

A consultation on delivering the Government's policies to cut alcohol fuelled crime and anti-social behaviour



**CAMPAIGN
FOR
REAL ALE**

**Response from CAMRA,
the Campaign for Real Ale
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1. Introduction

- 1.1. The Campaign for Real Ale (CAMRA) is an independent consumer organisation with over 147,000 members across the UK. We campaign to promote and protect real ale and well-run community pubs.
- 1.2. CAMRA believes that well-run community pubs provide a safe and supervised environment to enjoy alcohol responsibly and sensibly. Real ale in particular is primarily sold within well-run community pubs, marketed responsibly and is not pushed in the off trade through irresponsible price promotions.
- 1.3. Any reforms as a result of this consultation should seek to drive a shift in consumption from the unregulated environment of the off-trade to well-run community pubs.

2. A minimum unit price for alcohol

- 2.1. CAMRA supports the introduction of minimum unit pricing for alcohol in order to prevent below-cost alcohol sales in the off-trade. Supermarket alcohol loss leaders are driving consumption away from well-run community pubs and towards drinking at home or on the street, contributing to the closure of 18 pubs every week in the UK.
- 2.2. The growing disparity in pricing between the on-trade and the off-trade needs to be urgently addressed. The price of beer in the on-trade rose by 51.5% between 2000 and 2012. In contrast the price of beer in the off-trade rose by just 5.5% in that period¹.
- 2.3. This growing differential between on- and off-trade prices is exacerbating the damage caused by the beer duty escalator, which increases excise duty on beer by 2% above inflation every year and has seen excise duty rise by 42% since 2008. Pubs are forced to pass these increases on to consumers and as a result beer sold in pubs has become steadily less affordable. Price conscious consumers are therefore substituting the purchase of alcoholic drinks in a well-run community pub with significantly cheaper alcohol purchased in off licenses to drink at home. In 1990, 79.6% of all beer sales were through the on-trade compared to 2011 when this figure had shrunk to 51.8%². The Institute of Public Policy Research (IPPR) has found that:

¹ Source: ONS Consumer Price Indices, December 2012. Available online at <http://ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-268709>

² BBPA Statistical Handbook 2012, p20

“The difference between the price of beer sold in the on and the off trades has led to more people drinking at home or in places other than licensed premises. As beer tax has increased, so too has the price of beer in pubs. The supermarkets are able to use their market power to ensure that increased duty is not passed on by their suppliers. They can also afford to sell alcohol at below cost and as a loss leader to entice customers through their doors and spend on other products... a minimum retail price per unit of alcohol should be introduced”³.

- 2.4. A report from the University of Sheffield⁴ in 2008 revealed that 59% of off-license alcohol was purchased at a price of less than 40p per unit. The prevalence of this cheap alcohol in the off-trade, coupled with high prices in the on-trade, is having a real impact on consumer behaviour. Omnibus polling data conducted for CAMRA in June 2012 found that 55% of people prefer to drink at home.⁵ Of these, 41% said this was because “alcohol is much cheaper if drinking at home”. For comparison, just 6% cited the smoking ban as a reason to prefer drinking at home.
- 2.5. Polling data has further demonstrated that 22% of all pub goers drink shop-bought alcohol at home before going out to a pub. This increases to a worrying 57% among young people aged 16-24⁶. This ‘pre-loading’ takes place in an unregulated environment where people are likely to self-pour stronger measures than would be served in a pub, leading to concerns over public health and alcohol-related crime and disorder.
- 2.6. For many, pub going is simply becoming a high-priced luxury. 55% of people feel that “going to the pub has become an unaffordable social activity”. Furthermore, 57% of people drink alcohol more at home than in the pub, compared with 17% who drink alcohol equally at home and in the pub, and just 24% drink alcohol more often in pubs than at home. 56% of people who drink alcohol more often at home than in the pub cite the high price of alcohol in pubs as a reason for this⁷.
- 2.7. This evidence shows that the Government must fundamentally rebalance alcohol policy, focussing on encouraging responsible, moderate drinking in a regulated environment.

³ IPPR 2012 p61

⁴ Booth P et al (2008) Independent Review of the effects of Alcohol Pricing and Promotion, SchARR University of Sheffield

⁵ CAMRA Tracking Omnibus Survey June 2012. 55% said they prefer to drink at home, 40% prefer to drink in a pub, 4% don’t know

⁶ CAMRA Tracking Omnibus Survey January 2012.

⁷ CAMRA Tracking Omnibus Survey January 2012.

Level at which minimum unit price should be set

- 2.8. CAMRA believes that the minimum unit price should be set at a level which broadly matches the excise duty, VAT and typical production costs for alcohol, thus preventing below cost sales.
- 2.9. We support the Government's proposed minimum unit price level of 45p. CAMRA estimates that the production costs per unit for a 4% beer are between 15p and 20p. Factoring in excise duty and VAT, we therefore estimate the cost of a unit of beer to be between 41p and 47p⁸.
- 2.10. A minimum unit price of 45p would not impact responsible, moderate drinkers or well-run community pubs.

Adjusting the minimum price over time

- 2.11. CAMRA believes that the minimum unit price should be automatically updated in line with RPI inflation every year. This is the simplest and fairest mechanism to ensure consistency and certainty for brewers and retailers.
- 2.12. Alternative options such as reviewing the minimum unit price after a set period would create uncertainty for businesses and risk unnecessary political intervention.

Impact of a minimum price

- 2.13. Introducing a minimum unit price for alcohol would have the very clear benefit of encouraging people back into pubs. The Impact Assessment states that minimum pricing would result in a 4% increase in on-trade beer sales. As 56% of total on-trade drink sales currently are beer⁹ the impact for pubs would be huge. Consumers currently spend £10,673 million a year on beer in the on-trade so a 4% increase would be worth £427 million to the pub sector¹⁰. This is vital in supporting jobs and encouraging growth: over 500,000 people are employed in UK pubs and bars¹¹.
- 2.14. CAMRA maintains that consumption of alcohol in a socially controlled environment is preferable to, and less likely to lead to misuse than, its consumption in isolation or in uncontrolled environments.

⁸ Estimate based on data in BBPA Budget submission 2010, and Producer Price Index – BBPA, Statistical Handbook p52

⁹ BBPA Statistical Handbook 2012, p37

¹⁰ BBPA Statistical Handbook p49

¹¹ BBPA Statistical Handbook p122

2.15. As well as encouraging responsible consumption of alcohol, pubs play an important role in combating social isolation and encouraging cohesion between different groups of people. The IPPR found that “pubs are perceived by people to be the most important social institution for promoting interactions between people from different walks of life”¹².

3. A ban on multi-buy promotions in the off-trade

3.1. A ban on multi-buy promotions in the off-trade could be beneficial in levelling the playing field between the on-trade and the off-trade. Government should seek to ensure that the off-trade has to meet standards at least equal to those achieved by the on-trade.

3.2. However, we would like to highlight concerns regarding unintended consequences for high quality products such as bottled real ale that are often sold in a promotion (such as two 500ml bottles for £4, or three bottles for £5). These promotions have the benefit of encouraging consumers to sample a wider range of (often locally produced) real ales, while retaining a price per unit that is well above the proposed minimum unit price¹³.

4. Health as a licensing objective for cumulative impact policies

4.1. CAMRA opposes the introduction of a new health-related objective for alcohol licensing in relation to cumulative impact policies (CIPs). We believe that a health-related objective is not an appropriate mechanism for assessing the impact of potential new pub openings, as:

- It is impossible to identify and target the specific premises that will cause health damage before premises begin trading
- Health professionals lack the detailed knowledge necessary to assess whether proposed new licensed premises would pose risks
- This approach would unfairly threaten the viability of smaller trouble free pubs in city centres. Ultimately it would have the impact of discouraging investment in smaller city centre pubs where there is a high density of other licensed premises in the area

4.2. Indeed, far from contributing to the cumulative damaging health impact of an area, well-run community pubs can actually have the opposite effect and reduce alcohol related harm. Well-run pubs encourage moderate, responsible and social drinking and can have a positive influence on neighbouring premises.

¹² IPPR 2012, p2

¹³ For example: In a “2 real ale bottles for £4” deal where each is 5%abv, unit price is 80p

- 4.3. Any mechanisms that are introduced must be proportionate, appropriate, not purely based on density of premises and crucially must not penalise the good operators along with the bad.

5. Freeing up responsible businesses

- 5.1. Temporary Events Notices: CAMRA supports the proposal to increase the number of Temporary Events Notices (TENs) that can be given to individual premises from 12 to 18. Following the recent significant increase in the regulation and scrutiny of TENs, it would be appropriate for the Government to now balance this by increasing the number of TENs that can be granted to individual premises every year. Among those who would benefit from this measure would be volunteer organisations including CAMRA holding small beer festivals, and farmers' markets selling local produced beers. We further support the proposal in point 9.14 for licensing authorities to be free to permit holders of community events to notify them by email of their intention to hold events in the forthcoming year.
- 5.2. Removing requirements to advertise licensing applications in local newspapers: CAMRA supports this proposal which would help reduce burdens on pub licensees. The nature of the current regulations has resulted in a monopoly for local newspapers, allowing them to charge high rates which those applying for licenses are forced to pay. Applicants should however be required to take all reasonable steps to ensure the local community is notified of applications by placing notices online and/or on the premises.
- 5.3. Finally, CAMRA supports the proposal to remove or simplify requirements to renew personal licenses under the 2003 Licensing Act, eliminating the need to renew licenses after a ten year period.

6. Conclusion

- 6.1. CAMRA welcomes the proposed introduction of a minimum unit price for alcohol of 45p a unit, as this will help level the playing field between cheap off-trade alcohol and on-trade alcohol which is becoming increasingly unaffordable.
- 6.2. We also broadly welcome proposals to deregulate licensing including temporary events notices and simplifying the process for applying for or renewing personal licenses.

6.3. However, concerns remain about the consequences of introducing health as a licensing objective for cumulative impact policies and we urge the Government not to take this step.

