Alcohol (Minimum Pricing) (Scotland) Bill

City of Glasgow Licensing Board

The City of Glasgow Licensing Board welcomes the opportunity to comment on the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill. The Licensing Board recognises that alcohol misuse is a serious and widespread problem throughout Scotland and is committed to working with other interested stakeholders in order to try and tackle the social, cultural and health problems associated with alcohol misuse, particularly with regard to the Licensing Objective of Protecting and Improving Public Health.

The Licensing Board considers that in order to deliver long term sustainable change in relation to alcohol, key areas such as reducing alcohol consumption, supporting families and communities and improving support and treatment for those affected by alcohol require to be targeted. The Licensing Board considers that direct and effective action is required in order to tackle the cultural attitudes to alcohol across the country.

As the public body responsible for administering and regulating the liquor licensing system in Scotland’s largest local authority area, the City of Glasgow Licensing Board would wish for the following issues to be taken into account in considering the Bill.

Alternative Models - Taxation

While the Licensing Board is generally supportive of any measures which are effective in reducing harmful alcohol consumption, it questions whether the minimum pricing model proposed in the Bill would actually target those most affected by alcohol misuse or simply constitute an increased revenue stream for large supermarkets and discount retailers. The Licensing Board would suggest that consideration is given to the concept of increased taxation in relation to alcohol as an alternative to introducing minimum pricing as a mandatory condition of a licence.

Raising the price of alcohol via taxation would allow for the money raised by the increase in price to be recovered by the Government rather than into the hands of large supermarkets and discount retailers. The additional funds raised could be used to further tackle the problems caused by alcohol misuse. Consideration should be given to the findings of the Institute for Fiscal Studies in their report entitled “Alcohol Pricing and Taxation Policies” which provides that:

“These findings, together with the transfers from consumers to industry that would result, lead us to prefer higher and restructured alcohol taxes as an alternative to minimum pricing. At least with taxation the revenues flow to the Government rather than to the industry. Taxes that were more closely focussed on the alcohol content of different products could also allow..."
something closer to a minimum price to be introduced through the tax system, perhaps in tandem with a ban on below-tax sales."

**Legality of Minimum Pricing**

The Licensing Board remains concerned that the introduction of minimum pricing could be contrary to European Union law. The Licensing Board is aware that debate on this issue centres upon whether such proposals would have an impact on competition in the market but that such measures may be permitted if it is proportionate for a legitimate objective such as the promotion and protection of public health. The Licensing Board is also aware that the Law Society of Scotland has expressed it concerns regarding the legality of the proposal and that the legality issue could only be determined by the European Court of Justice, who has rejected minimum pricing in the past.Attempting to defend such a challenge is likely to be a costly process for the Scottish tax paying public.

**Difficulties with Enforcement**

The Licensing Board considers that the complexity of the proposed formula for minimum pricing could lead to difficulties in effective monitoring and enforcement of the provision, particularly given the divergence in the strength and volume of alcoholic products now available. The Licensing Board is particularly concerned with regard to the ability of smaller independent retailers to use this formula to accurately calculate the minimum price of alcohol. This is likely to mean that additional resources for Licensing Standards Officers will be required.

The Licensing Board also notes that the provisions relating to minimum pricing are to be extended to occasional licenses. While the Licensing Board agrees with this in principle, it is concerned as to whether the complexity of the formula will be readily understood by voluntary organisations applying for occasional licences under section 56 of the Licensing (Scotland) Act 2005.

**Irresponsible Pricing in On-Sales Licensed Premises**

The Licensing Board is aware through its local knowledge that many pubs and nightclubs within Glasgow have attempted to introduce socially responsible pricing on a voluntary basis, but due to other premises continuing to sell alcohol at irresponsibly low prices, they were forced to lower their prices in order to remain competitive. This has meant that drinks such as a vodka and mix continue to be sold at £1 or less. However, in terms of the proposals contained within the Bill, minimum pricing would have little or no effect in relation to the sale of spirits in on-sales premises, particularly those aimed at younger drinkers.

Using a typical measure of 25mls, if a spirit is below 40% ABV, the price at which that spirit could be sold at would be below the likely minimum price per unit of alcohol when using the proposed formula.
Example

A measure of vodka (25ml) at 37.5% ABV would be **47 pence** if the minimum price was set at 50 pence per unit of alcohol (0.50 x 37.5/100 x 0.025 x 100 = £0.469)

A measure of rum (25ml) at 37.5% ABV would be **42 pence** if the minimum price was set at 45 pence per unit of alcohol (0.45 x 37.5/100 x 0.025 x 100 = £0.422)

It is only where the spirit is 40% ABV or above that the formula would calculate the minimum price for the spirit at or above the likely minimum price per unit. As a result the Licensing Board is concerned that minimum pricing would have little or no effect in relation to on-sales selling spirits and the problems associated with binge drinking within on-sales licensed premises.

The Licensing Board is also concerned about the formula’s effectiveness in relation to other forms of alcohol e.g. alcopops. Using the proposed formula a 275ml bottle of a mixed vodka drink at 5% ABV could be sold at 68 pence if the minimum price per unit of alcohol was set at 50p (0.50 x 5/100 x 0.275 x 100 = £0.687).

**Wider Debate Required**

The Licensing Board therefore calls upon the Scottish Government to open up the debate on pricing to explore alternative/additional methods of targeting alcohol related harm.

City of Glasgow Licensing Board
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