector*, Department for Energy Security and Net Zero, 28 March 2024

²² *Central London Net Effective Rents Monitor Q4 2023*, Carter Jonas, 2024

²³ *Business rates discount extended*, Rebecca Weller, The Morning Advertiser, 22nd November 2023

for 2023-24 is set to increase to 54.6p from 1 April for 2024-25, an effective tax rate of 54.6%, without intervention from the Chancellor. For reference, the non-domestic standard rating multiplier in England has risen by almost a third since 2010 when it was 41.4p.²⁴

In practice, this means that businesses pay business rates equal to 54.6% of the cost of their property's "rateable value" (e.g. the annual rent that the property would rent for if it were available to let on the open market, as assessed by the Valuation Office Agency).

A standard London pub reporting a total turnover (excluding VAT) of £679,635, reduced to a gross margin of £385,614 (as above) will, as such, be subject to:

1. Business rates equal to 54.6% of the cost of the property's rateable value
2. Corporation tax, at a main rate of 25% on taxable profits
3. Value added tax, at a standard rate of 20%, charged at the point of sale
4. Alcohol Duty, at a variable rate, usually amounting to £21.01 per litre of pure alcohol in the product on beer with an ABV of 3.5% to 8.4%

At the same time, the Government's decision to increase the National Living Wage from £10.42 an hour to £11.44 an hour, announced at the 2024 Budget, represents a 10% increase in pay for workers over the age of 21. Taken alongside all of these other costs, increased staffing budgets pose a challenge for many hospitality businesses. Regardless of one's view on the levels of real income currently earned by British workers, it ought to be clear that stagnant or shrinking incomes are not the fault of businesses, but the result of challenging macroeconomic conditions created by successive governments.

Given that increases in rent, salaries, and fixed utility costs are likely to have taken a roughly similar toll on bars, restaurants, and other late-night venues, we can expect to see a similar picture elsewhere in the night-time economy. Fine margins, and the associated precarity, are increasingly the norm for London's hospitality businesses. When net margins for businesses stand at just 3%, any and all additional costs, whether as the result of additional taxation or as the result of worsening macroeconomic conditions, will force businesses to make challenging decisions about allocation of funds. This could manifest itself in the shape of reduced spending on staffing, or reduced opening hours - in turn, these cuts limit opportunities to generate revenue. When operating against such fine margins, sudden unexpected expenses - such as broken machinery which needs to be fixed, or structural renovations - can push businesses from making narrow profits into making narrow losses. When losses stack up, it can become increasingly difficult to pay rent - or to remain operational altogether.

²⁴ *Business rates to go up as freeze ends*, Gary Lloyd, The Morning Advertiser, 6th March 2024

The sector also faces significant challenges associated with licensing and planning, which impose cumbersome operating constraints on venues. While official Government statistics show that the overall number of license-holders has increased, with 222,500 licensed premises in March 2022 representing a 5% increase since March 2018, some license-holders are operating under additional constraints imposed by local authorities.²⁵

To take just a handful of examples, the London Borough of Hackney imposed a blanket midnight curfew at weekends for all venues back in 2018, dropping to 23:00 on weekdays, while venues such as The Kilburn Arms in Brent have suffered under severe noise restrictions - the Kilburn Arms in particular was told that it could only host live music once per week, with all outside areas to be vacated by 10pm.^{26 27} In November, Westminster Council reported receiving 30 complaints over a single weekend from residents in nightlife hot-spots such as Soho, Covent Garden, Hyde Park, Marylebone, and Lancaster Gate, a fact which has spurred the Council into caution over the granting of new late-night licences.²⁸ Back in 2021, the same Council opted not to extend the liberalisation of al fresco dining rules to venues in Soho, despite protests from local businesses.²⁹

Similarly, many hospitality venues find that attempts to expand or upgrade facilities fall foul of byzantine planning regulations, which place undue emphasis on the opinions of a vocal minority of disgruntled residents.

Constrained opening hours, noise restrictions, and limits on pavement usage are not just inconvenient for customers. For many venues, these additional regulations make it more difficult to generate the footfall needed to turn a profit, and provide a disincentive to customers who might otherwise stay for one last drink. At a time when the hospitality sector is suffering enormous financial difficulties, as a result of the mounting costs described above, further constraints on their operating conditions represent entirely the wrong approach. Instead, national and local governments should be seeking to liberalise operating conditions for businesses in order to allow them to generate more turnover.

The sector also faces challenges associated with broader operating conditions in the city. Though it is difficult to measure the direct economic impact of poor transport provision and rising petty crime in the city, these factors nevertheless contribute to

²⁵ *Alcohol and late night refreshment licensing England and Wales, year ending 31 March 2022*, Home Office, 13 October 2022

²⁶ *Hackney licensing changes 'will kill East London nightlife'*, Becky Morton, BBC News, 24th July 2018

²⁷ *Live music restricted at The Kilburn Arms after complaints*, Grant Williams, Brent & Kilburn Times, 6th January 2023

²⁸ *Record noise complaints over weekend 'party flats' in London*, Ross Lydall, The Standard, 20th November 2023

²⁹ *Soho estates lead local restaurateurs in protest against decision to deny Soho al fresco extension*, David Ellis, The Standard, 18th September 2021

the reduced quality of London's nightlife.

Despite a successful rollout in 2016, the Night Tube still does not serve large parts of the capital - nor does it run on Thursdays, now one of the busiest nights of the week. This compares unfavourably to cities such as Copenhagen (where the Metro operates 24/7), Berlin (where trams operate throughout the night), Frankfurt (where the S-Bahn operates 24/7), and New York (where much of the subway operates 24/7).

This does not just constitute a logistical barrier to late-night frivolity - it also contributes towards a widespread and growing perception that large parts of London are not safe to navigate after dark, and makes navigation after dark less safe in practice. 40% of women now report feel unsafe at night in central London (compared to 26% of men), while a staggering 45% of women say that they feel unsafe catching the bus.³⁰

At the same time, the latest figures from the Metropolitan Police Service show that the number of thefts from a person in the iconic West End rose to 2,806 in 2023, up from 796 in 2021.³¹ Between 2022 and 2023, phone theft increased in Southwark by 81%, in Westminster by 71%, in Camden by 42% and in Lambeth by 41%.³² Against this backdrop, is it any wonder that many people are choosing to cut their nights short, or stay at home altogether?

We ought also to be clear about what the causes of the sector's declining health are not.

Some commentators have suggested that the decline in London's nightlife is primarily the result of changing consumption patterns amongst young people. It is true that young people are less likely to drink alcohol than their parents. Though available data is sporadic, the latest information from the Health Survey for England indicates that 21% of people aged 16-34 are non-drinkers, versus a national average of 18%.³³ Drinkaware estimates that as high as 38% of those aged 16-24 do not drink, versus a national average of 21%.³⁴

However, despite these findings, it is wholly inaccurate to ascribe the hospitality sector's current predicament to changing attitudes towards alcohol amongst the next generation. For one, this is a chicken-and-egg issue: many of those non-drinkers may have cut down their consumption due to the high costs associated with nightlife. What's more, suggesting that these consumer habits are the root of the problem fails

³⁰ *The London Intelligence - Spring 2023*, Josh Cottell, Claire Harding, Zarin Mahmud, Millie Mitchell, Oriane Newmond, Jon Tabbush, Centre for London, 3rd March 2023

³¹ *Mugging spree is threatening future of West End, say retailers*, Hannah Boland, The Telegraph, 9th February 2024

³² *The London boroughs where phone snatching is common*, Joseph Readi, The Newham Recorder, 25th April 2024

³³ *Health Survey for England 2011 to 2019: Alcohol Additional Analyses*, NHS England, 23rd June 2022

³⁴ *Alcohol Consumption UK*, Drinkaware, accessed 4th April 2024

to address the question of why the downturn in London's night-time economy has been so sudden, and so recent. 3,011 venue closures in the space of a few short years cannot be attributed merely to changing consumer habits, particularly when night-time economy transactions in other UK cities have begun to stabilise and recover post-pandemic.

It is also untrue that the decline in the nightlife sector is entirely the result of the Covid-19 pandemic. Whilst it is undoubtedly true that the pandemic exacerbated the sector's decline, and pushed many businesses into insolvency, the susceptibility of those businesses to short term shocks is the result of policy decisions taken before the pandemic, while the failure of many businesses to recover post-pandemic can largely be attributed to policy decisions taken during and since the pandemic. Nor can a pandemic-focused explanation account for the relative success of other UK cities - while London has declined, cities like Liverpool have seen marked increases in night-time footfall, with data from the Liverpool BID Company showing a 43% increase in night-time footfall between 2019 and 2023.³⁵

It is unlikely, to say the least, that negative externalities of the pandemic should be entirely localised within the capital.

The speed, timing, and nature of the decline - and the testimonies of those working in the hospitality sector - suggest that London's night-time economy is struggling due to policy failures at the national and local level. We are where we are because of the policy decisions that we have made; we must, therefore, make different decisions.

³⁵ *Liverpool nightlife: night-time economy overtakes London in post-pandemic recovery*, The Guide Liverpool, 2023

WHAT WE CAN DO ABOUT IT?

There is no silver bullet to fixing London's ailing night-time economy.

Some issues - such as the soaring cost of rent - are beyond the scope of this paper, and can only be fixed by a more wide-ranging review of the UK's planning system. Similarly, the fact that young people today have less disposable income than previous generations is the result of complex macroeconomic conditions which are beyond the scope of this paper. Nevertheless, we encourage those who champion the cause of the hospitality sector to support supply-side reforms to our planning system and pro-growth economic policies, both of which will create favourable conditions for the sector in the long-term.

In the following sections, we lay out three different policy areas, each with three proposed solutions, concerning taxation, planning/licensing, and transport provision respectively.

Reporting for Duty: reforming taxes and duties

1. Slash beer duty by 20%, in response to the Alcohol Duty Review
2. Introduce marked reduction in VAT for the hospitality sector, from 20% to 12.5%
3. Ministerial intervention to freeze local alcohol levies

At a time when rising costs pose an existential threat to many hospitality businesses, the Government should reduce the direct cost burden imposed by taxation. When asked what would help their business in the coming months, 62% of pubs called for a reduction in duty rates.³⁶

Brits love beer. Collectively, we consume ~9 billion pints of it every year.³⁷ Despite our enthusiasm, the cost of a pint has significantly increased in recent years. The average pint in the UK is £4.10 served in a wet-led pub (i.e. a pub that focuses on serving drinks rather than food), and of that, VAT is 68p, alcohol duty 46p, business rates 9p, and other taxes 14p (such as corporation and employment tax).³⁸ In other words, 33% (£1.37) of the cost of a pint is made up of taxation. The rest being, 17.8% (73p) going to wages, 14.6% (60p) to other pub bills, 13.9% (57p) to packing, transport and marketing, and 12.6% (52p) to utility bills.

³⁶ CGA Insight Quarterly 2024, a joint industry survey by the British Beer and Pub Association, British Institute of Innkeeping, UK Hospitality, and Hospitality Ulster, January 2024

³⁷ This is what the price of your pint pays for as the cost of beer rises, Sam Barker, The Daily Mail, 1st August 2023

³⁸ Ibid.

This leaves only 7.5% of the price of the pint as profit, which must in turn be split between both brewer and pub. In London, this phenomenon is even more acute, where the average cost of a pint reaches £5.90.³⁹ By the same calculations, we can estimate that the total cost of taxes and duties constitutes £1.95 per pint in the capital.

Though the freeze extension on alcohol duty announced in the Chancellor's Spring Budget in 2024 provided some measure of relief, the Government should consider significant long-term cuts to alcohol duty in light of challenging contemporary conditions, along the same lines as the 5% duty reduction which came as part of the Brexit Pub Guarantee in August 2023.⁴⁰ Following the outcome of the Alcohol Duty Review, we encourage the Government to reduce beer duty as far as is financially viable. Estimates suggest that the Chancellor could unlock 13,000 jobs UK wide with just a 5% cut to alcohol duty.⁴¹ A beer duty cut would ensure that a higher proportion of spending per pint would instead contribute to the long-term health of our beloved local pubs.

In light of soaring operating costs, the hospitality sector is also rightly seeking VAT reduction. A hospitality industry survey found that 94% of hospitality sector businesses in the UK were in support of this measure.⁴² London currently applies a standard VAT rate of 20% to the hospitality sector. This includes services such as restaurant meals and hotel accommodation. This rate was reinstated in April 2022, after a temporary reduction during the pandemic, during which rates were lowered first to 5% and then to 12.5% to help businesses recover from the economic impact of COVID-19.

The success of the lower rate of VAT for the sector during the pandemic should be seen as a blueprint for how we can stimulate growth. The impact of VAT reduction on consumer spending behaviour is disputed by economists. Research published in the *Journal of Political Economy*, which studied the practical impacts of the extent to which mid-pandemic VAT cuts were 'passed on' to consumers, indicated that VAT cuts are less likely to be passed on to consumers than VAT hikes, and that, following a temporary VAT cut, prices can even be higher than at its onset.⁴³

However, we can say with certainty that a lower rate of VAT would give businesses more flexibility in terms of pricing. For some businesses, maintaining prices despite VAT cuts will serve as a means of expanding the profit-generating proportion of

³⁹ *Map: cost of a pint of beer around the world*, Finder, 8th June 2023

⁴⁰ *Brexit Pubs Guarantee is the commitment to keep duty on draught drinks lower than in shops introduced in the Budget 2023*.

⁴¹ *Pubs plea: hundreds of pubs could go bust if booze duty is not cut in the Budget, beer bosses warn Jeremy Hunt*, Noa Hoffman, The Sun, 6th February 2024

⁴² *CGA Insight Quarterly 2024, a joint industry survey by the British Beer and Pub Association*, British Institute of Innkeeping, UK Hospitality, and Hospitality Ulster, January 2024

⁴³ *What Goes Up May Not Come Down: Asymmetric Incidence of Value-Added Taxes*, Youseff Benzarti, Dorian Carloni, Jarkko Harju, Tuomos Kosonen, *Journal of Political Economy*, 2020

each transaction. For others, a cut will offer flexibility and induce a price reduction designed to induce consumer spending. Even if we should not expect an immediate fall in consumer prices, we can expect to see many businesses operate on wider margins, which will in turn contribute to the sector's long-term health.

Looking to the longer-term, the Government should look to permanently reduce VAT on the hospitality sector to the 12.5% rate championed by industry bodies like Hospitality UK. This measure would not only support local businesses but enhance London's attractiveness as a tourist destination. High VAT rates place London at a competitive disadvantage compared to cities with lower tax burdens, potentially deterring tourist spending and economic inflow. Cities with reduced VAT rates on hospitality have reported increases in tourist visits and spending. Implementing a similar strategy could aid in revitalising London's nightlife.

Lisbon, Portugal, is a prime example of a city that benefits from lower VAT rates on the hospitality sector. In 2016, Portugal reduced the VAT on certain hospitality services, including restaurant and cafe services, from 23% to 13%. The lower VAT rate in Lisbon has contributed significantly to the city's renewed appeal. It made dining out and other hospitality services more affordable for tourists, which in turn increased spending within the local economy. Restaurants and cafes saw a boost in footfall, which helped sustain employment and enhanced the hospitality sector as a whole.⁴⁴

And nor would slashing VAT necessarily mean ballooning long-term costs for the Treasury. According to dynamic analysis conducted by UK Hospitality, which studied the impact of VAT reductions over a ten-year period, a reduced rate of 12.5% would deliver a net fiscal gain for the Treasury of £4.6 billion, driven by additional hospitality trade amounting to £7.7 billion in value.⁴⁵ That same modelling projects that a cut could create as many as 71,983 jobs in London alone.

Similarly, the local alcohol levy is leaving our pubs fighting for their futures. Tower Hamlets, Camden and Islington are among a series of councils that impose a late-night levy on establishments serving alcohol after midnight, on top of the duty and taxes that they already pay.

The amount of the levy varies depending on the rateable value of the premises and whether they primarily sell alcohol. For example, premises in the highest rateable value category could pay up to £4,440 annually if they primarily or exclusively sell alcohol. The levy applies to all eligible premises in the licensing authority's area, including those that might not be open during the levy hours but have a licence that permits late-night alcohol sales. This can lead to significant financial strain for many establishments, particularly smaller, independent venues that may already be

⁴⁴ *Portugal extends VAT holiday on "essential" food products*, Simon Harvey, JustFood, 8th September 2023

⁴⁵ *Delivering growth: the impact of a reduced rate of VAT for the hospitality sector*, UK Hospitality, 2024

operating on tight margins. As these costs accumulate, they can deter venue owners from extending operating hours or even maintaining current business levels.

Ministers should work alongside the Mayor's office to institute a blanket freeze on local alcohol levies in London, in order to prevent any further increase in costs for businesses operating late. The levy was reformed most recently by the Policing and Crime Act 2017, with a view towards giving licensing authorities greater flexibility over how the levy is used. Nevertheless, in light of changing macroeconomic conditions, a short-term freeze, with a view towards scrapping the levy in the long-term, would be welcome relief for the hospitality sector. Even if the law is not reviewed, the next Mayor of London ought to work alongside local authorities to reduce or remove the local alcohol levy wherever possible, in recognition of the fact that the entire city stands to benefit from an improved night-life ecosystem.

Licence to Booze: reforming planning and licencing laws

1. Ensure enforcement of the existing 'Agent of Change' principle, shifting the onus for planning away from a vocal minority of NIMBY residents
2. Ministerial intervention to curb the worst excesses of local planning puritanism
3. Introduce a new scheme for allowing businesses to mitigate against complaints - businesses which fund noise-mitigating measures for residents to have a higher threshold for noise complaints

Of course, it is not just day-to-day running costs which prove to be a barrier for the hospitality industry. While lifting the cost burden imposed by alcohol duty, VAT, and local alcohol levy would provide a short-term boost for hospitality businesses, giving them greater operational flexibility through reform of planning and licensing laws would shore up their ability to generate turnover in the long-term. Greater flexibility would mean more options for businesses, and more opportunities to seize on consumer demand to generate profits. It also means freedom from fear of complaints - businesses are liable to self-censor on the assumption that their behaviour could provoke disgruntled neighbours to file a report with the local council.

Ministers should start by ensuring that existing laws are properly enforced - in many cases, local authorities give undue weight in practice to the complaints of residents who move to areas of the city known for vibrant nightlife, and then proceed to complain about noise or disruption created by those venues. The National Planning Policy Framework already includes rules which give a high level of freedom to hospitality venues, such as the following at paragraph 193:

"Planning policies and decisions should ensure that new development can be integrated

effectively with existing businesses and community facilities (such as places of worship, pubs, music venues and sports clubs). Existing businesses and facilities should not have unreasonable restrictions placed on them as a result of development permitted after they were established. Where the operation of an existing business or community facility could have a significant adverse effect on new development (including changes of use) in its vicinity, the applicant (or ‘agent of change’) should be required to provide suitable mitigation before the development has been completed.”

While this principle is an existing part of the framework, we maintain that it is not properly enforced; reports of residents in new developments filing noise and/or public nuisance complaints against a pre-existing venue feature far too often in the headlines. In these instances, hospitality venues are often the losers, as councils amend operating licences by restricting pavement access or limiting noise. To take just a single example from February 2023, the Jago pub in Dalston was slapped with costs amounting to £15,000, spent on legal fees, acoustic tests, sound proofing, and construction, after receiving a noise abatement notice from Hackney London Borough Council. These staggering fees came despite the fact that the venue had received no noise complaints until early 2023.⁴⁶

Ministers should work with the Mayor’s office to ensure proper enforcement of the ‘agent for change’ principle, by issuing renewed guidance to councils and charging the planning department at City Hall with responsibility for enforcement of this rule. This echoes ongoing campaigns from Greater Manchester night time economy adviser Sacha Lord, who called for the rule to be implemented “adopted across the whole of Greater Manchester” back in September 2019.⁴⁷

“A great operator who’s been there for many years and all of a sudden a developer opens up apartments next door and rents out to someone who then makes complaints about the noise. It was touch and go whether they were going to close. [The residents] knew they were moving next to a live music venue. Agent of change means it’s up to the developer to completely make sure it’s soundproofed and make sure the person buying or renting is very much aware there is a restaurant or bar and there may be some noise. On the flip side, if the operator decides to put in a new, much louder sound system, then it’s up to the operator to soundproof and make sure it doesn’t affect the resident. It’s developers and operators working hand in hand. It’s complete common sense.”

However, we can go further. Drawing on the spirit of Covid-era liberalisation, ministers should work with the Mayor of London to conduct a review of restrictive planning and licensing rules in the city, intervening through secondary legislation wherever appropriate to overturn policies that stifle London’s nightlife sector. The work required to undertake such a review could be funded, in part, by removing the

⁴⁶ *Hackney’s Live Music Venues Fight Against Noise Complaints*, Will Noble, The Londonist, 24 August 2022

⁴⁷ *Manchester’s food and drink scene is thriving - why is it succeeding while others are struggling?*, Emily Heward, Manchester Evening News, 1st September 2019

salary of the ‘London Night Czar’ and making it an unpaid honorary position.

Unnecessarily restrictive examples of planning and licensing decisions should be identified for revision and, in extreme cases, should be ‘called-in’ for direct review from the Secretary of State for Levelling-Up, Housing, and Communities. While a one-time review of planning puritanism would not necessarily prevent councils from imposing future restrictions, it would send a clear signal to local government about the Government’s expectation that planning decisions are taken with proper respect for the balance between the wishes of residents and the permissive environment needed to sustain a healthy community of businesses. It is simply not acceptable for local government to be beholden to the wishes of a vocal minority of residents.

There are also smaller and more targeted steps that ministers can take to encourage a positive, symbiotic relationship between hospitality venues and local residents. Ministers should consider issuing new guidance that raises the requirements for statutory noise complaints against venues which offer to pay directly for noise mitigation measures for residents within a defined area. In practice, this would allow larger venues - such as nightclubs and bars - to offer to pay for adjustments such as noise-reducing windows on homes affected by late-night noise.

Such a change would put greater power into the hands of venues, allowing them to avoid cumbersome and restrictive regulations in exchange for an upfront financial cost, and encourage an ongoing dialogue between venues and residents. Given the relatively low cost of high-impact interventions like acoustic curtains - which offer noise reductions of between 5db and 18db, often available for less than £100, such a change would enable the industry to curtail the worst excesses of local NIMBYism directly, avoiding the interventionist instincts of local councils altogether.⁴⁸

Mind the Gap: expanding transport provision

1. Expand the Night Tube and provision of late-night National Rail services
2. Increase police presence around major transport infrastructure
3. Scrap the ‘taxi tax’, thereby exempting cab drivers from VAT

No matter where your night leads, the final, daunting question remains the same: how do I get home?

Since the launch of the service in August 2016, London is still riding high on the launch of the Night Tube service that runs on the Central, Victoria, Jubilee, Northern and Piccadilly lines on Fridays and Saturdays. TfL statistics show that nearly three-

⁴⁸ *Acoustic, insulation and sound absorbing curtains*, PYT Audio, 11th March 2024

quarters of a million journeys have been made on the Central and Victoria line Night Tube alone since their launch, supporting thousands of nightlife enjoyers or workers who have to travel to or from their place of employment at night.⁴⁹ The Night Tube is currently estimated to be boosting London's economy by £77 million a year.⁵⁰

During its second year of operation, the service expanded to include night services on part of the Overground network, and saw total journeys increase by 12%.⁵¹ The increased number of journeys in this time period resulted in an additional GVA contribution of £190m to London's economy. An additional 3,909 jobs are supported by the Night Tube, from nurses to security guards, including 589 who are directly employed by TfL to operate the Night Tube service.⁵²

However, the service still only covers 5 out of 11 lines - and it does not run on a Thursday evening, often touted as the 'New Friday' for Londoners returning to the office for 'core' midweek days post-pandemic.

Improvements in night-time travel are a key priority for those Londoners who go out at night - especially since almost one in five Londoners report feeling unsafe at night.⁵³ As knife crime surges in the capital, far too many Londoners are wary of going out, for fear of having no way home.

Instead of further restricting licensing, we must protect and increase the number of late-night rail and Night Tube services. Many of those living outside of central London and reliant on the train to get around at night face a restrictive service pattern that makes it difficult to plan safe journeys home. A number of National Rail lines provide all-night services to places such as St Albans and Horley - but not necessarily to outer London. Providing an expanded and more consistent night service for outer London areas with poor night-time connectivity should be a priority if we want to ensure some of us do not miss out on what the City has to offer at night. For example, one third (33%) of trips at night are within outer London at night.⁵⁴

For women in particular, such an expansion would be a welcome relief, offering a safer alternative at a time when braving London's streets after dark is an increasingly unappealing prospect. Almost half of women have said in a survey by London TravelWatch that they have stopped travelling in London at certain times of the day due to concerns for their personal safety.⁵⁵ Safety is an important factor for many

⁴⁹ *The Night Tube, Rail and Underground*, Mayor of London, 2024.

⁵⁰ Ibid.

⁵¹ *Economic Impact of the Night Tube Programme on London's Economy*, London First and Ernst & Young, Business Ldn, May 2018.

⁵² Ibid.

⁵³ *London at night: an evidence base for 24-hour city Executive Report*, GLA Economics, November 2018, p.30

⁵⁴ Ibid., p.48.

⁵⁵ *Personal Security on London's Transport Network*, London Travel Watch, 2022, p. 24

young women, even when deciding whether to take certain jobs. 16% of young women had been unable to apply for a job, turned down a job, or left a job because the journey at night to and from work was not safe.⁵⁶

Having staff at stations also makes people feel safer. A visible police presence at major transport infrastructure during times of high demand, in order to abate public concerns about rising crime, will help keep the public feeling confident on night time transport, and we can reap the benefits of London's nightlife without having to head home early. This presence should coordinate closely with local venues, both to highlight emergent dangers and to draw on venues' ability to detect and report potential problems early in the night.

The imposition of VAT onto private hire vehicles, taxis, and movement as a service provision would be a considerable barrier to wider affordability of using safer methods of transport. Yet, following the High Court decision in *Uber Britannia Ltd v Sefton Council (and others)*, which found that taxi firms rather than drivers were liable for contracts with their customers, it is expected that taxi drivers will be made liable for charging VAT on fares. This 'taxi tax' should be scrapped before it is imposed.

Across the 300,000 daily taxi and private hire vehicle journeys taken in the capital, which represent a key lifeline to night-time industries and remotely connected communities, the imposition of VAT could eliminate 5 million such journeys.⁵⁷ ⁵⁸ Indeed, of these 5 million journeys, almost two thirds are Londoners enjoying hospitality between the hours of 10pm to 4am.⁵⁹ If we assume that the average engagement with hospitality services in an evening results in £70.69 in revenue per head, and each trip consists of two people utilising one taxi journey, the overall loss to the industry could be an average loss in revenue of £177 million to the sector.⁶⁰

Furthermore, the Government should look at how to best increase competition amongst taxi and bus operators. This could be achieved through liberalising the current licensing regime so that more private providers can support our nightlife economy. As argued in previous Adam Smith Institute research, we must move towards a more liberal transport model based on market forces rather on restrictive and outdated guild systems.

⁵⁶ *Picking up the pieces: young women's experiences of 2020*, Kira Charlton et al. 23rd November 2020, p.7

⁵⁷ *Personal Security on London's Transport Network*, London Travel Watch, 2022, p. 24

⁵⁸ *Picking up the pieces: young women's experiences of 2020*, Kira Charlton et al. 23rd November 2020, p.7

⁵⁹ *London at night: an evidence base for 24-hour city Executive Report*, GLA Economics, November 2018, p.119

⁶⁰ *Four-and-a-half hour party people: Brits spend £70 on a night out*, Restaurant Online, Stefan Chomka, 27th April 2021

Case Study: Greater Manchester

Looking elsewhere for inspiration, Greater Manchester is known across the country and beyond for its thriving nightlife. Appointed by the Mayor of Greater Manchester, the region's first ever night-time economy advisor, Sacha Lord has helped set up some of the UK's biggest and best music events. For example, the Warehouse Project has exploded in popularity, earning the title as the biggest electronic music event in the UK, with the venue far surpassing clubs in London, Ibiza and Berlin. Since The Warehouse Project events are considered one-off, special nights, it can charge accordingly. Basic calculations would suggest it is grossing well over £15 million a year from ticket sales.⁶¹ That amounts to £20 million on a conservative estimation of each clubber buying £20 of drinks. Lord's other brainchild, Parklife, brings £10m to the economy just in restaurants, taxis, and hotels.⁶²

The Warehouse Project's success is likely to be partly due to the fact that these events can take place in derelict warehouses and car parks, without having to jump through unnecessary licensing hoops.

Greater Manchester has a distinct attitude to regulation at night. Manchester City Centre has eschewed restrictive measures like Cumulative Impact Policies (CIPs), which are prevalent in other cities like London. Where a CIP is in place, there is a presumption that applications for new premises licences, or changes to existing premises licences (for example, increase in hours of serving time or venue capacity) will be refused.⁶³ This is unless it can be demonstrated that the grant will not negatively impact other licensing objectives, usually pointing to the Prevention of Crime and Disorder and Prevention of Public Nuisance order. CIP can apply to new builds, unlicensed sites or existing on and off licence premises e.g. restaurants, pubs, bars.

This has fostered a less restrictive environment for nightlife operators, allowing new entrants that elevate industry standards. The Greater Manchester Night-time Economy Blueprint has been instrumental in advocating for policies like the 'agent of change' to prevent conflicts between new developments and existing venues, further bolstering the night time economy - and something we encourage to be implemented properly in the Capital to create a less restrictive environment for operators.⁶⁴

Manchester also encourages the rise of independent venues, which has witnessed a notable shift in importance for locals. Data from CGA highlights an 18.9% growth in

⁶¹ *The sober guy at the rave: how Sacha Lord remade Manchester's nightlife in his own image*, Jack Dulhanty, The Mill, 15th July 2023

⁶² *Manchester's food and drink scene is thriving - why is it succeeding while others are struggling?*, Manchester Evening News, Emily Heward, 19th September 2019

⁶³ *What are Cumulative Impact Policies*, Poppleston Allan, 1st November 2017

⁶⁴ *Greater Manchester Night Time Economy Blueprint*, Sacha Lord, 2020.

independent restaurants over the past five years.⁶⁵ This growth contrasts sharply with the ‘death of the high street’ as we see the stagnation of new chain restaurants, which remained flat over the same period. The strong consumer preference for unique and locally-owned establishments has clearly driven economic vitality in the region’s night time economy. Manchester has also been able to adapt to cultural shifts, affecting the night time workforce as well as footfall. The shift in the typical work week from Monday to Friday to include more mid-week activity has also played a role, with venues adapting by treating Thursday as the new Friday.

Safety initiatives like the Village Angels program have been pivotal in maintaining a secure environment in Manchester’s Gay Village, where volunteers patrol the Village from 9pm to 3am, providing support and assistance to vulnerable individuals. Moreover, improved transport links such as the introduction of night buses and a late-night Metrolink tram pilot ensure safe and convenient travel, enhancing the appeal of the city’s nightlife.

In short, what can London learn from Greater Manchester?

1. Cut down on restrictive planning and licensing restrictions, learning from the success of Manchester City Centre following its rejection of CIPs
2. Expand evening transport provision, learning the lessons of Greater Manchester’s successful Metrolink rollout
3. Deliver better value for money for taxpayers by scrapping expensive sinecures - London’s night czar should be an unpaid industry expert operating in an advisory capacity

⁶⁵ Ibid.

LAST ORDERS

We should not understate the scale of the challenges that face London's hospitality sector and night-time economy. National and local policy decisions combine to create an unpleasant cocktail of high prices, early closures, and less-than-ideal conditions for a night out on the town. The long-term economic consequences of pandemic-induced lockdowns have only served to highlight these structural challenges.

If nothing else, we hope that this paper serves to highlight the extent to which this major sector of the economy represents one of the most fundamental elements of London's well-deserved reputation as a place to live, work, and build a life. For students and young professionals alike, night-life and the broader hospitality industry are a huge draw, and a reprieve from the day-to-day rigours of life. There is a long and storied history in this country of recognising the profound personal value of intangible leisure activities. If we want working-age people to live rich and fulfilling lives, a concerted effort to ensure a healthy nightlife ecosystem must be front of mind for policymakers.

We also hope that this work has demonstrated the extent to which the hospitality sector's current predicament is the result of deliberate policy choices. A restriction here, a tax uplift there - these seemingly small adjustments have a large cumulative impact on a sector which is now struggling to stay afloat. Nightlife is not the only area of our economy which has suffered from this attitude - whether it's planning policy or the historically high tax burden on working-age people, decades spent slowly adding to the already-thick statute book is beginning to have huge cumulative impacts. Policymakers should be encouraged to think about new rules and taxes in the broader context of any given area of economic life; crude tools like a 'one in, one out' approach for regulation can be instructive here.

The recommendations made in this paper aim to stimulate sustainable growth and recovery for night-time businesses, with a particular focus on the hospitality sector. These proposals are underpinned by a spirit of liberalisation, which recognises that we cannot tax and regulate our way to a healthier night-time economy. We urge politicians of all parties and inclinations to consider our ideas carefully, but also to apply this liberalising outlook to their policies on the hospitality sector more broadly. As numerous global examples show, short-term tax reduction and deregulation can deliver long-term growth for the pubs, clubs, and restaurants that make life so vibrant. The future of London's night-time economy hinges on its ability to evolve, and the willingness of politicians to scrap policies that sap the lifeblood of our City. Addressing the challenges outlined in this paper is not merely a question of economic recovery - it's about preserving what makes London such an attractive place for young people.