 <b>Regulatory Policy Committee</b>	<b>Opinion</b>	
<b>Impact Assessment (IA)</b>	Banning the below cost sales of alcohol	
<b>Lead Department/Agency</b>	Home Office	
<b>Stage</b>	Final	
<b>IA number</b>	Not provided	
<b>Origin</b>	Domestic	
<b>Expected date of implementation (and SNR number)</b>	October 2013 (SNR6)	
<b>Date submitted to RPC</b>	06/08/2013	
<b>RPC Opinion date and reference</b>	23/08/2013	RPC13-HO-1839(2)
<b>Overall Assessment</b>	<b>GREEN</b>	
<p><b>RPC comments</b></p> <p>The IA is fit for purpose. The IA now adequately deals with the concerns raised in our Opinion of 22/07/2013. However, while the IA provides a reasonable justification for the key assumption used in calculating the costs to business it would have been preferable for the estimates to have been tested through consultation.</p>		
<p><b>Background (extracts from IA)</b></p> <p><b>What is the problem under consideration? Why is government intervention necessary?</b></p> <p>Alcohol misuse costs around £21 billion per year and is associated with a range of related harms. There is currently no requirement for retailers to sell their alcohol above a defined threshold. There is growing concern about the availability of low cost alcohol and the impact that excessive alcohol consumption has on health and crime harms. Government intervention would enable the definition and implementation of ‘cost’ as a floor price below which alcohol could not be sold, putting an end to heavily discounted alcohol sales.</p> <p><b>What are the policy objectives and the intended effects?</b></p> <p>The Coalition Programme for Government committed to ban the sale of alcohol below cost price. The objective of the policy is to define a threshold below which alcohol cannot be sold. The intended effect is drive forward action to reduce the harms associated with excessive consumption such as the number and associated costs of alcohol related crimes; alcohol related health problems, and deaths due to alcohol.</p>		
<p><b>Comments on the robustness of the OITO assessment</b></p> <p>The IA says that it is a regulatory proposal that would impose a net cost to business (an IN) with an equivalent annual net cost to business (EANCB) of £0.4m. This assessment appears to be reasonable and is consistent with paragraph 1.9.10 of the Better Regulation Framework Manual (July 2013).</p>		

## **Comments on the robustness of the Small & Micro Business Assessment (SMBA)**

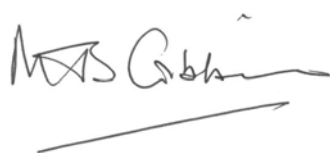
The proposals regulate business but come into force before 1 April 2014 and therefore the SMBA is not applicable. However, the Committee notes that whilst exemptions for small and micro-businesses will not be taken forward, the Department has presented reasons for this, and will consult such businesses on ways to reduce the burdens of the proposals, including longer transition timetables and detailed guidance.

## **Quality of the analysis and evidence presented in the IA**

*Implementation costs.* The IA now includes a clearer justification for the best estimate for implementation costs. Based on the evidence presented this assessment appears reasonable. However, as the IA states that “*Given the legislative timescales involved, this impact assessment has been prepared on the available evidence and without further bespoke research.*” the Committee is disappointed that legislative timescales appear to have been prioritised at the expense of an effective policy-making approach. Whilst the approach may be proportionate in this instance, the Committee would expect proposals to be supported by evidence gathered through appropriate consultation.

*Impact of banning loss-leading alcohol sales and lost consumer surplus.* In response to our Opinion of 22/07/2013 the IA now includes further discussion of the potential impacts arising from the restriction of retailers’ ability to undertake loss-leading sales on alcohol. The IA also includes additional narrative setting out the challenges in calculating lost consumer surplus relating to these proposals. The Committee recognises that, due to the relatively small nature of the impacts on consumer welfare, the approach is proportionate, but note that it would have been preferable to see the evidence developed more robustly to support the Department’s position.

**Signed**



**Michael Gibbons, Chairman**