

The Home Office has launched a consultation (on 28 November 2012) on 'delivering the Government's policies to cut alcohol fuelled crime and anti-social behaviour'. The deadline for responses is 13 February 2013.

The consultation requests views on 5 areas:

- Minimum unit pricing;
- Ban on multi-buy promotions in shops and off-licences;
- Health as a new licensing objective for Cumulative Impact Policies;
- Review of mandatory licence conditions; and
- Further measures to 'cut red tape'.

Clearly, four of these proposals could have an adverse effect on licensed businesses – this time around there is a specific focus on the off-trade, but the on-trade does not escape either. The proposals to 'cut red tape' may be a sweetener for some, but the effects of these measures will be limited for the majority of businesses.

This is a Consultation document only and therefore proposals may not be implemented in the proposed form, or at all. However, there are a number of issues which could potentially impact significantly upon licensed businesses and consumers in the future.

Minimum Unit Pricing

The Consultation requests views on the appropriate price level for minimum unit pricing and mechanisms for adjusting any such price over time. A 'unit' of alcohol is defined as 10ml by volume, or 8g by weight, of pure alcohol. The number of units in a product depends on the volume of the product and its alcoholic strength (ABV).

At this stage, the proposed minimum unit price for England and Wales, as set down in the Consultation document, is 45 pence. Suggested mechanisms for adjusting the price over time are: that the minimum price should not be adjusted at all; to update it annually in line with inflation; or to review the price after a set period.

So how will this translate into actual prices? Based on a 45p minimum unit price the minimum selling prices for various product types are likely to be as follows:

Product	Volume	Strength (abv)	Number of units	Minimum selling price
Vodka	70cl	37.5%	26.3	£11.84
Whisky	70cl	40%	28	£12.60
Cider (high strength)	2 litres	7.5%	15	£6.75
Cider	2 litres	5.3%	10.6	£4.77
Lager (4 pack)	440ml (x 4)	5% (x 4)	2.2 (x 4)	£3.96
Red wine	750ml	13%	9.8	£4.41
White wine	750ml	12%	9	£4.05

The proposed price level of 45 pence compares to a proposed minimum unit price of 50 pence being introduced in Scotland. The Scottish Parliament Bill received Royal Assent on 29 June 2012, and had a target date for implementation of April 2013. However, the policy has been challenged, firstly under EU law on free trade; and separately in the Scottish Courts by the Scotch Whisky Association and European Spirits Organisation. It may well be that an attempt to set a minimum price in England and Wales will face similar challenges.

The Home Office states that it does not intend to continue with plans to implement a ban on the below cost sale of alcohol – it seems that the minimum unit price proposals will replace any below cost ban.



Ban on Multi-Buy Promotions

The proposed ban on multi-buy promotions will apply to the off-trade only. The consultation proposes a ban which would specifically prevent offers such as two for the price of one, three for two, buy one get one free, buy 6 get 20% off and any multipacks/ multiple purchases costing less than the total of single prices if bought separately, for example 3 bottles of wine for £10, where the cost of each bottle of wine would ordinarily be more than £3.33.

It would NOT ban discounts which are not linked to the purchase of multiple bottles i.e. it would not ban half price offers or £x off an individual item. Although ‘multi-buy’ discounts would not be permitted, the Consultation document states that cases of wine can be any price if bottles aren’t available to buy individually. However, if the minimum unit price is introduced, clearly this will limit the level of discounts which can apply.

The Consultation document sets out exactly what would and would not be banned as follows:

Types of promotions that WOULD be banned	Types of promotions that would NOT be banned
This is where the price of a single product in a multipack is sold for less than the price of buying that same product on its own. This will stop incentivising purchases of more products than people would otherwise buy.	A ban would not affect discounts which are not linked to the purchase of multiple bottles, or which are linked to the volume rather than the number of products. It would not stop retailers cutting the price of individual items to match multipack prices, or prevent them from having a minimum-buy rule.
two for the price of one	half price offers
three for the price of two	‘a third off’ offers
buy-one-get-one-free	£x off any individual item
buy six get 20% off	
24 cans of lager costing less than 24 times the cost of one can of lager in the shop	Cutting the price of a single can of lager so that it is as cheap as the cans in the multipack
A case of wine sold cheaper than the individual price at which the same bottles are sold in the shop	A case of wine can be priced at any level if the items are not available to buy individually
Three for £10 where each bottle costs more than £3.33	Three for £10 as long as you can also buy each individual item in the multi-pack for £3.33
Different multipack prices or multi-buy multipack offers. For example,10 bottles of alcopops being sold for less per bottle than a package of four bottles, or three packages of 10 bottles being sold for less than three times the price of one 10 bottle pack.	Different prices for the same alcohol products sold in differed sized containers, where there is a per unit difference. For example, a box of wine can still be sold for less than the price of four bottles of the same wine.

Health as a new licensing objective for Cumulative Impact Policies

Currently, there are four licensing objectives – the prevention of crime and disorder, the prevention of public nuisance, the promotion of public safety and the protection of children from harm.

The Consultation proposes that Licensing Authorities should be able to take alcohol-related health harms into account when making decisions on cumulative impact policies and proposes to introduce health as a new licensing objective for the purposes of Cumulative Impact Policies. However, the Consultation stops short of stating that health will be able to be used as a ground for representations in respect of new licence applications, variations, or reviews.

Review of mandatory licence conditions

The Consultation document asks respondents to review the application of existing Mandatory Conditions to both the on and off trade and consider whether they sufficiently target problems such as irresponsible promotions in pubs and clubs.

There are no specific proposals on changes to Mandatory Conditions (the document seeks views only at this stage). However, the ‘singling’ out of the ‘irresponsible promotion’ condition in relation to on-licences, in the same document which proposes a ban on multi-buy promotions in the off-trade, indicates that there may be changes afoot to ‘irresponsible promotion’ condition.

Cutting Red Tape

In addition to dealing with pricing, promotions and health, the Consultation also seeks views on a variety of measures which may cut red tape for businesses. These include:

- The simplification of Temporary Event Notices (TENs) – it is proposed to allow licensing authorities to set their own procedures for licensable activities at community events if they wish to do so (as an alternative to TENs); and to allow 15 or 18 TENs per premises per year (as opposed to the current limit of 12);
- Removing the requirement for newspaper advertisements on new licences and variations;
- Removal or simplification of requirements to renew personal licences;

- Reduction of burdens on ‘ancillary sellers’ of alcohol where the sale of alcohol is only a small part of their wider activities alongside the provision of another service, such as a hairdresser. It is proposed that the burden could be reduced for such businesses by removing the need for a personal licence holder, or removing the need for a premises licence and replacing it with a requirement to give an ‘ancillary sales notice’. However, it is difficult to see how such ‘ancillary sellers’ could be accurately defined without creating a loophole for other businesses where alcohol forms a larger part of their offering;
- Changes to the licensing of Late Night Refreshment (LNR) – proposing either to allow Licensing Authorities to decide that LNR is not licensable in parts of their area, or that certain types of premises are exempt; and/ or to add new centrally prescribed exemptions.
- Consideration of removing ban on alcohol sales at Motorway Service Areas/ lodges (which actually only applies to some MSAs in any event).

If these proposed changes will affect your business either positively or negatively, visit the Home Office website to submit your responses at <http://www.homeoffice.gov.uk/publications/about-us/consultations/alcohol-consultation/>

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