

Alcohol Strategy Consultation Response by SPAR UK Ltd January 2013

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Introduction

1. SPAR UK welcomes the opportunity to respond to this consultation.
There are currently 2,400 SPAR stores across the country of which 2,000 are licensed to sell alcohol. SPAR UK supports the Government's aims to tackle alcohol-related crime and disorder and to reduce alcohol-related health harms.
We are actively working with the Home Office and Department of Health to support these aims, including through support of initiatives such as the Responsibility Deal and Challenge 25.
2. We are also actively involved in a number of other responsible retailing schemes, including being founding members of Community Alcohol Partnerships, an initiative which encourages partnership working between retailers, local enforcement authorities and communities to address alcohol-related issues. There are currently 46 CAP schemes in 17 counties in England, Scotland & Northern Ireland, with the first scheme in Wales is planned for later this year¹. SPAR UK also supports CitizenCard and the Proof Age Standards Scheme (PASS).
3. Convenience stores across the UK offer vital goods and services in every region and within almost every community. These businesses also provide an important source of local, flexible employment, as well as investment in the communities they serve. With relatively low barriers to entry, the convenience sector attracts an increasing number of entrepreneurs, with 70% of all independent owners being new investors.
An average SPAR store generates additional local spending equivalent to 11% of store turnover.

¹ For further information, see <http://www.communityalcoholpartnerships.co.uk/>

This means that, for each £1 million spent over the counter in the store, an additional £110,000 is generated for the local economy. Viewed nationally, this means that SPAR stores generate more than £300 million in extra spending within local communities – money that stays within those communities. As well as the economic benefits, there are also benefits to the environment as visits to local shops can be done on foot rather than by car.

4. The alcohol strategy consultation includes proposals that will impose significant new regulatory burdens on these businesses. The full extent of these burdens is hard to quantify given the limited detail in the consultation about how the measures proposed, such as minimum unit pricing or making health a licensing objective for cumulative impact policies, would be implemented.
5. SPAR UK recommends that Ministers do not implement a ban on multi-buy promotions. The measure is an unnecessary regulatory burden given Ministers' commitment to minimum unit pricing. This is a restriction that would have a disproportionate impact on the competitive position of small retailers.
6. SPAR UK also recommends that Ministers do not introduce health as a licensing objective for cumulative impact policies. We do not agree that there is a compelling evidence base to prove a causal link between the number of premises in an area and alcohol related health harms. We are very concerned that the proposed measure would lead to significant discrimination against the opening and expansion of small businesses.
7. SPAR UK is a member of the ACS and we have common values and objectives, therefore we have used much of their submission and references as the basis for our submission. This should not devalue or prejudice either submission. For further information related to any issues raised in this submission please contact barry.wallis@spar.co.uk

Question 1: Do you agree that this MUP level would achieve these aims? (200 words).

8. Introducing minimum unit price will have an inflationary effect on the cost of alcohol which would impact on all consumers. Sales data collected by Nielsen indicates that over 50% of alcohol products sold in stores would be affected by a unit price of 45p. This will have the most effect on the price of alcohol sold in large supermarkets and on certain categories such as high strength beer and cider.
9. Supermarket led price-focused competition in the grocery market, and in the alcohol category in particular, has had a significant impact on the position of smaller retailers. For example in 2012, 75% of the beer and cider sold in the off trade was sold through the major grocers.² The introduction of minimum unit pricing and the consequent removal of the most aggressive price based discounts may have the effect of slowing or even reversing this trend.
10. The evidence that minimum unit pricing is an effective means of reducing alcohol related crime is weak.³ Therefore introducing minimum pricing must not divert attention from strategies, especially local partnerships and enforcement initiatives that are proving successful in targeting alcohol related disorder.

Question 2: Should other factors or evidence be considered when setting a minimum unit price for alcohol?

11. The likely reaction of consumers to the imposition of a minimum unit price is under researched. So much so that the RIA does not provide an overall estimate of the likely cost to consumers. The suggestion in the RIA that a moderate drinker will only pay an additional £7 a year is not robust enough at this stage.
12. Key issues remain that must be carefully considered, in particular how consumers may seek to find cheaper sources of alcohol, especially from the illegal market or imports. The implications of different pricing levels between different jurisdictions within the United Kingdom are also a particular concern in terms of fairness and competition in the market for retailers and consumers.

Question 3: How do you think the level of minimum unit price set by the Government should be adjusted over time?

- **Don't know** – There is currently not enough evidence regarding pricing and how it will affect behaviour to determine how frequently or by what means it should be set. However, any mechanism chosen should ensure consistency and enable retailers to plan for any potential business impact.

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? (100 words)

² IRI Symphony InfoScan

³ "The research evidence on the proportion of crime that is directly related to alcohol consumption and the how risk of crime varies for different consumption levels is less robust than in the health field" – "University of Sheffield: Modelling alcohol pricing and promotion effects on consumption and harm" p.8 (2008)

13. The administrative burden of MUP on smaller stores is not adequately reflected in the RIA. The initial and on-going requirements to make change to prices as a result of MUP would present a significant operational burden on convenience retailers. As an illustration the ACS estimated that the cost of the VAT change in 2009 was £8.9m for the convenience sector (see Annex 1). The cost was associated with staff hours to cover the changes to IT systems and/or manual re-labelling of all products.
14. MUP will also bring a significant training burden to ensure staff are aware of the new law and its implications for them and the business. It is not simply about ensuring the prices on the self are not in breach of the law, but also how they handle more complex customer transactions such as vouchers, giveaways or refunds; all of which will require a procedural overhaul.
15. A more detailed assessment of the differentiated burden of this measure on different retailer types should be included in the RIA.

Further Comments on MUP

16. Several presumptions in the RIA in relation to the harm caused by at home drinking require further examination. In the RIA 'rationale' section, it states there has '*been a 45% increase in purchasing alcoholic drinks for consumption in the home*'. By referencing this fact, followed by evidence of the harm of pre-loading, the RIA implies a link between the two, however there is no evidence that at home drinking in itself is a 'harm' to be addressed by Government policy. Simply because a member of the public chooses to drink at home rather than at licensed premises does not mean an automatic link to 'pre-loading' or any other potentially harmful behaviour.
17. While not confined to MUP policy, Government assumptions of increased harm from off-trade sales, rather than on-trade, threaten to penalise responsible drinkers, such as those with families who are less able to consume alcohol in the on-trade. We would urge government to ensure policy does not unfairly target off-trade customers in this way.

Question 5: Do you think there should be a ban on multi-buy promotions involving alcohol in the off-trade?

- No

18. A ban on multi-buy promotions is an unnecessary regulatory burden on retailers given the Government's commitment to introduce minimum unit pricing. MUP will provide a price floor for all alcohol products, whether sold individually or as part of a multi-buy deal. This will have the effect of automatically outlawing heavily discounted or 'loss-leading' multi-buy promotions.

Question 6: Are there any further offers which should be included in a ban on multi-buy promotions? (100 words)

19. There is no rationale that justifies a ban on multi-buy promotions exclusively in the off trade. The only place where a multi-buy alcohol promotion is (by definition) for immediate consumption is in an on trade premise. SPAR UK does not advocate the need for a ban on multi-buy promotions in pubs but the rationale put forward in the consultation for why this would be necessary is fundamentally undermined by the decision to exclude the on- trade from the ban.

20. SPAR UK supports the Government's commitment to reducing the burden of regulations on retailers, through the red tape challenge and one-in-two-out initiatives. SPAR UK therefore calls on Government not to introduce disproportionate burdens on off-trade retailers through the introduction of a ban on multi-buy promotions.

Question 7: Should other factors or evidence be considered when considering a ban on multi-buy promotions? (200 words)

21. Yes.
22. The Scottish Government have already introduced a ban on multi-buy promotions, the effectiveness of which has been assessed by NHS Scotland. Figures show that since implementation of the ban there has been little impact on consumption rates. What impact there has been has also been witnessed in England and Wales where no such ban is in place. There is therefore no evidence that a ban on multi-buy promotions will achieve results, other than adding further burdens on retailers.
23. The experience of retailers implementing the regulation in Scotland must be fully considered. This should include how the complicated rules have impacted in terms of the understanding and awareness of staff and managers in store, as well as the disruption to centralised marketing functions (especially in groups of independent retailers); and the extent to which previous marketing practices have been replaced by other forms of price based discounting (especially in major supermarkets.)

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?

24. The impact of this measure as a regulatory burden on shops must be fully considered. There are a number of shortcomings in the RIA which are highlighted in Annex 1.
25. The impact of a ban on multi-buy promotions on price perception in small stores is particularly important. Convenience retailers operating in a highly competitive marketplace are faced with significant customer preconceptions about the high price of the products they sell compared to the supermarkets. The use of in-store promotions is a way of communicating the value of deals on offer and seeking to retain or attract purchases that would otherwise be made as part of the weekly shop in a major supermarket. A ban on these promotions would reinforce the advantage that supermarkets have and divert more customer purchases to the supermarket retailers.

Question 9: Do you think each of the mandatory licensing conditions is effective in promoting the licensing objectives (crime prevention / public safety / public nuisance / prevention of harm to children - see glossary)?

27. Yes. In relation to the only condition to apply to the off-trade, SPAR UK supports the requirement to have an age verification policy for all licensed premises. SPAR UK actively promotes the use of Challenge 25 as an important tool in tackling under-age sales.

Question 10: Do you think that the mandatory licensing conditions do enough to target irresponsible promotions in pubs and clubs? (100 words)

28. N/A

Question 11: Are there other issues related to the licensing objectives (prevention of crime and disorder / public safety / prevention of public nuisance / protection of children from harm - see glossary) which could be tackled through a mandatory licensing condition? (200 words)

29. N/A

Question 12: Do you think the current approach, with five mandatory licensing conditions applying to the on-trade and only one of those to the off-trade, is appropriate? (100 words)

30. It is noticeable by its omission that there is no importance or focus being applied to the education of the nation's children regarding the serious problem of alcohol related harm. Although the number of children aged 11 to 15 who have ever drunk alcohol has declined from 27% in 1996 to 13% in 2010, there are no plans to ensure that this trend continues. Research by Drinkaware shows that children ;
At Age 7: are aware of alcohol and effects.
At Age 10: one in three agrees its ok to try drinking, yet not ok for someone their age to get drunk.
Age 13: is the average age of first drink and 22% felt encouraged to drink.
Of the 15 – 17 age group a third agree drinking gives them confidence, have felt pressure to drink and have been drunk in the last week.

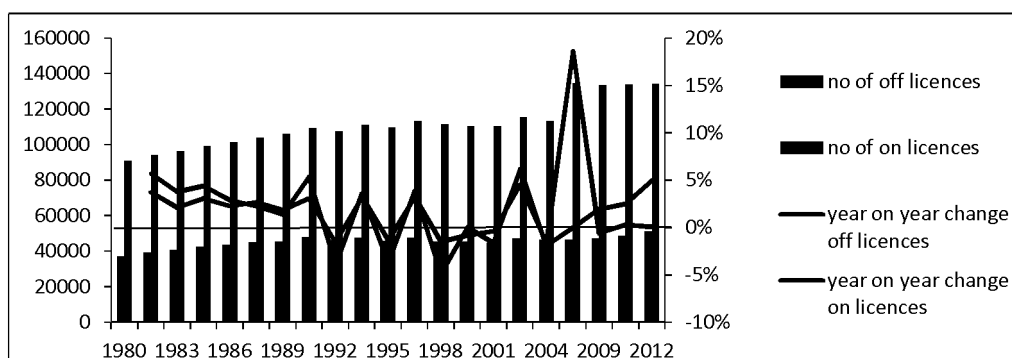
If children at the age of 7 are aware of alcohol and its effects, Government should be ensuring that they are receiving sound and sensibly advice at school and disregarding irresponsible encouragement from their peer groups. There are numerous alcohol related resources/interventions available to schools, but they are all quite different. This requirement should be covered in all four key stages by the non-statutory framework for personal, social, health and economic education (PSHE) and as part of the statutory National Curriculum for science.

It is recommended these resources/interventions are standardised and become statutory on the curriculum in all UK primary and secondary schools, to help deliver longer-term impact and the behavioural change required helping to create a responsible society.

31. As highlighted in response to question 4, Government policy should be focused on targeting the causes of alcohol harm, rather than addressing assumptions or prejudices about the role or balance between on- and off-trade sales. Mandatory conditions should therefore address the issues present in each type of establishment. None of the four

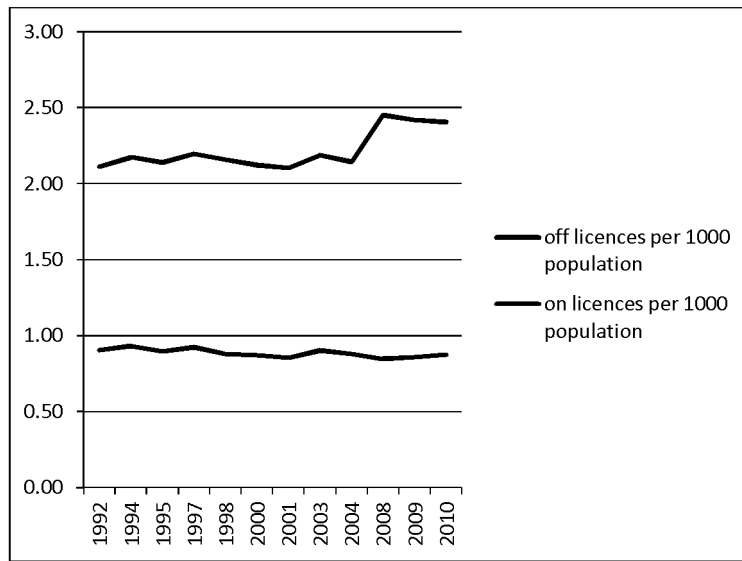
conditions imposed solely on the on trade refer to practices that are even possible in an off trade retailer, as they relate to sale of product for immediate consumption of alcohol on the premises.

32. SPAR UK is opposed to the introduction of a health objective for CIPS as this could act as a significant barrier to start-up and expansion, especially by small businesses, as well as having fundamental concerns about the proposals put forward and associated Assessments. Alcohol misuse is a serious issue which needs focused and targeted measures in order to address the real problems around harmful drinking. By introducing a health objective, the proposals would widen the aims of the policy - removing the key link, namely proximity, between the measure itself and the area it is trying to influence.
33. The following key evidence must be considered before any detailed consideration of the proposal for CIPs is considered:
- The number of off licences measured against the growing population shows that there is no significant increase in the number of off licence premises. In 1992 there were 0.91 off licences for every 1000 people in the population. In 2010 there were 0.87 (Table 1).⁴



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⁴ Data sourced from DCMS and Home Office Late Night entertainment licensing Statistical Bulletins (2004; 2008;2009;2010) and ONS mid-year population estimates.



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- Problematic alcohol consumption behaviours are decreasing:
 - Alcohol related consumption in the population overall has declined by 11% from 2004 to 2010;
 - Binge drinking amongst 16-24 year old men has declined from 39% in 1997 to 24% in 2010 and
 - The number of children aged 11 to 15 who have ever drunk alcohol has declined from 27% in 1996 to 13% in 2010.
- None of the studies referenced in the Sheffield University Study commissioned by the National Institute for Clinical Excellence proves a link between outlet density and alcohol related harm – of the 19 studies in the review only five suggested that a correlation existed and none suggested a causal link. The ACS has provided a more detailed critique of the evidence base in Annex 2.

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? (200 words)

34. Any evidence of alcohol-related health harms used to support the implementation of CIPs would have to demonstrate a clear causal link between health harm and the sale of alcohol in the area in which the CIP is proposed. It must also be clear that the alcohol consumed by those exhibiting health harm was bought wholly, or at least primarily, in the area concerned.
35. Before taking any decision to restrict the granting of off licences, local authorities should also take full account the link between the licensed premise and the volume of alcohol being sold. If the CIP is to be linked to total consumption, a small convenience retailer should not be treated in the same way as a large out of town supermarket.

36. Average alcohol turnover in a convenience store is around £1600 per week⁵. In contrast, if just 4% of supermarket sales were derived from alcohol products, a store's average alcohol turnover would be around £9,300 per week⁶ – well over 5 times the amount before taking into account lower and discounted prices available in those stores. Alcohol licenses obtained by these operators will result in a significantly higher proportion of alcohol consumption in a local authority area, yet it is exactly these companies who would have greater resources to overcome the administrative and financial burdens introduced by the proposed introduction of a health licensing objective for CIPs.

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? (200 words)

37. Cumulative Impact Policies would need to be fundamentally amended if data on alcohol-related health harms were to be permitted, as there is no way in which these statistics can be reliably linked to a particular cumulative impact zone. Local authorities would have to consider how to define the boundary for a CIP, where the evidence gathered could relate to the cumulative impact of any premises, both in and outside of their geographical boundaries. Failure to do so on a clear evidence base could unfairly distort competition around the area affected, and may be open to legal challenge.

38. SPAR UK is concerned that, despite the assertion in the consultation that all policy proposals are under consideration (with the exception of MUP), Chapter 8 only invites respondents to answer questions on how a health objective for CIPs should or could be introduced, rather than on the merits of the proposal.

39. SPAR UK supports the ACS which has outlined these concerns in detail in their critique of the RIA, which can be found in Annex 1.

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? Please specify in the box below, keeping your views to a maximum of 200 words.

40. The introduction of these policies in local areas is likely to have a detrimental impact on local competition and would create disproportionate burden and a significant barrier to entry into the local market for smaller businesses.

41. CIP policies put in place significantly higher administrative and operational burdens on all affected businesses. In the case of a small start-up business, the legal and operational expertise required to develop the evidence base necessary to prove that your business will not contribute to health related or crime and disorder harm in order to overcome the presumption that a license would be refused would be a significant barrier to entry and investment. Larger businesses, such as supermarkets, are more likely to have the expertise and the resource to invest in developing this evidence base, and in launching appeals against any decisions to refuse an application.

42. CIPs policies are highly protectionist, preventing entry for new businesses while preserving the licenses of those who already exist, whether they are responsible

⁵ Figures based on total convenience sector value of £33.6bn (IGD figures), alcohol sales comprising 12.3% of sales, averaged across 49,840 convenience store retailers (See ACS Local Shop Report 2012). However it should be noted that the share of sales represented by alcohol will vary significantly between stores.

⁶ Figures based 9192 stores in a supermarket sector worth £111.4bn (IGD figures).

retailers or not. Experience of this problem in Edinburgh has led to a significant rethink of their approach to the local licensing Board's 'saturation' policy.

43. The justification in the RIA that small numbers of premises can still compete on price is not substantiated with evidence. A much fuller assessment of the impact of CIPs on innovation and consumer choice is required before any decision is taken to proceed with this proposal.

Questions 16 – 21

44. SPAR UK has no relevant information to contribute related to the issues raised in these questions.

Question 22: What other issues or options do you think should be considered when taking forward proposals for a lighter touch authorisation? (200 words)

45. SPAR UK would welcome further focus on measures which could be adopted for license holders who sell alcohol as part of their core business. Many of these premises already demonstrate responsible retailing practices, such as the use of Challenge 25, refusal logs, and involvement in local alcohol initiatives such as Community Alcohol Partnerships.

46. We would welcome proposals to be brought forward for a lighter touch form of authorisation for premises that could prove their commitment to responsible retailing practices, through both their compliance practices and their record within their communities. We would welcome the opportunity to discuss further potential means for achieving this.

Questions 23 – 26

47. SPAR UK has no relevant information related to the issues raised in these questions.

Question 27: Do you think that licensing authorities should have local discretion around late night refreshment in each of the following ways?

- **Determining that premises in certain areas are exempt**

48. No – any exemption should be applied to equally to all businesses of a particular type.

- **Determining that certain premises types are exempt in their local area.**

49. This is a preferable option to an area by area exemption, but centrally prescribed exemptions would be the most consistent and effective approach.

Question 28: Do you agree that motorway service areas should receive a nationally prescribed exemption from regulations for the provision of late night refreshment?

50. Yes

Question 29: Please describe in the box below any other types of premises to which you think a nationally prescribed exemption should apply

51. Convenience stores and petrol stations which are open in the prescribed time period but not licensed to sell alcohol.

52. These businesses are usually located in high transit sites serving drivers travelling at night often provide hot refreshments as part of their business offer. There is confusion and inconsistency on how the rules on late night refreshment apply to this group and it is an unnecessary burden.

Question 30: Do you agree with each of the following proposals? (yes, no or don't know answers only)

- A. Remove requirements to advertise licensing applications in local newspapers **Yes**
- B. Remove the centrally imposed prohibition on the sale of alcohol at MSAs for the on and off-trade. **Yes**
- C. Remove the centrally imposed prohibition on the sale of alcohol at MSAs but only in respect of overnight accommodation – "lodges". **N/A**
- D. Remove or simplify requirements to renew personal licences under the 2003 Act. **Yes**

Question 31: Do you think that each of these would reduce the overall burdens on business?

- A. Yes
- B. Yes
- C. N/A
- D. Yes

Question 32: Do you think that these measures would impact adversely on one or more of the licensing objectives?

- A. No
- B. No
- C. No
- D. No

Question 33: 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? (200 words)

- 53. SPAR UK would welcome the current requirement for applicants to circulate copies of paper licensing applications to relevant parties to be transferred to the local authority. Local authorities already have responsibility for circulating electronic applications, and in most cases also communicate and co-ordinate with relevant parties when dealing with the application. This transfer of responsibility would therefore add little or no burden to licensing authorities, but would lead to cost savings for applicants.
- 54. We would also welcome a review of the licensing application form, which is often confusing for applicants and can therefore actually delay the application process if errors are initially made. We would welcome the opportunity to work with officials and licensing authorities on this.

Question 34: Do you think that the Impact Assessments related to the consultation provide an accurate representation of the costs and benefits of the proposals?

- A. MUP - No
- B. Multi-buy promotions – No
- C. Health as a licensing objective for CIPs – No
- D. Ancillary Sales of alcohol – N/A
- E. Temporary Event Notices – N/A
- F. Late Night Refreshments – N/A
- G. Newspapers - No
- H. Motorway Service Areas – No

I. Personal licenses – N/A

Question 35: Do you have any comments on the methodologies or assumptions used in the impact assessments? If so, please detail them, referencing clearly the impact assessment and page to which you refer. (400 words)

55. ACS has concerns over a number of issues raised in the risk impact assessments for MUP, a ban on multi-buy promotions; the introduction of a health objective for CIPs; and the removal of the duty to advertise licensing applications. However, given that 9 RIAs were published alongside this consultation, we do not feel that we can adequately reflect these concerns in the 400 words permitted in this consultation. A detailed review of the RIAs is therefore attached as Annex 1.

SPAR retailers are owners and managers of their own stores, making independent decisions about how to run them to best serve their local customers. With support and advice from their wholesaler and the SPAR UK central office, they can tailor the store design, product offering, range of services and the prices and promotions to suit the needs of their local customers. At the same time they are able to concentrate on providing the best possible personal service to the local community in the way that only independent, truly local shopkeepers can. Being a member of SPAR means that retailers are part of a network of entrepreneurs and benefit from sharing knowledge and experience. Some have been part of the group since its arrival into the UK 56 years ago and in that time the stores have been passed down the generations and blossomed into much larger businesses. SPAR UK is therefore proud of its business model which allows independent retailers to thrive by being tuned in to their local communities and provides customers with local shops owned and managed by people they know and trust.

January 2013