

The Society of Independent Brewers response to the Home Office Consultation on Alcohol Strategy

The Society of Independent Brewers represents 650 brewers throughout the United Kingdom. Founded in 1980 to promote and defend the interests of the rising number of microbrewers not represented by existing trade bodies, the organisation now represents the majority of the UK's brewers, from very large to very small, which was reflected in 1995 by SIBA's change of name from the Small Independent Brewers' Association to the Society of Independent Brewers. From its inception SIBA has sought to work pragmatically with government to champion the benefits of a strong traditional British manufacturing industry and the socio-economic benefits of the lowest strength form of alcohol consumed most commonly in the safe and supervised environment of the community public house.

Over 80% of our members' production is consumed in the on trade and we would contend that the societal drift towards off-trade drinking is in part the result of a flawed duty system that promotes high-strength low-volume drinks at the expense of longer, more dilute and less harmful alternatives. Consumption of higher strength products, more easily drunk to excess, will inevitably continue while they benefit from lower production costs and beneficial duty rates and excise structures.

Furthermore, it is no coincidence that all the multi-national brewers have begun production of cider in the UK recently, given that duty on cider is under half that on beer and enjoys a single duty rate irrespective of strength, thus allowing companies to invest heavily in marketing and at the same time offer consumers increased "bang for their buck".

We would further suggest that the need for legislative intervention could be reduced by rebalancing the duty system to favour lower strength drinks most commonly consumed in the on-trade.

It is our belief that the vast majority of on-trade operators provide the safest environment in which to drink alcohol, taking responsibility for monitoring its effects and controlling the level of consumption. This acceptance of responsibility is not replicated by the off trade. Below-cost selling, excessive promotion of cheap alcohol and bulk discounting do not occur in well run pubs; such activities are all too often the modus operandi of the off trade. We would propose the introduction of some mechanism that would compel off-trade retailers to accept their role in taking some measure of corporate social responsibility for the sale of alcohol.

As an organisation representing brewers we have always concentrated on those matters which directly affect the production and sale of beer; within this consultation many of the questions posed are directed at retailers. Where there is an obvious impact upon our members questions have been answered as fully as possible; where the link is less obvious we have tried to represent their views wherever applicable.

We have no issue with the content of this submission being made public.

Minimum Pricing

Question 1

Do you agree that this MUP level would achieve these aims?

DON'T KNOW

It is our belief that there is currently insufficient evidence to be able to agree with this question.

SIBA is fully supportive of action that will promote responsible consumption of alcohol, in particular the promotion of pub drinking where all alcohol is served in measured quantities. With this in mind the majority of our members support minimum pricing as a policy which rebalances the effects of misguided duty policies that have driven social change and have led to increased consumption at home, of stronger categories of alcohol in a "free pour" environment.

However there are many members who are concerned that legislation of this sort could lead to unintended consequences. Already we have seen suggestions that a higher minimum price should be levied on the on trade. This seems totally illogical to us. We are therefore fully supportive of a complete ban on below-cost selling and would prefer to see some way in which responsibility for the consequences of excessive consumption of alcohol could be levied.

Consideration should be given to a social responsibility tax or "lid levy" that would see additional margin returned to the Treasury rather than to those currently selling below the 45p MUP proposed. At a figure of 45p per unit we believe that this would only affect the off-trade, hence the term "lid levy". Where alcohol is sold for consumption on the premises, or without a lid, there would be no additional tax to pay.

We believe that the 45p per unit figure is reasonable and with no effect upon our members' current pricing could prove to be beneficial.

Question 2

Should other factors or evidence be considered when setting a minimum price for alcohol?

YES

Consideration should be given to the unintended consequences of legislation, particularly the effect it would have on a free market. Whilst recognising beer as the lowest strength form of alcohol and the potential "nudge" away from stronger drinks, beer as a category is the most expensive form of alcohol to produce and transport, which leaves our members with less available marketing spend with which to compete. If the overall aim of legislation is to reduce the amount of alcohol consumed this could lead to the bigger fish dominating the market. We are particularly concerned that any reduction in consumption could come from already responsible drinkers whilst exacerbating the consumption of higher strength alcohol by those most at risk.

There is no tangible evidence of MUP driving people back to the on trade and whilst any benefit from closing the on-off price gap would be welcomed further research would be required to assess the impact of legislation.

Consideration should also be given to the potential increase in smuggled alcohol, already a significant problem, taking advantage of much lower rates of duty and no MUP across the EU.

Question 3

How do you think the level of minimum unit price set by the government should be adjusted over time?

The minimum price should be reviewed after a set period.

It is our belief that we will not fully understand the effects MUP will have, particularly in terms of reducing alcohol misuse, or on the market. There should be measurable targets set and the efficacy of the policy should be assessed after a fixed period – allowing for the fact that alcohol consumption is already falling.

This should also take into account different categories of alcohol and their consumption by those most at risk.

Question 4

The aim of minimum unit pricing is to reduce the consumption of harmful and hazardous drinkers, while minimising the impact on responsible drinkers.

Do you think that there are any other people, organisations or groups that could be particularly affected by a minimum unit price for alcohol?

NO

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

Question 5

Do you think there should be a ban on multi-buy promotions involving alcohol in the off trade?

NO

It is our belief that this issue would be better dealt with by a ban on below-cost selling – "cost" to include production costs as well as duty and VAT.* Any ban on multi-buy promotions would have far more effect on low-strength drinks, regularly purchased in multiples of single serve containers, than on higher strength drinks already containing 30 measures per bottle.

*We suggest that industry reluctance and competition difficulties that prevented production costs being included in below-cost selling evaluation could be overcome. HMRC use malt records in breweries to ascertain whether duty is being paid on all production, for which they have a minimum extract figure that must be achieved. Given this information is held for all alcohol production a basic raw material cost could easily be added to duty and VAT.

Question 6

Are there any further offers which should be included in a ban on multi-buy promotions?

Again we would prefer a genuine enforceable ban on all below-cost selling.

Question 7

Should other factors or evidence be taken into account when considering a ban on multi-buy promotions?

Consideration should be given to what any such ban is trying to achieve and whether the implementation of MUP would deliver better results.

It is also worth noting that, given a free market's ability to react to legislation to minimise loss of sales, the removal of individual servings or of smaller pack sizes may aggravate the issue rather than reduce the volumes purchased.

Question 8

The aim of a ban on multi-buy promotions is to stop promotions that encourage people to buy more than they otherwise would, helping people to be aware of how much they drink, and to tackle irresponsible alcohol sales. Do you think that there are any other groups that could be particularly affected by a ban on multi-buy promotions?

There is limited evidence to suggest that a ban on multi-buys would be effective in tackling problem drinking.

Those most likely to be affected by the ban would be responsible drinkers on their weekly shop.

Reviewing the mandatory licensing conditions

Question 9

Do you think each of the mandatory licensing conditions is effective in promoting the licensing objectives?

SIBA is fully supportive of all the conditions listed and would answer yes to all in respect of each of the licensing objectives.

The mandatory provision of drink in small measures seems least likely to be effective.

Question 10

Do you think that the mandatory licensing conditions do enough to target irresponsible promotions in pubs and clubs?

Where applied appropriately current legislation is more than adequate.

Question 11

Do you think that the mandatory licensing conditions do enough to target irresponsible promotions in pubs and clubs?

Where applied appropriately current legislation is more than adequate.

Question 12

Do you think that the current approach, with five mandatory licensing conditions applying to the on trade and only one of those to the off trade, is appropriate?

It is difficult to imagine licensing conditions that could be applied to the off trade in any meaningful way.

That however should not detract from the acceptance of responsibility. As referred to earlier in the submission we believe that some form of social responsibility tax should be levied. The monies recouped from such a tax could, in part, provide funding for education about harmful consumption and the rehabilitation of problem drinkers.

Health as a licensing objective for cumulative impact policies

Question 13

What sources of evidence on alcohol-related health harm could be used to support the introduction of a cumulative impact policy (CIP) if it were possible for a CIP to include consideration of health?

There appear to be significant issues with the evidence used to promote a CIP to include consideration of health.

The number of licences in a given area is unlikely to create an appropriate evidence base for creation of such a policy and does not require evidence to be sought as to where the alcohol that caused the harm had been purchased. Throughout the consultation, and in setting out Government strategy, a clear acceptance of the prevalence of "pre-loading" has been recognised. To then totally ignore that and to presume the guilt of the on trade based on proximity to each other seems counter-intuitive. Evidence accepted in such micro-environments could easily be skewed by hospital admission data being included or alcohol support services work in a given area.

Given particular health concerns within a limited geography the current legislation is amply sufficient to deal with errant operators; further red tape would be hugely disproportionate. The use of monies raised through a social responsibility tax to provide support and education would be far more effective.

Question 14

Do you think any aspects of the current cumulative impact policy process would need to be amended to allow consideration of data on alcohol-related health harms?

See response to Question 13.

Question 15

What impact do you think allowing consideration of data on alcohol-related health harms when introducing a cumulative impact policy would have if it were used in your local area?

See response to Question 13.

Freeing up responsible businesses

Question 16

Should special provision to reduce the burdens on ancillary sellers be limited to specific types of business, and/or be available to all types of business, providing they meet certain qualification criteria for limited or incidental sales?

We have some concern that special provisions to reduce burdens may reduce the effectiveness of the licensing regime.

We therefore believe that only in genuine cases where the supply of alcohol enhances other trading activities should such special provisions be applied. With consideration of the preceding proviso we believe that the provision should be available to all businesses providing they meet certain criteria to be an ancillary seller.

Question 17

If special provisions to reduce licensing burdens on ancillary sellers were to include a list of certain types of business, do you think it should apply to the following?

We would be supportive of reduced licensing burdens for accommodation providers, hair and beauty salons and florists should a list of certain types of business be created.

However, we feel that any potential for larger gatherings at cultural and charitable events would benefit from continued scrutiny from licensing authorities.

Question 18

Do you have any suggestions for other types of businesses to which such special provision could apply without impacting adversely on one or more of the licensing objectives?

We believe that consideration should perhaps be given to the inclusion of alcohol production facilities where ancillary sales may well take place during guided tours or in visitor centres/gift shops.

This should only be applied where the ancillary nature of the sales could be verified.

Question 19

The aim of a new 'ancillary seller' status is to reduce burdens on businesses where the sale of alcohol is only a small part of their business and occurs alongside the provision of a wider product or service, while minimising loopholes for irresponsible businesses and maintaining the effectiveness of enforcement.

Alternatively, a second option is to broaden the definition of 'ancillary sales' to include all businesses (and/or not for profit activities) through the use of a general set of qualification criteria, for example, to the effect that:

- *alcohol must be sold or supplied as a small part or proportion of a sales transaction or contract for a wider service, and*
- *the amount of alcohol that could be supplied as part of that contract cannot exceed a prescribed amount*

Do you think that the qualification criteria proposed meet this aim?

NO

We do not consider definitions such as "small part" to be enforceable nor would a one-size-fits-all volumetric measure be appropriate. It would seem that given that these sales are considered to be ancillary then a simple percentage of turnover limit could be more appropriate.

Question 20

The government is consulting on two basic approaches which could be used to reduce the burden on premises where they have been given the status of an ancillary seller.

- *Option A - removing the need for a personal licence holder*
- *Option B - removing the need for a premises licence*

Do you think that these proposals would significantly reduce the burdens on ancillary sellers?

Both options would reduce burdens on ancillary sellers.

However we believe that all premises serving alcohol should have a personal licence holder.

Question 21

Do you think these proposals would impact adversely on one or more of the licensing objectives?

We consider it fundamental to selling alcohol to retain the requirement for a personal licence holder to be Designated Premises Supervisor.

Question 22

What other issues or options do you think should be considered when taking forward proposals for a lighter touch authorisation?

NONE

Question 23

Do you agree that licensing authorities should have the power to allow organisers of community events involving licensable activities to notify them through a locally determined notification process?

NO

This appears to be unnecessary complication, as the current TEN process provides a straightforward and easily understood procedure.

Question 24

Should the number of TENs which can be given in respect of individual premises be increased?

YES

We fully support the increase of the number of TENs which can be given in respect of individual premises and would favour an increase to 18 per annum.

Question 25

Do you think that licensing authorities should have local discretion around late night refreshment?

NO

Question 26

Do you agree that motorway service areas should receive a nationally prescribed exemption from regulations for the provision of late night refreshment?

DON'T KNOW

Question 27

Do you agree with each of the following proposals?
Please select one option in each row.

	Yes	No	Don't know
Remove requirements to advertise licensing applications in local newspapers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Remove the centrally imposed prohibition on the sale of alcohol at MSAs for the on and off-trade	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Remove the centrally imposed prohibition on the sale of alcohol at MSAs, but only in respect of overnight accommodation - lodges	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Remove or simplify requirements to renew personal licences under the 2003 Act	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 28

Do you think that each of the following would reduce the overall burdens on business?
Please select one option in each row.

	Yes	No	Don't know
Remove requirements to advertise licensing applications in local newspapers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Remove the centrally imposed prohibition on the sale of alcohol at MSAs for the on and off-trade	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Remove the centrally imposed prohibition on the sale of alcohol at MSAs, but only in respect of overnight accommodation - lodges	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Remove or simplify requirements to renew personal licences under the 2003 Act	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 29

Do you think that the following measures would impact adversely on one or more of the licensing objectives (see glossary)?

Please select one option in each row.

	Yes	No	Don't know
Remove requirements to advertise licensing applications in local newspapers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Remove the centrally imposed prohibition on the sale of alcohol at MSAs for the on and off-trade	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Remove the centrally imposed prohibition on the sale of alcohol at MSAs, but only in respect of overnight accommodation - lodges	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Remove or simplify requirements to renew personal licences under the 2003 Act	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Question 30

In addition to the suggestions outlined above, what other sections of or processes under the 2003 Act could in your view be removed or simplified in order to impact favourably on businesses without undermining the statutory licensing objectives or significantly increasing burdens on licensing authorities?

Consideration should be given to a single calendar date for premises licence fees.

Question 31

Impact assessments for the proposals in this consultation have been published alongside the full consultation document.

Do you think that the impact assessments related to the consultation provide an accurate representation of the costs and benefits of the proposals?

Please select one option in each row.

	Yes	No	Don't know
Minimum unit pricing	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Multi-buy promotions	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Health as a licensing objective for cumulative impact	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Ancillary sales of alcohol	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Temporary event notices	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Late night refreshment	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Removing the duty to advertise licence applications in a local newspaper	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales of alcohol at motorway service stations	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Personal licences	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>