



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

### FINANCE COMMITTEE

Wednesday 7 October 2015



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**FINANCE COMMITTEE**  
**25<sup>th</sup> Meeting 2015, Session 4**

**CONVENER**

\*Kenneth Gibson (Cunninghame North) (SNP)

**DEPUTY CONVENER**

\*John Mason (Glasgow Shettleston) (SNP)

**COMMITTEE MEMBERS**

\*Jackie Baillie (Dumbarton) (Lab)

\*Richard Baker (North East Scotland) (Lab)

\*Gavin Brown (Lothian) (Con)

\*Mark McDonald (Aberdeen Donside) (SNP)

\*Jean Urquhart (Highlands and Islands) (Ind)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Andrew Mylne (Scottish Parliament)

Dr Richard Simpson (Mid Scotland and Fife) (Lab)

**CLERK TO THE COMMITTEE**

James Johnston

**LOCATION**

The David Livingstone Room (CR6)



## Scottish Parliament

### Finance Committee

*Wednesday 7 October 2015*

*[The Convener opened the meeting at 10:00]*

### Decision on Taking Business in Private

**The Convener (Kenneth Gibson):** Good morning and welcome to the Finance Committee's 25th meeting in 2015. I remind everyone present to turn off any mobile phones or other electronic devices, please.

Our first item of business is to decide whether to take items 3 to 5 in private. Do members agree to take them in private?

**Members** *indicated agreement.*

## Alcohol (Licensing, Public Health and Criminal Justice) (Scotland) Bill: Financial Memorandum

10:00

**The Convener:** Our second item of business is to take evidence from Dr Richard Simpson MSP on the financial memorandum to the Alcohol (Licensing, Public Health and Criminal Justice) (Scotland) Bill. Dr Simpson is joined by Andrew Mylne of the Parliament's non-Government bills unit. I welcome our witnesses to the meeting and invite Dr Simpson to make a short opening statement.

**Dr Richard Simpson (Mid Scotland and Fife) (Lab):** The critical thing about the Alcohol (Licensing, Public Health and Criminal Justice) (Scotland) Bill is that it is designed to contribute a number of measures, alongside the Government's comprehensive strategy on alcohol, to improve Scotland's relationship with alcohol. As members know, that relationship is worse than the rest of the United Kingdom's relationship with alcohol, and it needs to be addressed continually. That is why there are 10 separate measures in the bill. Each measure on its own is relatively modest, but I hope that, collectively, they would contribute to improving Scotland's relationship with alcohol.

For the committee's scrutiny of the financial memorandum, the most important thing is the fact that any reduction in consumption would produce savings in the medium term and the long term. I will give members just one example. Evidence to the committee says that 105,000 cases that involve alcohol problems come in front of the courts each year. If we can reduce that number, there will be a saving of £2,500 for each summary case that does not come in front of the courts. Perhaps more important, if we can reduce the number of people who go to prison—it has been estimated that just under half of the 45,000 admissions to prisons every year relate to alcohol—the annual saving from each prison place will be £34,000.

There are significant savings to be made. I have not mentioned the national health service, police time and community safety, for example, where major savings could be made. It is interesting that, in all the evidence that has been given to the committee, no one—apart from the NHS—has talked about the savings that would occur. The submissions have all talked about the costs.

I accept that the range of cost estimates for some of the things that are novel is perhaps wider than that which members have faced in dealing with other bills, but I hope that that would partly be addressed by our proposed pilots in some areas,

so that we can estimate the cost benefits before the Government proceeds.

I will give a bit of history. When I was the Deputy Minister for Justice, we piloted drug treatment and testing orders, which had failed in England in their initial test. We tested them in Scotland and made some alterations, and we made further alterations before I, as Deputy Minister for Justice, authorised the quite expensive funding to roll them out. Piloting is one method by which the Government can decide whether to proceed.

In the event of a shortfall in funding to licensing boards, licensing fees could be raised, but they have not been raised since 2007. Even to keep them the same in real terms would mean a 23 per cent increase. Not raising fees was fair enough when the economy was in the situation that it was in but, now that it is expanding again, it would be reasonable to consider increasing them. I know that Kenny MacAskill has publicly suggested that that should be the case with other measures.

The other possible source of funding is the social responsibility levy. That was in the Alcohol etc (Scotland) Act 2010, but it has never been implemented. The Government chose—entirely appropriately—to introduce a public health levy, of course, but it has now dropped that, so there is no charge in that field.

According to the University of Sheffield report, if there is a successful court hearing on minimum unit pricing—as members know, the issue is to go back to the Scottish courts for a decision—off-licences will achieve, on 50p minimum unit pricing, more than £100 million in additional profit annually. That substantial profit could be used to adjust downwards alcohol prices that are above the minimum price, which would reduce the effects of minimum pricing substantially.

There is an opportunity to meet the cost of my bill through the social responsibility levy. That is on the statute books now and could be introduced even if we do not achieve minimum unit pricing as a way of pushing the industry—and particularly the retailers—to increase prices.

**The Convener:** Thank you for that helpful introduction. The way in which the Finance Committee works—like, I am sure, many other committees—is that I will touch on some of the subjects in the financial memorandum, and colleagues will then explore them in greater depth.

We are here to talk not about the bill's policy objectives but about the finances, particularly in relation to the evidence that has been submitted to us. I will jump about a bit because, as you said, it is a detailed bill with a lot of sections. I will focus on some of the concerns that have been brought to our attention.

On container marking for off-sales premises, paragraph 34 of the financial memorandum says that

“The Bill does not prescribe how the schemes should operate. Equipment costs will depend on the type of equipment used and the scale of any scheme, so is difficult to estimate ... It has not been possible to obtain information about these costs from previous or existing container marking schemes”.

Who have you asked about that? You will undoubtedly have seen that the committee has received two submissions—one from the Association of Convenience Stores and the Scottish Grocers Federation and one from the Wine and Spirit Trade Association—that provide considerable detail on the matter. Those organisations have raised concerns about overall costs, particularly for their members.

**Dr Simpson:** The first thing to say about the evidence that the committee has been given is that it is based on a presumption that has two fallacies in it. The first fallacy is that the implementation of the proposals would be permanent and the second is that it would be extensive. Neither of those is correct.

It will be up to the police, on the basis of their information gathering and their intelligence, to determine which off-licences they wish to focus on and for how long. I do not expect that such a scheme would go on for very long.

We have a problem in that we do not know where proxy purchasing occurs. That is difficult to know. We also cannot be certain about selling to those who are under age, although that has become less of a problem since testing has taken place.

The evidence from the alcohol watch scheme in Newcastle is that the scheme has worked well and has not been expensive. The licensees have welcomed it, and one licensee who was thought to be a source for both underage and proxy purchasing was discovered through container marking not to be.

I hope that the police, in agreement with the licensing board and with its approval—that is required in the bill—would work with licensees to introduce the provisions. Because the scheme would be temporary, the cost would not be as significant as the evidence that the convener referred to suggested.

**The Convener:** Did you contact the organisations that I named for information? The Wine and Spirit Trade Association says that the provisions would cost in the region of £3.8 million for its members.

**Dr Simpson:** To be frank, that is absolute nonsense. It assumes that every store in Scotland

would be permanently subject to the provisions, which is simply not the case. The cost of doing this in one licence area for a brief period would be nothing like that figure; it would be a small amount.

The figure of £189 for a retailer applies to a period of a year. I do not remember how many licensees there are in Scotland, but the figure is about 1,400. The number of licensees and the time for which the provisions would apply are small, so the costs would not be great.

**The Convener:** In your opening statement, you spoke about long-term benefits, such as the reduced cost to the NHS. Paragraph 26 of your financial memorandum states:

“The purpose of section 3 is to prevent either the Scottish Ministers or Licensing Boards from imposing any age-related licence conditions on a premises licence”.

The implication—a number of submissions have picked it up—is that section 3 would mean that more younger people were likely to drink and to obtain alcohol, and the cost would therefore be higher, as they would be more likely to be involved in criminal activities and to be hospitalised as a result of alcohol misuse. What do you say to that?

**Dr Simpson:** The current law—the 2010 act—prohibits age discrimination, as it was not Parliament’s intention to provide for such discrimination. However, it was subsequently noted that licensing boards could impose such conditions on single licences. The 2010 act was framed so as to prevent age discrimination from being applied across a group of licences. Section 3 of my bill simply says that it cannot be applied to individual licences.

Licensees could still impose a voluntary condition if they wished to do so, but the licensing boards would not be allowed to do so. The provision in the bill would not change the situation that Parliament intended; it simply clarifies the law.

I am glad to say that levels of teenage binge drinking have been going down. For example, the Scottish schools adolescent lifestyle and substance use survey indicates that the level of drinking among 13 and 15-year-olds has reduced. The situation is improving, and the trend is already in the right direction.

The bill does not seek to do anything that will suddenly open the doors; it simply clarifies the existing law. It is, to say the least, extremely unlikely that the bill would lead to a sudden explosion in underage drinking.

**The Convener:** I do not think that such a suggestion has been made, but the provision is seen as a move in the wrong direction.

**Dr Simpson:** The committee will want to consider that as a policy matter.

**The Convener:** The Royal College of General Practitioners raises concerns about the notification of offenders’ GPs. It states:

“RCGP Scotland believes that the costs and further pressure on current resources cannot be accommodated within GP practices’ normal working hours”,

as you suggest in the financial memorandum should happen. The RCGP says that it

“would need significant financial support from Scottish Government”

as a result.

**Dr Simpson:** That is an interesting reaction from the general practitioners. I was a GP for 30 years, and I drafted the provision because, in 30 years, I was never informed of any minor offence in court that involved alcohol. As I highlighted in my introduction, there are 105,000 such cases every year.

GPs are required under the quality and outcomes framework to undertake brief interventions. The brief intervention is a highly evidenced measure that has been successful, and Scotland has been the first country to introduce it, which is extremely welcome. GPs have not protested about the fact that each full-time general practitioner undertakes 400 brief interventions a year.

The measure in the bill focuses those 400 brief interventions on those who are getting into difficulty, as demonstrated in the courts. At present, a GP might be aware that someone has a drink problem because they spot something in a blood test, for example, that indicates that the person might have a problem or because they hear that from a family member. However, the one area on which GPs do not get information concerns minor offences in the courts. That is what the measure is designed to address. It would not add to the workload; it would focus the workload.

The GP evidence is of merit in one area, as it suggests that the information would have to be recorded in the person’s notes. One hopes that we are moving towards electronic transfer, certainly in the health service, and I see no reason why such recording could not be introduced when electronic transfer becomes possible. That would make the process easy—the information would be transferred straight into the GP record, so recording would not be an issue.

10:15

**The Convener:** I will touch on another couple of points before I open up the session to the rest of the committee.

In its submission, NHS Greater Glasgow and Clyde says that

"There is very little detail on the financial impact for the NHS"

and that

"The removal of the age discrimination for off sales could potentially result in a cost to the NHS if it resulted in more teenagers requiring medical treatment",

which we have discussed. Other comments from the health board include:

"There is insufficient information on the alcohol education policy ... There is ... lack of clarity on the form or delivery of alcohol awareness training ... All of this cost would require to be met first before any potential savings could be realised ... it should be clear that there is lack of clarity as far as funding is concerned ... The financial impact cannot be properly assessed without further information",

and

"It appears that the costs and timescales over which"

the responsibilities in the bill

"would be expected have not been properly thought through."

**Dr Simpson:** The comments are quite detailed and in some respects quite harsh. As I said in my introduction, some of the measures are quite difficult to cost, which is why I recommended that they be piloted in some areas. We know from Fife alcohol and drug partnership that the cost of the education programme that it runs is £35 per patient if we include the co-ordination costs and £17 per patient if we do not include those costs.

Having been a consultant psychiatrist on addictions, I have to say that if someone offered me a treatment in the field of addictions that cost only £17 and had a 34 per cent response rate, I would bite their hand off for it. The suggestion that the costs for the education side of things are not there is just not valid—that has been costed. That said, I acknowledge that the kingdom of Fife is a relatively rural setting, so I have suggested that an urban pilot be undertaken to get the detailed costing that Glasgow is calling for before roll-out across the country.

As for the rest of the comments that you quoted, convener, I hope that we will deal with them in detailed questioning. Some of the measures that it has been suggested would cost a lot of money would not cost nearly as much as that. Costs are definitely involved but, if we place that against the harms, which cost Scottish society £4.5 billion, I think that spending some money is not an unreasonable thing to do.

**The Convener:** I understand a lot of what you are saying about the policy ideal, and I am very much in favour of the policy direction. However, we are here to interrogate the financial

memorandum, whose accuracy has been raised as a concern by those who have submitted evidence.

Aberdeenshire Council says that

"not enough detail has been provided in relation to actual costings",

while North Ayrshire Council says that the costings have not been properly considered, that the

"impact cannot be quantified"

and that

"Imposing further demands on the board through the implications of this bill will be a further burden on the Council."

Moreover, when asked about future costs, the council said:

"It is not possible to quantify these at present. Any financial impact is dependent upon volumes of cases arising, which cannot be accurately predicted."

The issue is not what you are trying to achieve with the bill in policy terms but the financial implications in the here and now.

**Dr Simpson:** We are talking about relatively small costs. As I said in my introduction, a 23 per cent increase in licensing fees would be needed just to bring fees back to their previous real-terms level, but the bill would not result in a 23 per cent increase in the cost to licensing boards. That would not be the case even at the higher end of the range of costings that we have provided.

In our methodology, we have made a serious attempt to provide as many of the costings as possible but, because some of the proposals are innovative, it was inevitable that we could not provide full costings. Nevertheless, we are talking not about millions and millions of pounds but about a fraction of the additional profits that off-licences will receive from minimum unit pricing. The cost is therefore minimal. Even without the social responsibility levy, the 23 per cent increase to bring licensing fees back to their previous real-terms position would more than pay for everything in the bill.

**The Convener:** My last question, before I let in my first colleague, is about the Advertising Association's submission. It mentions that a ban on the outdoor advertising of alcohol products would lead to a £2.7 million revenue loss and the loss of 308 jobs in that sector. What do you say about that?

**Dr Simpson:** It is interesting that the association does not say how many jobs were lost as a result of the imposition of the voluntary ban. Members may be aware that a voluntary 100m ban is in place. That ban is being breached, but what can we do about that? It is not being enforced because it is voluntary, although there is



a court case in Wales about that. If, as I propose, statutory fines were in place, they could be imposed.

The advertising that I propose to control is relatively limited because of the powers that are available to us. If we were to impose in full the loi Evin, which is the French legislation, there would be considerable costs to the industry temporarily. However, the advertising industry in France is alive and well. It is not facing any problems, yet there is a complete ban on alcohol advertising, which covers everything, including sports sponsorship. Alcohol cannot be advertised in France at all, yet the advertising industry is in good health.

A ban on billboard and fixed-place advertising within 200m of schools would add only 100m to the voluntary ban. In addition, billboard and public advertising is a small part of all advertising. The main area, which I cannot tackle and which Parliament will have to come back to, is social media. That is where the biggest expansion of advertising is occurring. If the advertising industry was telling me that it is still totally fixed on fixed-place advertising, I would be astonished, because that is the area that is declining most rapidly.

**The Convener:** You are saying that the association's comment about the 300-odd jobs is spurious, because other products will simply be found to replace alcohol adverts on hoardings. Is there any evidence for that?

**Dr Simpson:** I am sorry; could you repeat that?

**The Convener:** Yes. You have basically said that, if alcohol advertising is removed from billboards and so on, something else will be found to advertise in its place. Do you have any evidence that that would be the case? Are you saying that the Advertising Association's comments about job losses are spurious?

**Dr Simpson:** I think that they are largely spurious. Like all industries, the advertising industry goes through ups and downs, which depend on the economy. We do not see a lot of empty billboard spaces within 100m of schools; the billboards are filled with other adverts.

**The Convener:** I take it that the evidence is anecdotal.

**Dr Simpson:** It is anecdotal because the voluntary ban has been in place for only a short time, so adverts have been removed only relatively recently. When I look around schools in my constituency, I do not see hundreds of empty billboard spaces.

**The Convener:** I open up the session to other members.

**Mark McDonald (Aberdeen Donside) (SNP):**

The summary table of costs on page 42 of the financial memorandum appears to contain, to use Rumsfeldian language, known knowns, known unknowns and unknown unknowns. I found it quite striking that only quantified items have been totalled. However, within the unquantified costs, what particularly leaps out is caffeinated alcohol, where the potential savings are "Significant, but unquantified", which would obviously have an impact on some of the associated costs. How do you justify saying that the savings would be significant if you cannot quantify them?

**Dr Simpson:** From the research that was done in Strathclyde—it is mainly a Strathclyde problem—we do not know the number of cases that led to conviction. For example, there were 144 incidents during the period of the research in which the bottles of that particular product—a caffeine-alcohol mixed drink—were used in assaults. How many of those assaults would not happen and in how many assaults there would be a switch to other bottles is uncertain, but there would be some saving, in that the number of offences that involved that particular product, which was estimated to be 5,000, would reduce. The unquantified bit is that we do not know how much switching to other products there would be.

It is a really interesting area because it is a culture that is confined to the west of Scotland. We do not find cases of people being convicted and sent to the young offenders unit having drunk that particular caffeine-alcohol mix in the east or the north—in the main, young people from those areas tend to drink whisky, vodka and cheap cider. The level of violence associated with young people and alcohol is less in those areas, according to Strathclyde Police. Something is going on with the caffeine-related drinks, and I would hope that the effect would be less if people did not have caffeine in their drink.

A big problem is that caffeine is a stimulant and alcohol is a depressant. With alcohol, some young people get aroused and aggressive before they become depressed and sedated. If a drink contains caffeine as well, that trajectory continues for much longer. That is why caffeine is a problem. It produces what are called "wired-awake drunks" who continue to drink because they think that they are not drunk and who can become quite aggressive.

Costings, which we are here to talk about today, are difficult to establish. We said that costs were unquantifiable because I did not want to say, "This will reduce it by 10 per cent," or whatever. That would be unreasonable. We do not know what cultural change there would be if we managed to reduce the amount of caffeine in those drinks.

**Mark McDonald:** I appreciate that. One of the arguments that have been put is that there would be nothing to prevent people from mixing high-energy drinks with spirits such as vodka, which would create a similar effect to the one that you have described.

Under “Potential savings” in the summary table of costs, you have put “Unquantified” in a number of the boxes and “Some, but unquantified” in others, but against measures on caffeinated alcohol, you have put “Significant, but unquantified”. Why have you drawn those distinctions, rather than simply putting “Unquantified”? It gives a leading impression of where the costs or savings might go. Why have you chosen to make those distinctions rather than simply putting down that the costs or savings were “Unquantified” across all the boxes?

**Dr Simpson:** On the restrictions on advertising, for example, some costs will be associated with policing that area, but we have no idea what they will be because we do not know the extent to which the restrictions will be followed.

The costs for policing the smoking ban were difficult to determine at the time because we did not know how many people would actually continue to smoke in public places. As many of us suspected, it turned out that Scots are pretty law abiding and therefore the costs associated with policing the ban were pretty small. There were some, but they were unquantified at the time.

Saying that there will be some costs means that there has to be policing of the restrictions, but whether there will be additional costs as a result of going to court or imposing fixed-penalty fines and so on is quite uncertain.

**Mark McDonald:** It just strikes me that in the table you have used three terms: just “Unquantified”, with no commentary attached; “Some, but unquantified”; and “Significant, but unquantified”. Are you saying that for the areas against which you put just “Unquantified”, the costs are expected to be minimal, albeit unquantified?

**Dr Simpson:** Yes. For example, the alcohol education policy statement will involve some civil service time because, once a parliamentary session, the Government would be required to produce a statement for Parliament and ministers would be required to appear before a committee, or before the Parliament, to explain the policy and be questioned on it. Some time is involved in that, but it is part of the general process of the Parliament’s scrutiny of education policy. It is something that should probably already be happening and the costs involved are not significant.

We included some costs where we realised that there would definitely be costs.

10:30

**Mark McDonald:** The convener has mentioned a couple of submissions and I will touch on others in which people have said that they are concerned about the bill’s financial implications, which they do not see as minimal. For example, Aberdeenshire Council suggests:

“It is unfair to suggest that the impact of informing and updating all licence holders is a minor administration cost as each local authority will have differing numbers of licence holders thus creating an unfair and differential impact on budgets in different areas.”

Is it fair to make such a broad-brush assessment? Presumably, the administration cost will be less in Clackmannanshire than in Glasgow, for example.

**Dr Simpson:** Councils also have different levels of income. West Lothian has made the same point, which is that all licences would require to be updated with changes. The Government has changed the mandatory conditions on a number of occasions and there has been no publicity about that and no comment by the licensing boards that it has been a major problem. The fact that the boards are offering that evidence on a member’s bill is really interesting, given that they did not do that or lodge a protest against the subordinate legislation with the relevant committee when the Government changed the regulations.

I was genuinely concerned that all the licences would have to be reissued with the changes that I propose, so I checked that out. I received this comment, which the chairman of the largest licensing board in Scotland has permitted me to quote:

“I do not believe that providing all licence holders with a copy of any amended or updated mandatory licence conditions is an unduly onerous task as it is in effect a ‘mail shot’. I do not think it is necessary for the entire licence to be reprinted—in my view an addendum with the new or amended conditions would be sufficient. There are already other requirements within the Act to carry out ‘mail shots’ to all licence holders—for example annual fee reminder letters and in relation to any general extension of licensed hours granted for events of national significance.

In my view, if West Lothian’s argument was to succeed, licensing law would become entirely static and there would never be any changes to the mandatory licence conditions. As the 2005 Act removed the requirement for licences to be renewed, I think it was always intended that the mandatory conditions set out in legislation would continue to be reviewed and updated to deal with emerging licensing issues and concerns.”

If that is what the biggest licensing authority is saying, perhaps Aberdeenshire and West Lothian are protesting too much about the requirements that would be placed on them, which are not as onerous as is being suggested in their evidence.

**Mark McDonald:** You have spoken about the container marking scheme and the feeling that it would have a minimal cost. You mentioned the West Lothian submission, which I note highlights that if major supermarket chains were to be involved in the scheme, they would face a differential cost in comparison with corner shops, given the number of products stocked in the store. West Lothian Council says:

“the council does not recognise that such costs are likely to be minimal or accommodated within existing licence fees.”

Do you recognise that concern?

**Dr Simpson:** The majority of the costs will fall on the licensee, rather than on the licensing board, which merely gives permission for the scheme to be implemented on the request of the police. The cost to the licensing board of agreeing to the scheme is not highly significant. They will not go in and mark every bottle in the supermarket—that is a matter for the licensee.

The supermarkets are pretty good at ensuring that there is no underage selling, so they are unlikely to be asked to take part in the scheme. Proxy selling is a different matter, and there could be some costs to them in that respect. However, you should bear in mind that such a scheme would be temporary, although the evidence that the committee has received makes the assumption that it would be some sort of long-term, permanent situation. Marking containers for a week or two should not have very significant costs.

I would like to say one more thing before Mr McDonald comes back in. Unlike the small stores, where container marking may have to be done with a specific marker pen, it would be possible for the supermarkets, which already know exactly what individuals purchase, to amend their bar-coding systems to do that marking in their stores. I do not think that it would be that difficult to know that certain containers come from a particular store. I suspect that the supermarkets can already do that, but I have not had a response about that.

**Mark McDonald:** Presumably if it is made a condition—even a temporary condition—of licence for container marking to be done, there could also be an inspection element. In other words, if a complaint was raised that a store that had a container marking condition placed on it was not following through on that, it could be checked by trading standards.

**Dr Simpson:** Yes, if there was a complaint, but I hope that the police would discuss with licensees the possibility of a general agreement, as alcohol watch has done in Newcastle. That would make the scheme relatively simple and straightforward. I do not think that there would be a major problem.

**Mark McDonald:** The Police Scotland submission goes into some depth about the fixed-penalty offences and the potential for changes to existing systems to be made, because of the need to communicate with local authorities. On the question of estimated costs and savings, Police Scotland states:

“As detailed above there may be significant additional costs not incorporated in the financial memorandum.”

It goes on to say:

“It cannot be gauged at this stage what the financial implications will be for Police Scotland or how those costs should be met.”

Obviously, you will contend that the costs would be minimal, but if it were to transpire that there were substantial costs, funding would have to be found from somewhere to pay for that.

**Dr Simpson:** It would indeed, but fixed penalties change, and the paperwork associated with all fixed penalties has to be upgraded from time to time. I would expect the Government to do that in this case, having consulted the chief constable of Police Scotland to determine the most appropriate point at which to do it, when other changes are being made to fixed penalties. Appropriate timing would ameliorate the situation in terms of any costs involved.

**Mark McDonald:** There are a number of police fixed penalties that have been taken on by local authorities in a number of areas. Is there a concern that, by having the police administering the system in all areas, the bill could create additional burdens?

**Dr Simpson:** For the police?

**Mark McDonald:** Yes.

**Dr Simpson:** I do not think so, because they already issue fixed-penalty notices involving alcohol. The change that we are proposing is to allow for those fixed penalties not to be paid if people go for alcohol awareness training. That is already happening in Fife, and the police in Fife did not make any comment on any problems that they were faced with, so I do not think that it is a major issue.

**Mark McDonald:** My final question is on the Fife pilot. I note that the submission from Angus Council and Angus alcohol and drugs partnership highlights paragraph 103 of the financial memorandum, which mentions that 34 per cent of people completed the course and asks

“whether this is reasonable in relation to an investment of approximately £39,000 and how this compares to other court disposals.”

Do you have any evidence that such training is the most appropriate mechanism compared with other court disposals?

**Dr Simpson:** As I indicated, the cost per individual is either £35 each or £17 each. It is a very cheap programme.

Let me give you the figures for Fife. In the period from April 2012 to June 2014, there were 2,947 referrals, with 1,004 people attending. That is a 34 per cent attendance rate, and 1,004 is quite a significant number. If some of those people cease drinking—and the indications are that the pilot scheme was successful in reducing the reoffending rate for that group—the savings for the alcohol and drugs partnership are significant. If those people go on reoffending, they progress, and this whole thing is about tackling a lot of the less significant group before they get to the point of being alcohol dependent, at which point they require full addiction management of the sort that I undertook as a doctor.

The point is to tackle people at an early stage and say, “Look, you may have an alcohol problem. Do you really understand what alcohol can do? This is a substance that you must take seriously. We will offer you the opportunity, instead of paying a fine, to go on an alcohol awareness course.” We know that attending such a course will change some people’s attitude to alcohol, and that is what we are trying to achieve.

The costs involved are very small in the context of the ADP budget. We are talking about a £40 million budget—a substantial amount of money is being spent on the area. The maximum cost of the scheme was £39,000 for Fife, and £20,000 of that was for the co-ordinators. If we remove the co-ordinators, who are probably not needed in every case, we are talking about a cost of £19,000 for Fife, so the total cost across Scotland for the ADP budget would be very small. I support anything that makes the system more effective, because that is what I am really trying to achieve.

**Jean Urquhart (Highlands and Islands) (Ind):** I have a couple of questions. My first follows on from your last statement. There are already a number of other programmes; the Fife pilot is not the only rehabilitation programme that aims to warn people about their alcohol intake or enable them to reduce it or stop altogether. Such programmes are not new.

**Dr Simpson:** There are a lot of programmes. One that I introduced in West Lothian when I was the lead consultant there was arrest referral, which was a very important measure. However, we had it in only five sheriffdoms. A proposal on that was originally to be in my bill, but I withdrew it because the Government undertook to ensure that the scheme is spread to the other sheriffdoms.

In Scotland, we are fantastic at introducing initiatives and developing new things, but we do not always ensure that every area undertakes

them. The bill uses a scheme that is already a small pilot in one area and suggests having another pilot in an urban area to determine the cost and benefits and whether they match what has occurred in Fife. I cannot say that I am entirely confident that they will match that, but I am reasonably confident that if the scheme was piloted in Dundee, Aberdeen or Glasgow, the savings would be even greater, because the problems in those places are even greater. It is about spreading out the schemes. I accept that, as Ms Urquhart says, this is just one scheme among many, but in my view all schemes that work should be spread out.

**Jean Urquhart:** I agree with that. However, the bill is quite specific about the scheme, although some of the costs are already there and there may be more successful programmes. I am not sure of the relevance of that particular scheme, in a sense. It is not that the programme itself is not relevant—of course it is. Many such programmes are very good, so I wonder why you specified that particular scheme in the financial memorandum.

**Dr Simpson:** There is an enormous number of different routes into treatment, from a High Court order right through to the police suggesting that the person they have picked up at night should be taken home, put into the taxi scheme or sent to street pastors. All those people will suggest that the person should go into treatment and will signpost, and the provision in the bill is simply another signpost. We need as many effective services as we can get. The scheme that I mention is an effective service that in my view needs to be rolled out.

**Jean Urquhart:** You said earlier in your evidence that the licensing fee could be increased by 23 per cent. You were quite specific about that.

**Dr Simpson:** Yes. That is based on inflation: in real terms, £1 in 2007 is worth £1.23 today. You need to go to an inflation indicator. Is that right, Andrew?

**Andrew Mylne (Scottish Parliament):** Yes. We got that information from an online inflation calculator.

10:45

**Jean Urquhart:** I think that I am right in saying that with the last change in the issuing of licences, obligations were put on all licensees to introduce training programmes for staff, and there were a lot of other costs. Did you consider that when looking at the real cost to businesses of getting a licence? There is not only the cost of paying for a licence—

**Dr Simpson:** I do not think that anything in my bill will change that from the licensee’s point of

view. For example, if we take volume discounting—

**Jean Urquhart:** No, no, Dr Simpson. My point is that there was a time when in order to get a licence to sell alcohol the person who was applying had to prove that they were of good character. That is no longer the case—we do not do that any more. A licence gets issued, but the introduction of the requirement to provide a training programme and evidence that the person can hold that licence does not come without cost. In fact, on an annual basis, licences are now much more costly to businesses. Did you take that into consideration, or have you applied inflation only to one part of that?

**Dr Simpson:** Oh, I see. Your question is about where inflation should be applied. The new licence fees came in in 2007 under the provisions of the 2005 act.

**Jean Urquhart:** As did the new obligations.

**Dr Simpson:** The new obligations also came in in 2007.

**Jean Urquhart:** And increase the cost to the business.

**Dr Simpson:** They increased the cost at that time.

**Jean Urquhart:** No, now. If inflation is to be applied—

**Dr Simpson:** You have lost me completely, Ms Urquhart. The Licensing (Scotland) Bill was introduced in 2005. I was originally responsible for setting up the commission that led to it, and we knew that it was going to involve considerable costs. The new licensing fees came in in 2007 and have not altered since then. There have been additional mandatory conditions, but they have not significantly altered the original 2005 act. Therefore, the conditions that you have referred to relating to training and so on have not actually changed since 2005—or rather, since 2007. There have been no additional costs since 2007.

In fact, the dropping of the requirement to renew licences led to a considerable offsetting of costs. If licence holders had to apply to renew their licences every so often—as they have to do every three years in many countries—the cost really would be significant. Given that there have been no additional significant costs since 2007, the 23 per cent increase that I am proposing is merely a reflection of the fact that the industry has made some savings in this area. By the way, we are talking about a cost of £189 to £900 per licence, not thousands of pounds. The costs are therefore relatively small, but the overall increase in the total licence fee would be 23 per cent.

**Jean Urquhart:** I simply repeat my point that there are additional costs to holding a licence. The fact that licence holders did not have to reapply for it was indeed a saving, but the additional burden in holding that licence is becoming increasingly expensive in terms of the training and so on that businesses are obliged to provide.

**Dr Simpson:** But that is for new licences.

**Jean Urquhart:** No. Licence holders have to keep that up. After all, they cannot stop training staff. It is not a one-off cost; it is a continual cost to any licence holder.

**Dr Simpson:** Ah—I understand. I cannot give you the relative costs for training with regard to the licence application, but what I will say—

**Jean Urquhart:** I am just suggesting that it might be a bit simplistic to say that inflation is the only cost that is going to be applicable. It will not be.

**Dr Simpson:** I now understand the point that you are trying to make, and I agree that the training costs have, of course, risen. However, the cost of the licence itself has not risen; someone who applies for a new licence now will get it at the same price they would have got it for in 2007. The cost of training might have gone up slightly, but I suspect that that is something that licensees should have been doing anyway.

**Jean Urquhart:** Thank you.

**Gavin Brown (Lothian) (Con):** I refer you to the last page of the financial memorandum, which is also described as the summary table of costs. Mr McDonald has already asked you a few questions about the table, but I want to ask a few more.

I am trying to work out roughly what you think the costs will be on local authorities. A box at the bottom of the table on page 42 says:

“£87K start-up costs; up to £810K per annum”.

That appears to be spread across the “Costs on local authorities” column and the column that sets out what are described as “Costs on others”. Indeed, at other points in the table, you have given costs that go across the columns for local authorities and others instead of providing individual costs. Is there any way of working out the costs on local authorities separately from the costs on others, or can you do this only by mixing the two together?

**Dr Simpson:** At £570,000, the big cost is alcohol awareness training, which would involve the health boards, the local authorities and the police. The alcohol and drug partnerships, which would be in charge of that, are local authority-based, but they are more of a line in the health board expenditure. In other words, the money for

them is devolved from the centre under the health budget. If you take out that £570,000, you are left with a total cost of roughly £300,000 to local authorities out of a budget of £12 billion.

**Gavin Brown:** I am not complaining about the costs—I am just looking for accuracy. Your view is that the cost to local authorities would be about £300,000.

**Dr Simpson:** That is an absolute maximum. Things that are done under the drink-banning orders, for example, would have a cost to the police.

One of the main costs would be the community involvement element. Concerns have been expressed about involving communities that do not have a community council. I am very keen that we do so, because it is the deprived areas that do not have community councils, and they also have the greatest density of pubs and off-licences. The £180,000 cost for community involvement is of some significance.

**Gavin Brown:** Again, though, is that £180,000 a cost on local authorities or a cost on local authorities and others? It seems to go across both columns in the table, and I am trying to clarify how much of that figure will be the cost on local authorities.

**Dr Simpson:** Obviously the licensee is involved, too. This is all about informing the community. At the moment, licensees inform community councils, and they are also required to inform people within 4m of a proposed licensed premises. It seemed to me that 4m was inadequate in areas with no community council, so my proposal was for a distance of 50m. Having seen the evidence that has been submitted, the committee might wish to look at that and propose a slightly reduced distance. I would not object to that; after all, if I can remember my maths—I think that the formula is  $\pi r^2$ —a distance of 50m would give a pretty significant area. Perhaps the distance should be 40m or even 30m.

In any case, the principle behind the proposal is that community councils should be consulted properly and that local authorities have a duty to do that. The cost might be less than £180,000 if the distance is reduced. There will be some costs associated with the proposal, which I think are worth while, but given the local authorities' current situation it might well be that the distance should be curtailed slightly.

**Gavin Brown:** My last question is again for the sake of clarity. In eight or nine boxes in the table on page 42 of the financial memorandum, you have used the word "Minimal". Do you have a specific definition for that? Are we talking about under £1,000 or under £10,000, or is it impossible to say?

**Andrew Mylne:** I should emphasise that the table is a summary of the information that is set out in the earlier paragraphs of the memorandum. It was prepared at the end of the process and was meant to capture in an at-a-glance form the information that was set out earlier. You need to refer to the individual descriptions to see what is behind what is in the boxes; we had to use some pretty concise terms to produce a table that would fit on one page.

As for your question about the boxes that spread across more than one column, they simply refer to parts of the text in which uncertainty is expressed about exactly where costs would fall, depending on what arrangements are arrived at in practice. In short, the table reflects the text. The same is true in relation to the use of terms such as "Minimal" or "Unquantified". They simply reflect what is in the text and indicate that we recognise that there will be some cost, although we expect it to be small. Different forms of words are used in the text, but for the sake of brevity we have tried to use more consistent terminology in the table.

**Gavin Brown:** That is helpful. Thank you.

**Jackie Baillie (Dumbarton) (Lab):** I very much welcome section 2 of the bill, which deals with caffeinated alcohol. I see that you have gone for the proportionate approach of varying the level of caffeine rather than an outright ban, which is easily achieved. Will you talk us through the costings? Although I recognise that there will be savings for the prison service and the police, I recollect a survey suggesting that more than half of the broken glass in Strathclyde came from one particular brand of caffeinated alcohol. One would have thought that there would be additional savings to local authorities there, too.

**Dr Simpson:** There are indeed. As the member will know, we endeavoured to persuade that producer to move to plastic bottles, which would not only have reduced waste somewhat but, more important, would have reduced the number of occasions on which those particular bottles were successfully used as a weapon. A plastic bottle can be used as a weapon, but it is a good deal less damaging. I suspect that there are additional savings to be made as a result of the measure.

It is difficult to legislate for a cultural issue. I chose not to go for an outright ban or even the kind of specific limit that they have in Denmark. By the way, there is not an outright ban in America—I have been attacked for suggesting as much, but I have never done so. What happened in America was that the Food and Drug Administration said to the producers, "You will have to prove that your product is safe." The producers took one look at that, said, "We can't do that", and stopped producing caffeinated alcohol. It was a really interesting approach, and if the bill is not passed, it

could be the route that Food Standards Scotland takes.

There are costs to the producer. We know that the level of caffeine in Ireland is different to the level in Scotland, so it is perfectly possible for the producer of this particular product to vary the quantity of caffeine in it. The evidence in Scotland is not as clear as it is in America, where the evidence relates more to college students. The evidence here is slightly different, as it relates to those in the west of Scotland who indulge in violent, drunken behaviour. In other words, it relates to criminality. We do not have as much evidence, in a Scottish context, on the direct effects on the brain of, for example, the caffeine-alcohol mix. That is why I have changed the proposal from a specific ban on drinks with more than 150mg caffeine per litre, which is the Danish level; instead, I give ministers the ability to introduce whatever level they want. Again, however, that makes the costs a little less easy to quantify.

**Jackie Baillie:** Earlier in the discussion, you correctly pointed out that there are potential savings to be generated not just in this area but across the board as a cumulative effect of the bill. As cultural change can take a generation, I am curious to know when you think that those savings will start to be realised. Are we looking at 10 years or 20 years? When will we start to see savings, and at what level will they be?

**Dr Simpson:** In answer to a question that I lodged recently, the Government said that monitoring and evaluating Scotland's alcohol strategy or MESAS, which is the body responsible for monitoring, is looking at whether and how it will continue that monitoring. One of its difficulties is how it determines the cause and effect of various measures. The bill is designed to support the Government's measures by moving forward on a range of issues in a sort of salami-slicing way that will continue the process begun with the Licensing (Scotland) Act 2005.

Colleagues will remember that, until 2005, alcohol consumption in Scotland was rising. From 2005 on, the 2005 act was, even before it was fully implemented, associated with—if not seen to be the cause of—a reduction in consumption in Scotland. Consumption has gone on reducing until the past 18 months, which means that there has been a change. Levels of hazardous drinking have come down by 6 per cent from just under 30 per cent to just over 20 per cent. A change is occurring, and I think that my bill, with its relatively modest costs, will continue the process of the cultural shift that we are seeing already. We need to keep that impetus up but, regrettably, Alistair Darling's duty escalator was abandoned by the coalition Government and the current

Government, and there has already been what I regard as a highly dangerous reversal in the consumption of alcohol in Scotland. Price is obviously a very important factor.

11:00

We have difficulty in associating cause and effect, but all of the measures in the bill will contribute to a shift in culture; indeed, the particular measure on caffeinated alcohol that you have highlighted will undoubtedly contribute. Where the culture will shift to, though, is a matter of speculation.

**Jackie Baillie:** Thank you.

**John Mason (Glasgow Shettleston) (SNP):** I want to follow up on one or two points that have been made. Section 2, on "Alcoholic drinks containing caffeine", is covered on page 25 of the explanatory notes. Paragraph 21 states:

"Sales of this type of drink account for a very small percentage of all alcohol sales in Scotland".

However, the following paragraph states that

"43.4% of those questioned"

in prison

"who admitted drinking ... had consumed"

that type of drink. That sounds like quite a lot. Will you clarify that?

**Dr Simpson:** We should remember that the numbers of people going to young offenders prison, who account for most of that figure, are actually quite low and, indeed, have also gone down. We are therefore talking about 43 per cent of a relatively small number. The percentage of total alcohol consumption in Scotland that is accounted for by premixed caffeine and alcohol drinks is quite small.

I do not know whether you have read the other evidence, but Scottish Health Action on Alcohol Problems, which is represented by one of our foremost addiction specialists and a colleague of mine, Dr Peter Rice, has said that this area is not a priority for it. With all due respect, I note that Dr Rice comes from the Dundee area, and if I were there, not only would it not be a priority for me, it would be of no interest to me at all. This is a west of Scotland problem. When we focus on the west of Scotland and consider that 43 per cent of young offenders have consumed such drink, we realise that it is very much a minority pursuit, but a significant one for the communities in the west of Scotland, whose safety needs to be protected.

**John Mason:** Paragraph 18 of the financial memorandum states:

"It might therefore be anticipated that financial savings to police, justice, prisons and health budgets will be realised as a result of removing such drinks from sale."

Are you arguing that, although only a relatively small percentage of the alcohol that is sold contains caffeine, it causes quite a lot of disruption and work for the police, justice, prisons et cetera, and therefore that is where the savings will come in?

**Dr Simpson:** I could not have put it better myself.

**John Mason:** If the police have a little bit less of that problem to deal with, they will just deal with something else, will they not? No police officers are going to be made redundant.

**Dr Simpson:** I am sure that the committee does not have time to debate the fact that we have a 40 per cent reduction in crime and the highest number of police that we have ever had, although there is an interesting debate to be had about that.

You are absolutely right, however—the use of police time would become more efficient. It would not actually change the police. I entirely concur with you on that.

**John Mason:** Okay.

When the convener asked you about not discriminating in respect of age for adults between 18 and 21, his point was that the bill seems to be going in a slightly different direction there. On the whole, I am sympathetic to where the bill is going, but if it went in the other direction and made it a bit easier for 18, 19 and 20-year-olds—or even people who are younger—to get alcohol, would that not add to the costs for the police, health and everything else on which you are trying to save money?

**Dr Simpson:** It would, if that was to occur. I was interested by the evidence that was given the other day by Tim Ross from North Ayrshire alcohol and drug partnership. He is in the police, and he said that he did not think that what you have suggested would occur at all. He also thought that it was fine that there would continue to be licensees who would want to restrict sales voluntarily.

However, the fact is that 21, 22, 23 and 24-year-olds cause these problems as well as some 18, 19 and 20-year-olds, and putting in place some form of age discrimination, when it is legal to drink alcohol at 18, is not appropriate. This is a principled element in the bill. You are quite right that this measure stands out as being quite different to the direction taken in other sections of the bill. However, if I had any evidence that 18 to 21-year-olds were largely responsible for the mayhem in some of our city centres, I would agree with the point that you are making. Actually, with

their levels of unemployment, the reduced wages that they receive as apprentices and their reduced minimum wage, they are not the group that we need to focus on—it is the 21 to 25-year-olds who are in employment who tend to cause the drunken mayhem in the centres of our cities.

**John Mason:** You mentioned in your answers, and it is also in the response from Aberdeenshire Council, the issue of whether a community council is active. I have to say that I was puzzled by Aberdeenshire Council's comment on the need to identify whether a council is active, because, as I understand it, Glasgow City Council has a clear list of which community councils in its area are active and which are inactive. There is no work there or cost for that council; it could tell us about community councils this afternoon, if we asked it. Are you aware of a problem with identifying active community councils? What does Aberdeenshire Council mean?

**Dr Simpson:** I was not aware of the issue; I was quite surprised by that evidence. I would have thought that it was a duty on councils to know which community councils were active and which were not. Councils need to carry out consultations, for example on health and social care integration, during which they presumably talk to the community councils as part of the process. Any major change by the NHS requires consultation, so councils need to consult their communities. In areas where community councils are inactive, the council would need to have a different mechanism for that.

Councils should know which of the 15 per cent of community councils that are inactive are in their areas. Across Scotland, I think that approximately 225 community councils are inactive. It is not an insignificant number. Because they are in deprived areas, I think—

**John Mason:** A number of them are in my constituency. Not all of them are, but quite a few.

There is a difference between what is technically an active community council that may be pretty sleepy and not do a lot, and one that is highly active. I see both. That is not the distinction that we are trying to draw here, though.

**Dr Simpson:** No, it is not. I looked at identifying active community councils by seeing whether they had responded to new licence applications with even one line, but it was too complicated. I think that there are about 1,300 or 1,400 community councils, so it would have been a mammoth task. If a community council chooses to be inactive, it is to be hoped that its members will be replaced in due course by more active members. That is a matter for the community, and at least there is a community council.



**John Mason:** My final point is on something that I may not have understood properly. Mr McDonald questioned you already about some of the police comments. The police made the point that, if payments were going to be made to the local authority, that would be different from the current antisocial behaviour tickets that are paid to the Scottish Courts and Tribunals Service. Do you think that that is a problem?

**Dr Simpson:** Penalty notices are under the—

**John Mason:** Yes, it was in our briefing. The Police Scotland submission says:

“I also note that the bill makes reference at Paragraph 2c and 3 of the Schedule that payments are made to the Local Authority. This is a departure from current ASB Tickets”.

Sorry that this has caused confusion.

**The Convener:** It is in alphabetical order, but it is still causing confusion.

**Dr Simpson:** Fixed-penalty notices are issued at the moment. The alcohol awareness training is merely a diversion from those. I am not quite sure—

**John Mason:** It is in the first page of the Police Scotland submission, which is on page 24 of the committee briefing. The police concern is who is being paid—the technical side of it.

**Dr Simpson:** The penalty system is quite complicated, and I have to say that I am not fully up on it. I will need to take that away and respond to Mr Mason in writing on that issue, if that is okay, convener.

Court penalties are interesting, because some money is retained by the courts but some goes back to the UK Treasury. If it is a local authority penalty, the local authority keeps that money. There are differences, which our colleagues working on the Scotland Bill might want to look at. If we fine our people in Scotland, retaining that money here to a greater extent might be worth pursuing. I will look at the *Official Report* to see the detail of your question and will get back to you as soon as possible.

**John Mason:** That is great. Thanks very much.

**The Convener:** That appears to have concluded questions from committee members, but I still have one or two points to raise with you.

Every week we get Government bills and their financial memoranda. One of the things that have been drawn to our attention is the issue of best estimates. As you know—it says this at the start of yours—financial memoranda have to satisfy rule 9.3.2 of the Parliament's standing orders. In your financial memorandum, on estimating financial impacts, you have said:

“no attempt has been made to investigate the methodologies or data used in the studies referred to. While the conclusions reached attempt to place a figure on savings which might be achieved, they should nonetheless be regarded as speculative.”

You use phrases such as “working assumption”. The issue of the degree of accuracy has been raised. Witnesses have talked about there not being enough detail on costings and have said that the costs are understated, not properly thought through or unquantifiable. The police said:

“there may be significant additional costs not incorporated in the financial memorandum.”

Rule 9.3.2 requires the financial memorandum to distinguish between costs for local authorities and costs for others, yet you have lumped them together in the table to which two other members have already referred. Are you suggesting that the rule has been met? I do not believe that we have best estimates in the table. We have estimates and assertions that there will be significant savings. I think that a lot of us are sympathetic to the overall policy objective, which might be achieved, but all the evidence that we are receiving seems to suggest that no best estimates have been provided.

**Dr Simpson:** I hope that I have been able to answer some of the specific evidence that you have received, which I believe to be fallacious—I believe that the costings put forward have been overestimated. For example, the advertising industry clearly has a vested interest in not reducing its advertising. Frankly, its costings were wildly inaccurate.

There have been other costings that have been considerably excessive. I do not want to go over them all again, but one was the suggestion that licences would have to be reissued, which would be a significant cost, instead of sending out a one-page amendment as part of a general mailshot, which would involve the cost of a single piece of paper. It is wrong to suggest that there are high costs involved in that.

There is also the stuff on the GP notification. The two vested interests—the courts and the GPs—have both suggested high costs, which I simply do not accept.

What I do accept—the committee's questioning has correctly drawn this out—is that some of this stuff is really quite innovative. When something is innovative, it is difficult to make a proper quantification of costs. We have done our level best within the available methodologies to provide the costs.

We have not divided the costs into local authority costs, NHS costs, police costs and so on. One of the problems is that we are trying to address this issue on the basis of breaking down

the silos within the individual budgets. One of the greatest problems that we have faced as a Parliament is encouraging someone to carry out expenditure in one area when the savings accrue in another area. That is one of the problems here. It is difficult to break the costs down into the individual sections that the standing orders require. We have done our best, and I think that I answered the major question from Gavin Brown about local authority costs, which relate to the ADPs and alcohol awareness training. That is a significant proportion of the annual costs that we have put against the various groups.

Given that the overall cost of alcohol to Scotland is £4.3 billion, even if you take the upper range of expenditure on the bill, which we have tried to be straightforward about, the overall costs of the 10 measures in the bill are a mere fraction of the cost to Scottish society of alcohol problems. If we can reduce those problems by a few percentage points, the bill will more than pay for itself.

11:15

**The Convener:** Indeed. However, when we have ministers and bill teams here we press them quite severely on best estimates. You probably know that, on a number of occasions, we have suggested that a supplementary financial memorandum should be brought forward to fill in some of the gaps. I do not think that it is appropriate to come to us with costs that are described as “Unquantified”, or as “Significant, but unquantified”. Instead of the stuff on page 42 of the financial memorandum, we really should have best estimates. Whether we are considering a member’s bill or a Government bill, we should have some sort of detail on that. Everyone should be held to the same standard, and I am not saying anything to you that I have not said on a number of occasions to ministers.

**Dr Simpson:** I appreciate that. The resources that are available in the Parliament for dealing with a member’s bill are considerably less than those that are available to the Government when it is preparing legislation. That said, we have tried to distinguish between where we can work out the costs and where we cannot. In the areas where we say that there will be some costs but that they will be unquantified, we are not trying to deny that there will be some costs, but we are not talking about significant amounts. We mean that the figures are difficult to quantify. If we were talking about millions of pounds or even tens of thousands of pounds, the committee would be quite right to say that that is not adequate. However, we are talking about relatively small amounts of expenditure in relation to not only the overall costs but the effect.

I will give you two examples to illustrate that. With regard to multipack discounting, the costs to the local authorities are minimal. The Parliament passed a law with the clear intention that there should not be sales on the basis of discounting for volume. The supermarkets have chosen—totally legally—to sell multipacks of beer at volume discounted prices. They have chosen to get around the wishes of this Parliament. They are legally entitled to do so but, frankly, whether they are morally and ethically entitled to do so is another question. All that we are trying to do in the bill is tighten the situation with regard to multipacks as far as we can, within reason. We are not asking for every container to be examined, as that would be difficult; we are asking for a bit more restraint in what is happening. There will be some costs associated with that, because beer trays will have to be inspected as well as wine and spirit trays. However, the additional cost of doing so in a supermarket will be minimal.

**The Convener:** Mark McDonald has a question, and then I will allow Richard Simpson to have the last word.

**Mark McDonald:** Dr Simpson, you said that you do not expect the costs that you have not quantified to be high. However, when I asked you about the fact that you have made a distinction between areas where the costs are “Minimal” but “Unquantified”; “Some, but unquantified”; and “Significant, but unquantified”—you suggested that they could be put on a sliding scale from minimal to significant. Therefore, I assume that the “Some, but unquantified” group contains six-figure sums. Is that in the ballpark?

**Dr Simpson:** Would that be £10,000?

**Mark McDonald:** No, it would be £100,000 and upwards.

**Dr Simpson:** No, then; we are not talking about those sums.

I want to correct one thing that you said, Mr McDonald. The “Significant, but unquantified” group concerns only savings.

**Mark McDonald:** Indeed.

**Dr Simpson:** There are no significant but unquantified costs.

**Mark McDonald:** But it all adds to the best picture of best estimates. You talk about sums that are minimal and sums that are significant, and the committee wants to get a rough idea of the ballpark you are talking about. That would give us some indication of what the costs are likely to be. At the moment, the differentiation between those terms is guesswork on our part.

**Dr Simpson:** I respectfully suggest that, as we are discussing a summary today, the committee

should consider the individual sections themselves when it is considering its report. As far as we have been able, we have indicated where there are some costs and we have sometimes indicated a range for those costs, although we have not been able to quantify them as exactly as we would have liked.

To take another example, on the costs on local authorities of restrictions on advertising, we do not know whether they police the current voluntary ban, so we have not been able to quantify whether extending the distance from 100m to 200m will involve costs at all. If officers are walking 100m in every direction from a school at the moment to check the voluntary ban without any prospect of an income from a penalty notice, extending that distance to 200m and giving them the right to issue penalty notices might actually produce a positive sum.

**Mark McDonald:** If we look at the area where you have provided a range of estimates, which is the potential savings on multipack discounting, they range from £0.6 million to £1.74 million, which is almost a threefold potential increase. Presumably, you could have made such an estimate, from an expected minimum to an expected maximum, for some of the other costs where you have not provided any information. That would have at least been more than what we have in the table.

**Dr Simpson:** If we could have, we would have provided more detailed estimates. We were able to include the estimate that you mentioned because we have the Sheffield report, we know that the effect of the discounting ban as it has been implemented in Scotland has been a 2.6 per cent reduction in consumption as compared to a 3.1 per cent expected reduction and therefore we know that the amount of the additional reduction that could occur might be as much as £1.74 million. The reason why there is a lower estimate on that is that I fully expect the industry either to stop selling the smaller multipack of four or to only sell the top-selling multipack, which they will be able to do on a volume discounted price on the basis of its being sold elsewhere and not within the store. That is a good illustration of the problem of giving a narrow range.

In the areas where the cost is unquantified, we are not talking about it being £100,000; in most cases we are talking about five-figure rather than six-figure sums.

I hope that, in drawing up the committee report, your support staff will be able to look at the detail of our proposal, where they will see that we have endeavoured to go into more detail. We did not want the summary to mislead by giving spurious figures. Some figures are difficult to reach

because this is quite innovative stuff. That is why we need pilot projects to cost it.

**The Convener:** That finishes the questions from the committee. Do you have any brief final points that you want to make?

**Dr Simpson:** I just want to re-emphasise that, notwithstanding the entirely appropriate comments that you have made about the difficulties that we have in relation to the costings, the big picture is in the medium to long term, I am confident that the measures will contribute to and complement the Government's efforts to reduce our undue, inappropriate attachment to alcohol.

We have been on a good path since 2005 and that path needs to be maintained. Price and availability are two of the big issues. The main purpose of the bill is to tackle those who are beginning to get into difficulty, rather than those who are dependent on alcohol and who would undoubtedly be affected by minimum unit pricing. I want to put on record that I have always accepted that those who are harmful drinkers—dependent alcoholics—will undoubtedly be helped by minimum unit pricing, but whether it will help those who are hazardous drinkers on the road to becoming harmful drinkers is another matter.

My bill will help to underpin and complement the Government's efforts. The cost of the bill will be a mere fraction of the ultimate savings and goal that we all want to achieve.

**The Convener:** Thank you very much.

11:24

*Meeting continued in private until 11:40.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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