

Independent Review of the Liquor Licensing System in Northern Ireland including the Surrender Principle

Briefing Note



About this review

This sets out a brief summary of the findings of an independent review of the system under which premises are awarded a licence to allow them to sell alcohol in NI. The review was established under Section 23 of the Licensing and Registration of Clubs (Amendment) Act (Northern Ireland) 2021.

Under the NI system, a new pub or off-licence can only be opened if an existing premises closes down and 'surrenders' its licence, which is purchased by the new premises. In effect, this 'surrender principle' creates a one-in-one-out system that, in theory, keeps the total number of pubs and off-licences stable. However, a pub licence can be surrendered to someone wishing to open an off-licence, or vice versa.

Review methods



45 stakeholder interviews



Manual review of 1,700 licensing records



International literature



Consultation with international experts



Economic data



Economic modelling



Analysis of hospitalisations, crimes and deaths related to alcohol in NI



In-depth visits to 8 communities (>60 pubs; >50 hospitality representatives; 11 community focus groups with 101 participants)

Key Findings

- Alcohol-related harms (deaths/hospital admissions/crime) in NI are substantial and associated with areas where there are higher numbers of premises, including, especially, off-licence premises.
- Under the surrender principle, pub numbers have fallen over the years and off-licence numbers have grown. This switch from pubs to off-licences does not follow a consistent geographic pattern (i.e. rural pubs are not routinely being lost to urban shops) but is unhelpful economically and likely to increase alcohol-related hospitalisations and deaths.
- Existing licence holders (of pubs and off-licences) are protected from competition by this cap on overall numbers and by multiple barriers to entry for new venues including: (1) significant costs associated with the need to purchase a licence on the market; (2) an unnecessarily bureaucratic, slow, opaque system for acquiring a licence that necessitates paying for expert professional advice; (3) additional costs and delays incurred because neighbouring premises can object to new licence applications, and are often paid by applicants, such that they withdraw their objections.
- Most existing pub/off-trade licence holders are very concerned about any change to the SP on grounds of how it would affect the value of their licence. Some licence holders, many members of the public and several other trade and other stakeholders wanted to see reforms to allow greater on-trade diversity, but without increasing off-licence numbers.

Overall Findings

The current liquor licensing system in NI protects the interests of existing pub licence holders but does little to protect or invigorate the pub sector which is declining, stifles innovation and diversification in the market necessary for wider cultural, tourism and leisure industries, and does not prevent growth in off-licence numbers with a risk of exacerbating alcohol harms. We therefore recommend significant reforms or the introduction of a new system (overleaf).

Recommendations

The report sets out 26 detailed recommendations for reform as well as a broad framework for a new licensing system. Broadly, the recommendations address the following:

- Reform the surrender principle to stop pub licences being surrendered to off-licence applicants, with measures to address the financial impact of reforms on licence holders OR legislate for a new licensing system in which licences cannot be sold and the surrender principle is replaced with a population cap on licence numbers.
- Prohibit objections to pub/off-trade licence applications from other licensees – only a set of ‘responsible authorities’ (e.g. police, health etc.) and community members (who are not competitors) should be permitted to object.
- Establish a Northern Ireland Licensing Authority (NILA), overseen by the Department for Communities to enhance accessibility and consistency in the licensing system, monitor outcomes and administer key elements of a reformed system, in line with newly established statutory licensing objectives. This should be fully self-funded through reform of licensing fees.
- Reform current criteria for awarding licences to take account of the new licensing objectives and alcohol-related harms in the local area.
- Introduce conditions on licences, mandatory training for staff, and a system for review and ultimately revocation of licences in cases of persistent poor management/breaches of the law.
- Establish a system for awarding non-sellable, non-transferable ‘Cultural Venue’ licences prioritising businesses that would increase the diversity of venue types and/or promote cultural activities (other diversity measures are outlined in the report). These would be created from a pool of expired licences.
- The court service (in conjunction with the NILA if established) should review how all licence applications, variations and renewals are handled by courts across Northern Ireland, seek to ensure consistency of decision-making, and seek to minimise the time and expense involved for all parties.

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Citation

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