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From: [REDACTED]
Sent: 27 August 2010 6:17 PM
To: [REDACTED]
Cc: MacDonald Ziggy; [REDACTED]
Subject: Briefing request for Minister's meeting with MD / Diageo

[REDACTED],

You may (I hope!) already be aware, but the Minister is meeting at 2pm on Wednesday with Simon Litherland, MD of Diageo, at their request. The meeting is to hear about Diageo interests in low cost sales and other measures.

Could we have some top lines in the course of Tuesday, and a pre-brief (which Declan will get in touch to arrange) at some point on Wednesday morning?

Thanks,
[REDACTED]

[REDACTED]

The Minister's Box closes at 3pm Mon - Weds and at 12 noon on Thursdays. There is no box on Fridays.

-----Original Message-----

From: [REDACTED]
Sent: 31 August 2010 7:46 PM
To: [REDACTED]
Cc: MacDonald Ziggy; [REDACTED]
Subject: RE: Briefing request for Minister's meeting with MD / Diageo
Importance: High

[REDACTED],

Don't seem to have heard back from you on this, though sorry if I missed a call - been a rather frantic day.

Would you or someone appropriate from ASU be available at 11.30 to provide a pre-brief for the Minister?

Thanks,
[REDACTED]

REDACTED

The Minister's Box closes at 3pm Mon - Weds and at 12 noon on Thursdays. There is no box on Fridays.

[REDACTED],

Attached is a briefing for the Minister's meeting with Diageo. As discussed I'll come down for a pre-brief at 1.45.

[REDACTED]
Strategy and Analysis
Alcohol Strategy Unit

Tel: [REDACTED]

Alcohol Core Brief

Key messages

- We are committed to tackling alcohol-related crime and disorder. As such, we will overhaul the *Licensing Act* to ensure that it provides local authorities and the police with stronger powers to remove licenses from problem premises.

LATE-NIGHT LEVY

- We will allow local councils to charge more for late-night licenses to pay for additional policing. We feel it is right that those premises that open later and thus require further policing later at night should pay for this provision.

TACKLING SALES TO CHILDREN

- We believe that selling alcohol to under-18s is unacceptable, and will not tolerate premises that are found to do this persistently. We will introduce legislation to double the fine for underage sales to **£20,000**, and to shut down permanently any shop or bar found to be persistently selling alcohol to children.

BANNING BELOW COST SALES

- We are concerned about the impact of low-cost alcohol on consumption levels and alcohol related crime and disorder. Accordingly, we are committed to banning the sale of alcohol below cost-price.

REVIEW OF ALCOHOL PRICE AND TAXATION

- In addition, as part of the government's commitment to tackle alcohol-related crime and disorder, we will undertake a wider review of alcohol taxation and pricing to ensure that it tackles binge drinking without unfairly penalising responsible drinkers, pubs and important local industries.

Key statistics

- Alcohol related crime and disorder is estimated to cost the economy between £8-13bn per year, and **47% of violent assaults** are believed to be carried out by individuals under the influence of alcohol.
- In 2008/9 there were 10,600 new applications for premises licences. 97% of all decided outcomes resulted in the licence being granted (only 3% or 318 were refused).
- There were 1,100 completed reviews in 2008/09. Following a completed review, 170 licences or certificates were suspended and 150 premises licences were revoked. Around 190 cases resulted in a licence modifying their operating hours and in 740 cases other conditions were added or modified following a completed review. In over 120 cases the licensable activity was partially restricted, and in over 110 premises licences reviews, the designated premises supervisor was removed. No action was taken in just 4% of completed cases (50 reviews).

RE-BALANCING THE LICENSING ACT CONSULTATION

In “*The Coalition: our programme for government*”, the Prime Minister and Deputy Prime Minister set out a clear programme of reform around alcohol licensing to tackle the crime and anti-social behaviour that is too often associated with binge drinking in the night-time economy.

‘Rebalancing the Licensing Act – A Consultation on empowering individuals, families and local communities to shape and determine local licensing’ sets out tough new measures to crack down problem premises and more powers for local communities to influence licensing decisions. Measures being consulted on include:

- Making it easier for communities to have their say on local licensing, allowing local authorities to consider the views of the wider community, not just those living close to premises;
- Taking tough action against underage drinking by doubling the fine to £20,000 for those found persistently selling alcohol to children, extending orders that see premises closed on a voluntary basis to a minimum of seven days and bringing in automatic licence reviews for these problem premises — which can see licences revoked;
- Charging a fee for late-night licences to pay for the cost of extra policing and scrapping the ineffective, bureaucratic and unpopular Alcohol Disorder Zones;
- Ensuring policing and health concerns are fully considered so that the impact of licensing on crime and disorder or public health can be fully taken into account when assessing licence applications;
- Increasing licence fees so that local councils can cover costs linked to enforcement leaving premises to pay rather than the local taxpayer;
- Tightening up rules for temporary licences by limiting the number of Temporary Event Notices that can be applied for in any one year - these are often used to get around the restrictions of applying for a permanent licence; and
- Introducing a ban the sale of below cost alcohol and consulting on how this can be achieved.

The consultation will run from 28th July until 8 September.

Hot issues

BANNING BELOW COST SALES

Diageo will be particularly interested in this proposal since it will have the greatest effect on their business. They have met with officials twice to discuss the detail and are lobbying for Government to ban the sale of alcohol below a price at least equal to duty + VAT coupled with the equilisation of duty rates. We recommend that the Minister be in ‘listening mode’ and stress that no decisions will be made until after the consultation closes on 8th September. The standard lines to take are given below:

- The government is concerned about the impact of low-cost alcohol on consumption levels and alcohol related crime and disorder. Accordingly, we are committed to banning the sale of alcohol below cost-price. The Home Office will work closely with the Department for Business, Innovation and Skills and representatives of the alcohol industry to introduce this measure without unduly impacting on industry or responsible drinkers.
- A decision is yet to be reached on how it will be determined what “below cost selling” constitutes and how the ban will be enforced. We are working closely with business to determine the best way to implement the ban without unduly impacting on small businesses.

Diageo may also ask whether measures to ban the sale of alcohol below cost will be taken forward in the forthcoming Police Reform and Social Responsibility Bill. Although

this is not feasible given the tight timescales for the Bill it has not been publicly ruled out. You may want to say that it is looking unlikely.

ALCOHOL PRICING & TAXATION REVIEW

The Treasury is reviewing alcohol taxation to ensure it tackles problem drinking without unfairly penalising responsible drinkers, pubs or important local industries. In considering proposals, the review is looking at targeted measures that will address the health and social harms associated with problem consumption of alcohol. Proposals will necessarily reflect the legal and practical constraints on the alcohol duty regime and the pressures on the fiscal position, as well as considering the impacts to industry and the wider economy

In parallel with the Rebalancing consultation the Treasury invited interest groups to submit proposals on the above targeted measures. The deadline to submit proposals was 31st August. Until the review concludes in November the standard lines are as follows:

- The government is committed to tackling alcohol related crime and disorder, and is concerned about the possible links between the price of alcohol and alcohol related crime. As such, we will review alcohol taxation and pricing to ensure that it tackles binge drinking without unfairly penalising responsible drinkers, pubs and important local industries.
- We cannot pre-empt the findings of this review, and as such it is not possible to go into the full details of what changes if any will be made to alcohol pricing and taxation at this stage.

Manchester Minimum Unit Pricing Proposals

On 11 August the Prime Minister hosted one of the regional public question and answer road shows in Manchester. After the event he gave an interview to the Manchester Evening News and was asked about Manchester councils proposals to use bye-laws to impose a minimum price on alcohol.

The Prime Minister responded by stating that while he did not back a national price limit he welcomed the move by local councils and communities to tackle the issue in this way.

Line To Take

The Government is committed to taking tough action to tackle problem drinking, including the price of problem drinks, stopping supermarkets from selling alcohol below cost price and introducing a tougher licensing regime.

We know that the majority of pubs and bars are well run business but the Government believes that the system needs to be rebalanced in favour of the local communities they serve with tougher action taken to crack down on the small number of premises who cause problems.

We will work to stop the below-cost price sale of alcohol. It is not clear that national minimum unit pricing is the best way to achieve this so we need to look at other options.

LATE NIGHT LEVY

You have committed to allow local councils to charge more for late-night licenses to pay for additional policing, is this new initiative not just like the power to create Alcohol Disorder Zones which has never been used?

- ADZs are a policy introduced in 2008 which permits local authorities to set up an area within which all licensed premises need to pay a charge to cover additional authority costs arising from alcohol related crime and anti-social behaviour. Since the enabling legislation no ADZs have been created and feedback from local authorities has indicated that the significant time and cost involved in setting up an ADZ acts as a deterrent for doing so. There is considerable scope to simplify the legislation to address specific problems and to ensure that it is fairer to businesses, which is the aim of this new piece of legislation.
- The government is committed to allowing local councils to charge more for late-night licenses to pay for additional policing. We feel it is right that those premises that open later and thus require further policing later at night should pay for this provision. Accordingly, this new fee will not affect those pubs which only open for conventional hours – instead it will impact on pubs, bars and nightclubs that open late into the morning.
- The government is determined to make sure that charges apply proportionately to ensure that the licensed trade can play its part in the economic recovery and that responsibly managed premises can continue to play a vital part in our communities.
- This new power will replace the unused existing Alcohol Disorder Zone legislation, to provide a less burdensome way for local authorities to charge those premises that want to open later for additional policing in the area.

TACKLING UNDER-AGE SALES

Why are you doubling the fines for selling alcohol to children?

This government believes that selling alcohol to under 18s is unacceptable, and will not tolerate premises that are found to do this persistently. It is right that tough penalties should exist for committing these offences, and as such we will introduce legislation to double the fine for underage sales to £20,000, and to shut down permanently any shop or bar found to be persistently selling alcohol to children.

REBALANCING THE LICENSING ACT CONSULTATION

Why are you only allowing 6 weeks for the consultation when Cabinet Office guidelines state that consultations should be for a minimum of 12 weeks, and lengthened when held over holiday periods?

The shortened consultation period is unavoidable due to the need to analyse responses to the proposals in preparation for the new measures to be possibly taken forward through the Police Reform and Social Responsibility Bill in the autumn. We have held a series of workshops with national stakeholders and are holding regional workshops in London, Newcastle, Birmingham, Blackpool, Nottingham and Cardiff with frontline practitioners from the enforcement, local authority, health and voluntary sectors as well as residents associations and the alcohol industry.

[REDACTED] – Alcohol Strategy Unit
[REDACTED]