

Alcohol strategy

Purpose of report

For discussion / decision. To agree a public position alongside the LGA Community Wellbeing Board.

Summary

1. The Government is due to publish the new national alcohol strategy in late March.
2. The Department of Health is taking the lead, although, because of the cross cutting nature of this issue, a number of other Whitehall Departments are involved.
3. The strategy is expected to strengthen the ability of councils to tackle alcohol related crime and disorder through:
 - 3.1 A new ability for a council to declare themselves at saturation point;
 - 3.2 A new health objective in the Licensing Act 2003;
 - 3.3 Minimum pricing to deter sales.
4. There will also be some important messages about the role of responsible retailers and prevention of underage drinking.
5. The SSCB and CWB will wish to agree an LGA position, including expressing a view on the value of minimum pricing per unit in tackling both health and crime and disorder issues.

Recommendation

Members are asked to note the content of the new Alcohol Strategy and to discuss the potential impact on crime and disorder.

Action

Officers to develop key lines subject to Members' comments.

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Alcohol Strategy

Background

1. Alcohol has a clear impact on crime and disorder and perceptions of security at night. Evening and night-time violence accounts for 64% of all violence and 20% of all violence takes place in or around a pub or club. Alcohol is also found to be a factor in 60-70% of all domestic violence. 18-24 year olds are most likely to be involved in alcohol-linked crime.
2. Alcohol misuse costs the NHS £2.7 billion every year (or £90 for every taxpayer). These costs include £645 million in accident and emergency visits, £372 million in ambulance costs and £272 million in outpatient visits. The number of alcohol-related hospital admissions has nearly doubled in under a decade as binge drinking has exploded as a social problem.
3. Alcohol accounts for 80% of all deaths from liver disease. Last year there were 200,000 hospital admissions caused primarily by alcohol, a 40 per cent rise in the past decade. 65% of alcohol purchased in the UK is bought from supermarkets and convenience stores. Some believe that the cost to society as a whole - when factors like lawlessness and worklessness are added in – total in the region of £17 billion.

Content of the Alcohol Strategy

4. We have been advised that the Strategy will contain the following elements:
 - 4.1 **Health objective in the Licensing Act:** Health organisations are currently able to comment on all applications for an alcohol licence, but can only do so on grounds of crime and disorder or public nuisance. A health objective will allow them to impose conditions or object to licences specifically on health grounds.
 - 4.2 **Sympathetic approach to minimum pricing:** This may or may not include the announcement of a specific price. The Government continues to signal commitment to increasing prices as a means of decreasing consumption.
 - 4.3 **Saturation Points:** The ability for a council to declare themselves to be at 'saturation' point and refuse all further licence applications will provide an additional tool that can be used.

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- 4.4 **Removing 1 billion units from alcohol supply by 2015:** This would be achieved through reducing the strength of drinks. It will have some impact on levels of alcohol-related disorder, but alcohol charities advise abusers will simply increase consumption.
- 4.5 **Greater emphasis on collaborative working:** Community Alcohol Partnerships (CAPs) are proven as an effective way of reducing the negative impacts of excessive alcohol consumption. Supermarkets contribute a very small proportion of their turnover to help fund these schemes as well as to industry schemes such as the Portman Group. The LGA supports CAPs but feels that retailers could contribute more.
5. The strategy will not include:
- 5.1 **Changes to the advertising regime:** The LGA has argued that local restrictions on advertising would allow councils to tackle problem drinking, particularly in cases of underage drinking. For instance, some councils wish to ban advertising outside schools.
- 5.2 **Restrictions to promotional offers or bargains:** The undesirability of supermarket deep discounts has long been problematic. Although the Government does not propose to restrict this, we can expect these to reduce as minimum pricing per unit will apply.

Supportive measures

Responsibility Deal

6. 119 different companies have signed up to collective responsibility deal pledges on alcohol, including improving labelling and ensuring that 80% of alcohol products have unit and health information by the end of 2013. The Government is also working with industry and non-governmental organisations to remove a significant number of units (500 million units) of alcohol from the UK market through changes in how alcohol is produced and sold.
7. **Duty plus VAT** will be introduced in April 2012 in England and Wales. We have calculated that this would affect less than 1% of sales. Low cost brands commonly associated with underage or binge drinking will be largely unaffected.
8. It was widely reported on 4 March that David Cameron is preparing to introduce a minimum price of **40p** per unit. This is 10p less than the optimum price recently recommended by Sheffield and Bangor Universities, but will have a greater impact on prices than duty plus VAT. LGA research shows that a price of 40p will affect only 8 of the 100 top products, mainly high-strength ciders. 50p per unit would increase the price on 28 products, although Tesco sells about half of the 28 at a higher cost.

Implications for Councils

9. We welcome the cross-government approach to this strategy and the addition of new tools that councils can use to tackle local problems. The ability of a council to declare that particular areas as being at saturation point would be welcome in allowing councils to address high numbers of on and off licences in an area. The detail of the wording on the application of saturation points will be important as councils and communities will want flexibility on this issue to tailor it to local circumstances, rather than having to take an authority wide approach as councils will have to do with the late night levy.
10. Decisions to introduce a saturation point policy may be assisted by the introduction of a health objective into the Licensing Act 2003. Imposing health related conditions on particular licences may not be practicable due to the difficulties of proving any health related effects from a particular licence. Building health considerations around licensing into councils' and partners' plans could be very helpful however in addressing the wider impact of alcohol related disorder and harm, and may for example assist in getting greater cooperation from the health service in sharing data on where people injured or wounded in alcohol related incidents were drinking. The Strategy will also emphasise the new role for councils in delivering Public Health as Directors of Public Health will have an important role in informing a council's cumulative impact policy, or setting a saturation level.
11. Recognising the range of tools and powers that councils now have, including the ability to introduce cumulative impact policies and the ability to impose conditions on temporary event notices, the Strategy offers local councillors greater powers to decisively influence their localities and to positively shape their night-time economy in a way which reflects residents' views.
12. Although we believe local government can welcome this new strategy, there is some detailed analysis to be done around minimum prices to ensure that this raises the price of alcohol to levels that discourage pre-loading drinking, and excessive consumption of cheap, high-strength drinks, yet does not unfairly penalise families who enjoy a responsible drink, or unfairly hit community pubs.
13. Lead members have considered the issue of pricing and concluded that a minimum price needs to be considered as part of a wider package of tools and education measures. To further inform this position, we have canvassed officers and members in 36 councils and found there is no support for the proposal to introduce duty plus VAT, as it will have little impact on sales. We have had responses from 12 councillors, 11 of whom are in favour of a minimum price. There was less consensus on what price should be recommended, but with agreement that it should be high enough to make a meaningful difference.

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14. A survey of Directors of Public Health found that 83% felt that lobbying for a minimum price per unit of 50p was a top priority. Enforcement and licensing officers appear almost unanimously in favour of the 50p cost recommended by Sheffield University. More detail on a minimum price per unit is included in **Appendix A**.

Conclusions and next steps

15. Once the Strategy has been published we will need to consider the implications of it and draw together the views of the Board and Community Wellbeing Board to ensure the LGA provides a coherent response to the Strategy. Implementing some elements of the Strategy will take time. Inserting a health objective into the Licensing Act 2003 will require an amendment in a bill, while the interaction of minimum prices with EU law means the introduction of minimum pricing, if the government supports it, is not likely to happen swiftly. There will also be further practical considerations for councils, particularly around increased enforcement requirements which would need to be fully funded, and for example on what the imposition of requirements related to the health objective into individual licences would mean.

Minimum Pricing

Minimum price per unit: The University of Sheffield have conducted studies to project reductions in alcohol-related disorder and illnesses based on varying unit prices, with a recommendation of **50p per unit** as the most effective balance between addressing social issues and allowing freedom to enjoy alcohol. This approach has been adopted by Scotland.

Introducing a minimum price per unit **would not raise the price for all alcohol**. It would affect lower priced beers, ciders and bottles of wine. Pubs and restaurants already sell most alcohol above even the 50p price. Most spirits and liqueurs also retail for more than this price. In supermarkets the average price of a bottle of wine would raise to £4.50-£5.00. Currently, 40% of the wine market is in the £4 and under sector. Ciders and supermarket's own brand vodka would be hit hardest.

A minimum price would be easier to enforce than the duty plus VAT approach. It would not take into account the differences in costs of living across the country.

Duty plus VAT: The government's measure will translate to about 21p per unit of beer and 28p per unit of spirits. The lowest possible price of a can of lager would range from 38p to 78p depending on its strength, but most drinks would be unaffected.¹

The financial case for a minimum price

In real terms, **the price of alcohol fell by about 5%** between 1996 and 2006. Research, specially commissioned from the Centre for Economics and Business Research (cebr) by the LGA, demonstrates the scale of duty increases that would be necessary to reduce alcohol consumption.

A one per cent increase in duty on sales of bottled beer would have a negligible effect. In order to reduce consumption by 10%, duty would have to increase by 85%, or a 17% increase in the price of beer to the consumer.

For cheap drinks, however, duty would have to rise by less to reduce sales: for standard strength cheap lager, a 36% increase in duty – worth 22p a litre on the selling price – would be needed to reduce sales by 10%, and for premium lager, a 73% increase in duty, worth 57p a litre, would have the same effect.

¹ <http://www.bbc.co.uk/news/uk-politics-15634956>

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Although the data needed to make accurate estimates of the effect of price on sales of smaller categories of products are not available, cebr suggests that, to reduce consumers' willingness to buy alcopops by 10%, a duty increase of 45p a litre, or 53%, would be needed.