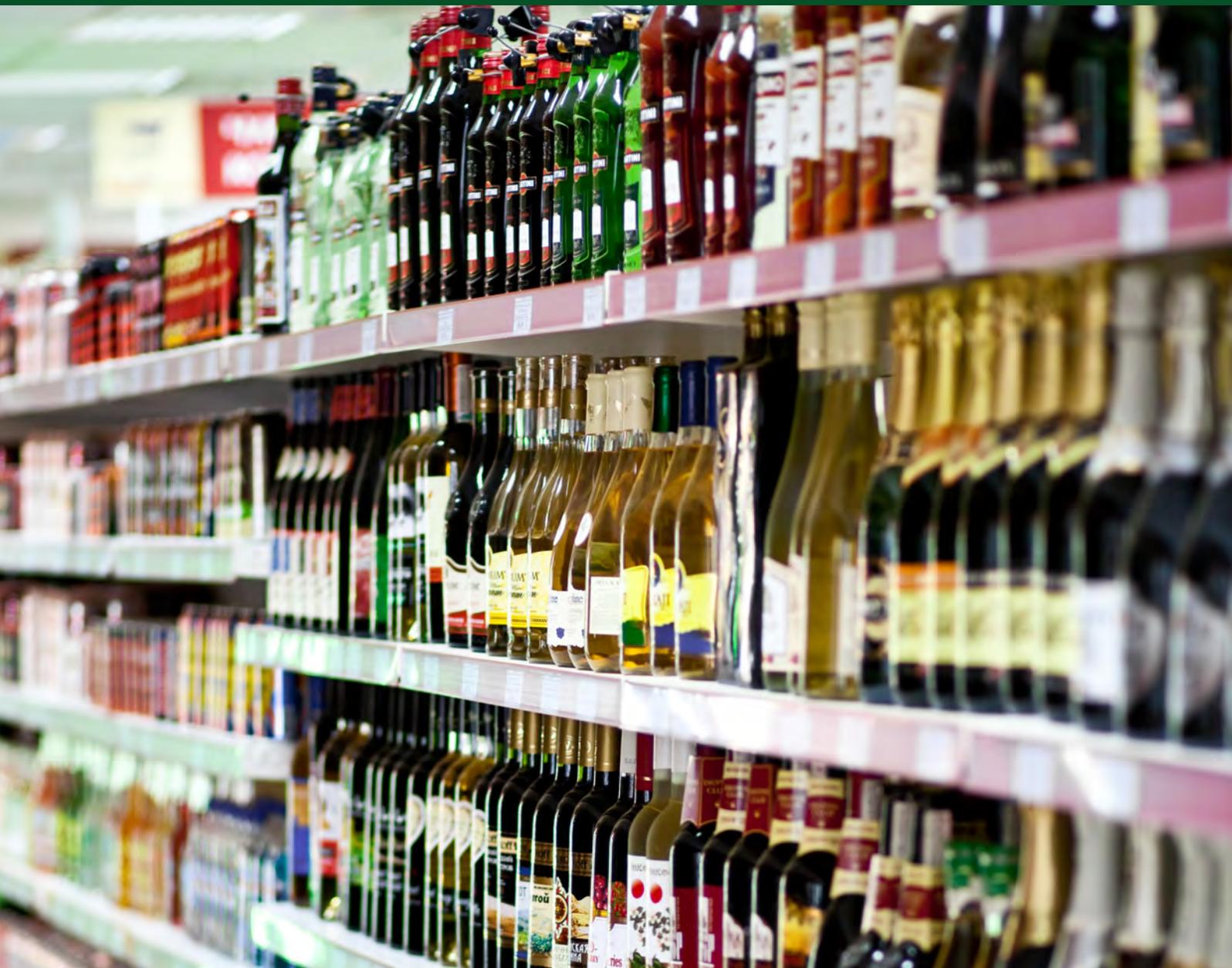


Public Health (Minimum Price for Alcohol) (Wales) Bill: Committee Stage 1 Report

March 2018



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

An electronic copy of this document can be found on the National Assembly website: www.assembly.wales/SeneddHealth

Copies of this document can also be obtained in accessible formats including Braille, large print, audio or hard copy from:

Health, Social Care and Sport Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

Tel: **0300 200 6565**

Email: **SeneddHealth@assembly.wales**

Twitter: **@SeneddHealth**

© National Assembly for Wales Commission Copyright 2018

The text of this document may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading or derogatory context. The material must be acknowledged as copyright of the National Assembly for Wales Commission and the title of the document specified.

Public Health (Minimum Price for Alcohol) (Wales) Bill:

Committee Stage 1 Report

March 2018



About the Committee

The Committee was established on 28 June 2016 to examine legislation and hold the Welsh Government to account by scrutinising expenditure, administration and policy matters, encompassing (but not restricted to): the physical, mental and public health and well-being of the people of Wales, including the social care system.

Committee Chair:



Dai Lloyd AM
Plaid Cymru
South Wales West

Current Committee membership:



Dawn Bowden AM
Welsh Labour
Merthyr Tydfil and Rhymney



Jayne Bryant AM
Welsh Labour
Newport West



Angela Burns AM
Welsh Conservative
Carmarthen West and South
Pembrokeshire



Rhun ap Iorwerth AM
Plaid Cymru
Ynys Môn



Caroline Jones AM
UKIP Wales
South Wales West



Julie Morgan AM
Welsh Labour
Cardiff North



Lynne Neagle AM
Welsh Labour
Torfaen



Contents

Recommendations	5
1. Introduction.....	7
Terms of reference.....	7
The Committee’s approach.....	8
Other Committees’ consideration of the Bill.....	8
2. Background.....	10
Legislative competence.....	10
3. General principles and the need for legislation	12
The Bill’s purpose and intended effect.....	12
Alcohol pricing policy across the UK	14
Alcohol pricing policies in action.....	15
The Sheffield Alcohol Research Group (SARG) and the Sheffield Alcohol Policy Model	17
A minimum price for alcohol approach and the public health case.....	25
Non-legislative, additional and alternative options, including taxation.....	31
Public awareness and implementation.....	35
Our view	38
4. Setting a minimum price for alcohol (sections 1 to 7 of the Bill)...	41
Minimum unit pricing, the formula, the offences and the application to multi-buy and other deals.....	42
Impact on consumers	46
Impact on dependent drinkers, unintended consequences, availability of treatment services and the substitution effect.....	52
Impact on retailers and the industry, including cross-border issues and consequences for online sales.....	66
Our view	77

5. Penalties, enforcement and the impact on local authorities (sections 8 to 20 of the Bill)	82
Penalties and enforcement.....	82
Our view	87
6. Evaluating the legislation (sections 21 and 22)	89
The measures to be used.....	89
Timescales for evaluation.....	92
Duration of minimum pricing provisions	94
Our view	95

Recommendations

- Recommendation 1.** We recommend that the National Assembly agrees the general principles of the Public Health (Minimum Price for Alcohol) (Wales) Bill.
..... Page 38
- Recommendation 2.** The Welsh Government should review the cost estimates contained in the Regulatory Impact Assessment for the planned communications activity with a view to increasing the total funding available for publicising the changes to businesses and for raising public awareness. Page 40
- Recommendation 3.** Regulations relating to setting the minimum unit price should be subject to a super affirmative procedure in the National Assembly.
..... Page 78
- Recommendation 4.** Before the Bill reaches Stage 3 proceedings in the National Assembly, the Welsh Government should issue a statement of intent which confirms its current preferred minimum unit price, and the reasons for this.
..... Page 78
- Recommendation 5.** The minimum unit price for alcohol should be formally reviewed by the Welsh Government biennially. The process and outcome of each review should be published. Each review of the minimum unit price should take full account of inflation indices..... Page 79
- Recommendation 6.** The Welsh Government should explore all opportunities to work with the alcohol industry and the UK Government to encourage alcohol producers and retailers to produce and provide a greater proportion of lower-strength alcohol products. Page 79
- Recommendation 7.** The Welsh Government should undertake a robust assessment of the current need for alcohol treatment and support services in Wales to ensure adequate, future-proofed provision is in place. The assessment should take place before this legislation is commenced..... Page 80
- Recommendation 8.** The Welsh Government should monitor the impacts of minimum unit pricing on alcohol treatment and support services in Scotland to ensure lessons learned can inform the approach to the delivery of the relevant services in Wales..... Page 80

Recommendation 9. The Welsh Government should commission independent research to firmly establish how much of a problem substitution is likely to be should minimum unit pricing be introduced. Page 80

Recommendation 10. To accompany the minimum unit pricing system, the Welsh Government should explore the practicalities of introducing a compulsory levy, or voluntary payment scheme, for retailers. The monies raised by the levy should be used solely for the purpose of tackling alcohol-related harm and contributing to the wider aim of improving and protecting the health of the population of Wales. Page 81

Recommendation 11. A requirement for the Welsh Ministers to produce guidance for retailers and local authorities, that details the obligations of the legislation, should be included on the face of the Bill. Page 87

Recommendation 12. The Welsh Government should review the cost estimates contained in the Regulatory Impact Assessment for additional inspection activity in the first year of implementation and ensure adequate funding is made available to allow for an enhanced programme of education and training for both retailers and enforcement officers during this period. Page 88

Recommendation 13. The Bill should be amended to include more detailed provision about the evaluation required under section 21 of the Bill. Page 96

Recommendation 14. The evaluation report required by section 21 of the Bill must make reference to the impacts of minimum pricing by reference to age group, gender and socio-economic status; moderate drinkers; dependent drinkers; substitution behaviour; domestic violence; adverse childhood experiences; cross-border trade; and illegal trade. Though not an exhaustive list, this detail should be included on the face of the Bill. Page 96

1. Introduction

1. On 23 October 2017, Rebecca Evans AM, Minister for Social Services and Public Health (the Minister) introduced the **Public Health (Minimum Price for Alcohol) (Wales) Bill** (the Bill) and accompanying **Explanatory Memorandum** and made a **statement on the Bill** in Plenary on 24 October.
2. At its meeting on 3 October 2017, the Assembly's Business Committee agreed to refer the Bill to the Health, Social Care and Sport Committee ("the Committee") for consideration of the general principles (Stage 1), in accordance with Standing Order 26.9. The Business Committee agreed that the Committee should report by 16 February 2018.¹ Following a request from the Committee that more time be allowed to complete its work, the Business Committee subsequently agreed that the Committee should report by 2 March 2018.²
3. Following a change in ministerial portfolios in November 2017, the First Minister authorised Vaughan Gething AM, Cabinet Secretary for Health and Social Services (the Cabinet Secretary), as the **new Member in Charge** of the Bill, from 9 November 2017.

Terms of reference

4. The Committee agreed the following framework within which to scrutinise the general principles of the Bill:

To consider—

- the general principles of the Public Health (Minimum Price for Alcohol) (Wales) Bill and the extent to which it will contribute to improving and protecting the health and well-being of the population of Wales, by providing for a minimum price for the sale and supply of alcohol in Wales and making it an offence for alcohol to be sold or supplied below that price;
- any potential barriers to the implementation of the provisions and whether the Bill takes account of them;
- whether there are any unintended consequences arising from the Bill;

¹ National Assembly for Wales, Business Committee, **Report on the timetable for consideration of the Public Health (Minimum Price for Alcohol) (Wales) Bill**, - October 2017

² National Assembly for Wales, Business Committee, **Revised timetable for consideration of the Public Health (Minimum Price for Alcohol) (Wales) Bill**, - January 2018

- the financial implications of the Bill (as set out in Part 2 of the Explanatory Memorandum); and
- the appropriateness of the powers in the Bill for the Welsh Ministers to make subordinate legislation (as set out in Chapter 5 of Part 1 of the Explanatory Memorandum).

The Committee's approach

5. Between 26 October and 15 December 2017, the Committee conducted a public consultation to inform its work, based on the agreed terms of reference. The Committee received **54 responses**, which are published on the Assembly's website. In addition, the Committee heard oral evidence from a number of witnesses. The **schedule of oral evidence** sessions is published on the Assembly's website.

6. The National Assembly's Outreach Team held a series of focus groups across Wales in order to **capture the views** and experiences of a cross-section of people. Contributions were gathered from young people, school pupils, college and university students, homeless people, frontline staff and service users. The focus groups enabled the Outreach Team to capture opinions on the potential effectiveness of the Bill, and views on alternative options of achieving similar objectives. Views were received from a mix of people, ranging from those who do not drink alcohol to those with alcohol addiction issues. Participants were sourced through contacts developed by Assembly officials and those provided by third sector groups. The Outreach Team held nine sessions across Wales, engaging with groups from Anglesey, Cardiff, Carmarthenshire, Conwy, Pembrokeshire, Powys, Swansea and Wrexham.

7. Members of the Committee also visited the Huggard Centre, a Cardiff-based charity tackling homelessness and rough sleeping, and spoke with frontline staff and service users about the potential impact of the Bill.

8. The Committee would like to thank all those who have contributed to its work.

Other Committees' consideration of the Bill

9. The Assembly's **Finance Committee** took evidence from the Cabinet Secretary on the financial implications of the Bill on 7 December 2017. It reported on its conclusions on 28 February 2018.

10. The Assembly's **Constitutional and Legislative Affairs Committee** took evidence from the Cabinet Secretary on the appropriateness of the provisions in the Bill that grant powers to make subordinate legislation on 27 November 2017. It reported on its conclusions on 5 March 2018.

2. Background

Legislative competence

11. The Explanatory Memorandum (EM) that accompanies the Bill states:

“The National Assembly for Wales (the National Assembly) has the legislative competence to make the provisions in the Bill pursuant to Part 4 of the Government of Wales Act 2006 (GOWA 2006). The relevant provisions of GOWA 2006 are set out in section 108 and Schedule 7.

Paragraphs 9, 12 and 15 of Schedule 7 of GOWA 2006 set out the following subjects in relation to which the Assembly may legislate:

Paragraph 9 Health and health services:

Promotion of health. Prevention, treatment and alleviation of disease, illness, injury, disability and mental disorder. Control of disease. Family planning. Provision of health services, including medical, dental, ophthalmic, pharmaceutical and ancillary services and facilities. Clinical governance and standards of health care. Organisation and funding of national health service.

Paragraph 12 Local government:

...Powers and duties of local authorities and their members and officers...

Paragraph 15 Social welfare:

...Protection and well-being of children (including adoption and fostering) and of young adults...”³

12. The Llywydd issued a **statement** on 23 October 2017 confirming that, in her view, the provisions of the Bill would be within the Assembly’s legislative competence.

13. The Bill was introduced to the Assembly within the wider context of similar Scottish legislation being challenged⁴ in the UK’s Supreme Court. The Scotch Whisky Association had argued that the Alcohol (Minimum Pricing) (Scotland) Act

³ Explanatory Memorandum, paragraphs 8 and 9

⁴ **Scotch Whisky Association and others (Appellants) v The Lord Advocate and another (Respondents) (Scotland)**

2012 was incompatible with EU law. On 15 November 2017 the Supreme Court unanimously dismissed the challenge. Following that decision, the Cabinet Secretary stated:

“The judgment by the Supreme Court unanimously upholds the Court of Session’s finding that the introduction of a minimum price for alcohol in Scotland is compatible with EU law. It considers that minimum pricing is a proportionate means of addressing alcohol related harm. The judgment confirms the question of where the balance ought to be struck between protecting health and trade matters is a matter for the devolved, democratically elected legislature to decide and states, in the clearest terms, that the courts should not second-guess the value which a domestic legislature puts on health.”⁵

⁵ **Written Statement - Supreme Court judgment in the matter of Scotch Whisky Association and others v The Lord Advocate and another**:- 15 November 2017

3. General principles and the need for legislation

The Bill's purpose and intended effect

14. The Welsh Government intends that the Bill will form part of its wider strategic approach to tackling alcohol-related harm in Wales:

“The Public Health (Minimum Price for Alcohol) (Wales) Bill (the Bill) gives effect to the Welsh Government’s determination to provide a legislative basis for addressing some of the longstanding and specific health concerns around the effect of excess alcohol consumption in Wales. It signifies a firm commitment to further improving and protecting the health of the population of Wales and forms part of a wider and continuing programme of work to tackle alcohol-related harm.

The Bill is targeted at protecting the health of harmful and hazardous⁶ drinkers who tend to consume greater amounts of low-cost and high-alcohol content products.”⁷

15. In her oral statement about the Bill, the Minister said:

“The aim of the Bill is to tackle alcohol-related harm in Wales. This includes reducing the number of people who are treated in hospital every year as a result of drinking alcohol, and cutting the death toll linked to alcohol. (...)”

The impact of alcohol-related harm in Wales makes for difficult reading. In 2015-16 alone, there were 54,000 hospital admissions in Wales attributable to alcohol. Alcohol-attributable hospital admissions cost the NHS an estimated £120 million a year. In 2015, 463 people died because of alcohol and every one of these of these deaths was preventable. This Bill is about reducing these harms.”⁸

⁶ Explanatory Memorandum page 9; **Model-based appraisal of minimum unit pricing for alcohol in Wales** (September 2014) page 15; **Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation policies in Wales** (February 2018) page 15

⁷ Explanatory Memorandum, paragraph 1

⁸ RoP, Plenary, 24 October 2017, paragraphs 129-130

16. In order to achieve its intended effect, the Bill provides for a minimum price for the sale and supply of alcohol in Wales and makes it an offence for alcohol to be sold or supplied below that price. The Bill sets out:

- The formula for calculating the applicable minimum price for alcohol by multiplying the percentage strength of the alcohol, its volume and the MUP (minimum unit price).
- How the applicable minimum price should be determined when alcohol is supplied in a multi-buy alcohol transaction and where some of the alcohol supplied in a special offer is of a different strength.
- A local authority-led enforcement regime with powers to bring prosecutions.
- Powers of entry for authorised officers of a local authority, an offence of obstructing an authorised officer and the power to issue fixed penalty notices (FPNs).

17. The Bill gives powers to the Welsh Ministers to make subordinate legislation to specify the MUP. For the purpose of assessing impacts and the associated costs and benefits, the EM uses a 50p MUP as an example. Where research or analysis has used an alternative MUP (for example, 45p), this is highlighted. The EM states “The specified MUP may be higher or lower than these amounts”.⁹

18. The Welsh Government has previously consulted on proposals for a minimum price for alcohol in 2014¹⁰ and in a draft Bill¹¹ published in 2015. The consultation on that draft Bill found:

“(...) considerable support for the introduction of an MUP [minimum unit price] for alcohol, with the majority of stakeholders recognising the crucial impact it could have on reducing existing levels of harmful and hazardous drinking in Wales and the associated health gains and impact on health inequalities this would bring.”¹²

⁹ Explanatory Memorandum, paragraph 6

¹⁰ Welsh Government’s Public Health White Paper “Listening to You: Your Health Matters” – April 2014

¹¹ Draft Public Health (Minimum Price for Alcohol) Bill

¹² Explanatory Memorandum, paragraph 3

19. A number of changes have been made to the Bill introduced into the Assembly following that consultation. These include the duty on the Welsh Ministers to report on the operation and effect of the legislation after five years,¹³ and the sunset clause repealing the minimum pricing regime after a six-year period, unless the Welsh Ministers make regulations providing otherwise.¹⁴

Alcohol pricing policy across the UK

Scotland

20. In 2012, the Scottish Parliament legislated¹⁵ to introduce minimum unit pricing of alcohol.

21. As explained in the previous chapter, this legislation was challenged by the Scotch Whisky Association on the grounds that minimum unit pricing is disproportionate as a matter of EU law, in that it would operate as a quantitative restriction on the free movement of goods and would impact on the proper functioning of the Common Agricultural Policy's Common Market Organisation on the production, marketing and sale of wine.

22. The case was most recently heard in the UK's Supreme Court in July 2017 and the appeal was unanimously dismissed in November 2017. The Supreme Court's ruling is final. Subsequently, the Scottish Government announced its intention to implement the legislation in May 2018.

England

23. A consultation on the UK Government's alcohol strategy (in November 2012) sought views on a 45p MUP for alcohol. In July 2013, the UK Government announced that it would not be proceeding with minimum unit pricing:

“[The] consultation has been extremely useful. But it has not provided evidence that conclusively demonstrates that Minimum Unit Pricing (MUP) will actually do what it is meant to: reduce problem drinking without penalising all those who drink responsibly. In the absence of that empirical evidence, we have decided that it would be a mistake to

¹³ Public Health (Minimum Price for Alcohol) (Wales) Bill, section 21

¹⁴ Public Health (Minimum Price for Alcohol) (Wales) Bill, section 22

¹⁵ **The Alcohol (Minimum Pricing) (Scotland) Act 2012**

implement MUP at this stage. We are not rejecting MUP – merely delaying it until we have conclusive evidence that it will be effective.”¹⁶

24. The UK Government, however, announced changes to the structure of the alcohol duty system as part of the autumn 2017 budget statement designed to target higher strength “white ciders”.

Northern Ireland

25. In February 2017, Northern Ireland’s then Health Minister announced plans to consult on minimum unit pricing. This consultation has not yet taken place.

Alcohol pricing policies in action

26. Canada is one of a small number of countries which have implemented some form of minimum pricing for alcohol; others include Russia, Moldova, Ukraine, Uzbekistan and some US states. Canada has a federated governance structure, and each of its provinces/territories have different approaches to the distribution, sale and regulation of alcohol. Saskatchewan’s approach is most similar to the minimum pricing proposals here in Wales. Substantial increases in the minimum prices of beers and smaller increases for other alcoholic products were introduced in April 2010, with some price adjustments for alcohol content. For each beverage type, minimum prices were higher for stronger varieties.

27. Dr John Holmes, from the Sheffield Alcohol Research Group (SARG), told us that the Canadian experience has shown that as fluctuations in minimum price happen you see “commensurate fluctuations in levels of alcohol consumption, in levels of alcohol-related hospital admissions, mortality and crime”.¹⁷

28. There are differences between the Canadian and UK markets, which may limit the read across to UK settings. In Canada all alcohol distribution is state controlled, alcohol is sold in liquor stores and not in supermarkets, and the revenue from minimum pricing policies in Canada goes to provincial government.

29. Dr Holmes said:

“There are differences between Canada and the UK, but their drinking culture is fairly similar. They don’t have massive problems. They don’t

¹⁶ **Next steps following the consultation on delivering the Government’s alcohol strategy** – July 2013

¹⁷ RoP, 29 November 2017, paragraph 11

have a huge illicit market... It has a fairly similar approach to alcohol. Their alcohol consumption data is good quality.”¹⁸

30. It has been suggested that there is “limited empirical evidence”¹⁹ arising from Canada. Dr Holmes commented on the Canadian data:

“The effects of minimum pricing on alcohol consumption in Canada are not based on survey data on consumption. They’re based on sales data. That data is much more robust. (...) we are fairly comfortable that the basic economic relationship between price and consumption is likely to be fairly similar between Canada and the UK.”²⁰

31. Professor Tim Stockwell’s evidence to the Committee highlighted his research in Canada which examined short and longer term impacts each time a minimum price for a particular beverage was increased. Professor Stockwell, Director of the Canadian Institute for Substance Use Research (CISUR), explained that, for the majority of the period during which his research was conducted, the minimum price was not updated to reflect cost of living “resulting in increased consumption and related harm”.²¹ In other published work he said:

“When the value of minimum prices fell with inflation, deaths tended to increase. When minimum price rates were increased by the government, there was an associated decrease in these deaths.”²²

32. The Explanatory Memorandum points to evidence from Switzerland about its alcohol pricing policies and the relationship between alcohol price and consumption. A decrease in the cost of spirits in Switzerland led to an increase in their consumption.

33. We wrote to the Federal Office of Public Health (FOPH) in Switzerland and received further detail from Marc Raemy, one of the FOPH’s scientific advisers. Mr Raemy explained how, in 1999, the price for imported spirits fell in Switzerland up to 50% due to the accession of Switzerland to the World Trade Organisation (WTO) General Agreement on Tariffs and Trade (GATT). Mr Raemy suggested this “forced the country” to liberalise spirit imports and cut import-taxes and,

¹⁸ RoP, 29 November 2017, paragraph 13

¹⁹ Written evidence, MPA 03

²⁰ RoP, 29 November 2017, paragraph 14

²¹ Written evidence, MPA 11

²² Stockwell, T. et al, **Misleading UK alcohol industry criticism of Canadian research on minimum pricing**, May 2013

subsequently, the Swiss Alcohol Board initiated a research-project to monitor possible changes in alcohol consumption:

“The study consisted of two surveys: One was conducted before the implementation of the new regime in spring 1999 (price change was introduced on 1st of July 1999). (...) In autumn 2001, the same people were interviewed a second time, where 73% responded. The survey proved a significant rise of spirit consumption after the introduction of the new regime. Spirit consumption rose by 39% (+0.27 Gramm of pure alcohol on average per person per day). The consumption of wine also rose, but to a much smaller extent (8.6%). (...) The consumption of beer did not significantly change. Overall, alcohol consumption rose significantly, largely due to the rise in spirit consumption. Highest changes in spirit consumption occurred among young people.”²³

The Sheffield Alcohol Research Group (SARG) and the Sheffield Alcohol Policy Model

34. In 2009, the Sheffield Alcohol Research Group (SARG) at Sheffield University developed the Sheffield Alcohol Policy Model to assess the potential impact of alcohol policies, including different levels of minimum unit pricing, for the population of England. The model was subsequently adapted for other areas, including Scotland and Canada. In 2014 the Welsh Government commissioned SARG to adapt the model for Wales. The 2014 Welsh adaptation of the Sheffield Alcohol Policy Model concluded that:

- Minimum unit pricing policies would be effective in reducing alcohol consumption, alcohol-related harms (including alcohol-related deaths, hospitalisations, crime and workplace absences) and the costs associated with those harms.
- MUP policies would only have a small impact on moderate drinkers; somewhat larger impacts would be experienced by increasing risk drinkers, with the most substantial effects being experienced by high risk drinkers.
- MUP policies would have a larger impact on those in poverty, particularly high risk drinkers, than those not in poverty; however, those in poverty also experience larger relative gains in health, and the high

²³ Written evidence, MPA 52

risk drinkers are estimated to marginally reduce their spending due to reduced drinking levels.²⁴

35. The Regulatory Impact Assessment (RIA), published as part of the EM accompanying the Bill, draws heavily on the Sheffield Alcohol Policy Model. The RIA, using the 2014 SARG modelling, sets out that the total societal value of the reduction in alcohol-related harms, based on the introduction of a minimum unit price of 50p, is estimated at £882m over a 20 year period. This includes savings in relation to direct healthcare costs (£131m), crime (£248m), workplace absence (£14m), and a financial valuation of health benefits measured in terms of Quality-Adjusted Life Years (QALYs) (£489m), assuming a QALY is valued at £60,000.²⁵

36. The 2014 modelling concluded that the estimated impacts of a 50p MUP in Wales are:

- The estimated per person reduction in alcohol consumption for the overall population is 4.0%. This equates to an annual reduction of 30.2 units per drinker per year.
- High risk drinkers are estimated to reduce their consumption much more than increasing risk or moderate drinkers; the estimated reductions are 7.2% for high risk drinkers, 2.0% for increasing risk drinkers and 2.2% for moderate drinkers.
- Drinkers are estimated to reduce consumption but pay slightly more on average per unit consumed. Spending across the whole population is estimated to increase, and spending changes differ across the population, with high risk drinkers estimated to spend an extra £32 (1.1%) per year whilst moderate drinkers' spending increases by £2 (0.8%).
- Moderate drinkers in poverty will spend slightly less than moderate drinkers not in poverty. The effects are greater in terms of consumption; a reduction of 10.1 units per year for moderate drinkers in poverty versus a 5.3 unit reduction per year for moderate drinkers not in poverty; a reduction in consumption in high risk drinkers in poverty by 490 units per annum (-13.0%).
- 53 fewer deaths, 1,400 fewer hospital admissions, 3,700 fewer crimes and 10,000 fewer absent days in Wales per year.

²⁴ **Model-based appraisal of minimum unit pricing for alcohol in Wales** – September 2014

²⁵ Explanatory Memorandum, page 65

37. In June 2017, the Welsh Government commissioned SARG to model the potential impact of a minimum unit pricing policy for alcohol, using new data and new modelling approaches, and how this might compare to rises in alcohol duty.

38. In November 2017 SARG produced an interim report, *Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation policies in Wales*,²⁶ ahead of the planned publication of its full review. The interim report provided preliminary results regarding the estimated impact on health outcomes when using new, more Welsh-specific data.

39. When compared with the original modelling data from 2014, the 2017 figures indicate the impacts on the hazardous drinker group are likely to be greater in terms of consumption reduction, deaths and hospital admissions; moderate drinkers are not likely to reduce their consumption by quite as much as previously estimated (therefore their spending will be slightly higher – £3 vs £2.37); harmful drinkers are also likely to reduce their consumption to a slightly lesser degree than previously estimated.

40. The 2017 data is presented differently to that in the 2014 modelling; for example, the 2017 model presents information by deprivation quintile, and it is not immediately clear how these quintile groups relate to the “in poverty/not in poverty” figures in the 2014 model.

41. A number of the key figures are compared below:

Consumption

	2014	2017
Population	-4% (-30.2 units)	-3.6% (-22 units)
Moderate	-2.2% (-6.4 units)	-1.1% (-2.4 units)
Hazardous	-2% (-28.8 units)	-3.0% (-37.4 units)
Harmful	-7.2% (-293.2 units)	-6.8% (-268.7 units)

²⁶ **Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation policies in Wales - Interim Report** - November 2017

Spend

	2014	2017
Population	1.6% (£10.14)	1.4% (£8.30)
Moderate	0.8% (£2.37)	1.1% (£3)
Hazardous	2.8% (£32.88)	1.5% (£17.60)
Harmful	1.1% (£32.35)	1.7% (£47.70)

Alcohol-attributable deaths

	2014	2017
Population	-6.8% (-53)	-8.5% (-65.9)
Moderate	n/a	n/a
Hazardous	-1.8% (-6)	-6.8% (-20.2)
Harmful	-6.5% (-45)	-8.2% (-45.7)

42. Dr Holmes and Colin Angus from SARG gave evidence to us on the day the interim report was released. In terms of the methodology used to produce the report, Colin Angus told us:

“I think, probably, the main difference between them is that in the previous report we considered socioeconomic status in a binary ‘in poverty’/‘not in poverty’ sense, whereas here we have a more detailed treatment of socioeconomic status, so we look at the differences in terms of the baseline consumption, and purchasing, and harm and the policy effects across quintiles of the Welsh index of multiple deprivation. So, we have a more detailed understanding here of the socioeconomic impact right across the spectrum.

(...) there are a few slight updates in terms of the risk relationships, particularly for some of the cancers and for some of the cardiovascular

conditions, which have changed. So, those are the estimates of how much your risk of harm relates to the amount that you drink.”²⁷

43. With regards to the data used to inform the modelling for the interim report, Colin Angus suggested that the 2014 modelling had some inherent limitations because the consumption data “came from relatively old sources, because there wasn’t a more recent survey of Wales that had good alcohol consumption data in it”. He added:

“(…) in the new report, we have data from the national survey for Wales, which is new, so the consumption data is much more up to date, and it’s better. (...) we have more recent pricing data and newer harms data.

Having a more up-to-date and more accurate, bigger sample size, and more representative survey data in terms of consumption behaviour, is unequivocally a good thing. These things can always be improved more—more studies can be done, you can do bigger surveys—but I think it’s clear that this is an incremental progression and further incremental progression is clearly possible (...)”²⁸

44. In February 2018 SARG produced its final report for the Welsh Government, **Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation policies in Wales**, which uses newly available data on alcohol consumption, more recent alcohol purchasing data, and a greater evidence base about the relationship between alcohol consumption and harm. It also includes new analyses of the increases in alcohol taxation required to achieve the same effects on key outcomes as a 50p MUP.²⁹

45. As with the 2017 Interim Report, the 2018 modelling considers the impacts of minimum unit pricing by reference to Welsh Index of Multiple Deprivation (WIMD) quintiles. These figures aren’t comparable with the “in poverty/not in poverty” categorisation used in the 2014 modelling.

46. The 2018 Report concludes that the greatest impact of a minimum unit price would be on the most deprived harmful drinkers. When compared with the original modelling data from 2014, the 2018 figures indicate the impacts on the hazardous drinker group are likely to be greater in terms of consumption reduction; harmful drinkers are likely to reduce their consumption to a slightly

²⁷ RoP, 29 November 2017, paragraph 4–5

²⁸ RoP, 29 November 2017, paragraphs 5–7

²⁹ **Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation policies in Wales** – February 2018

lesser degree than previously estimated; moderate drinkers are also not likely to reduce their consumption by quite as much as previously estimated.

47. The 2018 modelling concludes that the estimated impacts of a 50p MUP in Wales are:

- The estimated per person reduction in alcohol consumption for the overall population is 3.6%. This equates to an annual reduction of 22 units per drinker per year.
- High risk drinkers are estimated to reduce their consumption much more than increasing risk or moderate drinkers; the estimated reductions are 6.8% for high risk drinkers, 3.0% for increasing risk drinkers and 1.1% for moderate drinkers.
- Drinkers are estimated to reduce consumption but pay slightly more on average per unit consumed. Spending across the whole population is estimated to increase, and spending changes differ across the population, with high risk drinkers estimated to spend an extra £48 (1.7%) per year whilst moderate drinkers' spending increases by £3 (1.1%).
- 66 fewer deaths, 1,281 fewer hospital admissions, 2,093 fewer crimes and 9,808 fewer absent days in Wales per year.

48. There are notable differences between the 2014 and 2018 modelled impacts:

- The overall societal benefits have reduced from an estimated £882 million to £783 million.
- Retailers are estimated to see a smaller increases in profits (£17.8 million) than was shown in the original modelling (£27 million).

49. A number of the key figures are compared below:

Overall benefits of the Bill (over a 20 year period following implementation)

	2014	2018
Reduced direct healthcare costs	£131 million	£91 million
Gains from improved health outcomes	£489 million	£490 million
Benefits from lower crime	£248 million	£188 million
Reduced workplace absence	£14 million	£14 million
Total	£882 million	£783 million

Benefits to retailers from sales:

	2014	2018
Off-trade	£25 million	£16.8 million
On-trade	£2 million	£1 million
Total	£27 million	£17.8 million

50. It should be noted that SARG’s work does not go so far as to recommend what the minimum unit price should be.³⁰

51. There has been some criticism of the SARG modelling. A 2012 paper published by the Adam Smith Institute stated:

“Amongst the problems with the Sheffield model is its false assumption that heavy drinkers are more likely to reduce their consumption of alcohol as a result of a price rise. Its calculations are based on controversial beliefs about the relationship between per capita alcohol consumption and rates of alcohol related harm. (...)”

The model ignores the likely effects of minimum pricing on the illicit alcohol trade, it disregards the health benefits of moderate drinking and fails to take account of the secondary poverty created by regressive price rises.”³¹

52. The authors concluded that predictions based on the Sheffield Alcohol Policy Model are “entirely speculative”.³² SARG published a comprehensive response to the Adam Smith Institute’s critique.³³ This response stated that the critique makes assertions about the modelling which are factually incorrect, and describes basic errors and misunderstandings on the part of the critique’s authors. SARG refers to a substantial body of national and international evidence on the relationship between alcohol price, consumption and harm, and suggests that the Adam Smith Institute’s critique is a broad rejection of the use of mathematical models to estimate the potential impact of social policy options.

53. There has also been more recent criticism of, and challenge to, the SARG modelling. In written evidence Professor Jon Nelson, Professor Emeritus of

³⁰ [Evidence to Scottish Parliament](#) – 24 January 2012

³¹ [The Minimal Evidence for Minimum Pricing](#) – November 2012

³² *ibid*

³³ [A public response to the Adam Smith Institute’s critique of the Sheffield Alcohol Policy Model](#)

Economics at Pennsylvania State University, said “The Sheffield study is deficient”. He added:

“Simulation modelling is not a perfect substitute for evidence of actual real-world price differences and changes. The Sheffield Model is based on general population data. The scientific evidence assessed, however, should be focused on harmful and hazardous drinkers. Population-level econometric studies incorporate all manners of drinking levels and patterns, including in many instances individuals who abstain from consumption of alcohol.”³⁴

54. Chris Snowdon, of the Institute of Economic Affairs (IEA), similarly suggested that the modelling is “hugely unrealistic”.³⁵ In written evidence he expanded on his concerns:

“The SARG reports are based on assumptions that are often dubious and sometimes manifestly incorrect. It brings the policy-making process into disrepute when an unrealistic computer model designed by vocal advocates of minimum pricing is treated with the same respect as scientific evidence. (...) it would be impossible for an independent researcher to replicate the findings because the underlying assumptions are not always made clear. Insofar as its assumptions are discernible, they are frequently wrong.”³⁶

55. Dr John Holmes addressed the concerns raised in relation to the SARG modelling while giving evidence to us:

“(...) it’s often said that most of the evidence just comes from Sheffield. That’s not really the case. Our model itself is built on a very large body of evidence: on relationship between prices and consumption; the relationship between alcohol consumption and the risks to health from that—there’s huge epidemiological literature on those health risks; and also, various bits of evidence on the social patterning of alcohol consumption, so, who drinks what, who buys what and who suffers harm. Our model is not so much a piece of evidence in itself, it’s a synthesis of a huge body of evidence.”³⁷

³⁴ Written evidence, MPA 09

³⁵ RoP, 29 November 2017, paragraph 165

³⁶ Written evidence, MPA 10

³⁷ RoP, 29 November 2017, paragraph 10

56. The Cabinet Secretary told us that he was confident in the evidence base that the Sheffield Alcohol Research Group (SARG) have provided, and he saw this as “an entirely reasonable basis on which to proceed”.³⁸ The Cabinet Secretary said the SARG conclusions illustrate average overall impact of minimum unit pricing as a policy and, without considering the modelling on this basis “you’re just dealing in extremes in policy making, and that’s not a rational basis on which to make a policy, let alone on which to pass legislation”.³⁹ The Cabinet Secretary responded to the criticisms of, and challenges to, the SARG modelling expressed in evidence to us, and said:

“I don’t think it’s helpful to set up straw men to knock down and give credence to that form of view, rather than look at the overall impact and having some honesty in actually understanding the evidence that’s been given, and the independent evaluation report that’s been provided. If the evidence from Sheffield had said something different, we may well not be here because we may well not have been able to make out and to understand that this legislation could have had the public health gain that we think it will do.”⁴⁰

57. Janine Hale, a Welsh Government principal researcher accompanying the Cabinet Secretary, told us SARG has published several papers on their modelling work and they have been peer reviewed anonymously by a number of academics. With specific regard to Professor Nelson’s criticism of the SARG modelling and the wider evidence base, Ms Hale said the Government would be updating the EM and “will look at some of the additional references that he has provided and include them if necessary”.⁴¹

A minimum price for alcohol approach and the public health case

58. The overall cost to society of alcohol consumption in Wales is estimated to be £15.3 billion over 20 years. This includes direct health costs, a financial valuation of health benefits measured in terms of Quality-Adjusted Life Years (QALYs), costs associated with crime, and the cost of workplace absenteeism.⁴²

³⁸ RoP, 11 January 2018, paragraphs 28–29

³⁹ RoP, 11 January 2018, paragraph 9

⁴⁰ RoP, 11 January 2018, paragraph 23

⁴¹ RoP, 11 January 2018, paragraph 36

⁴² Explanatory Memorandum, paragraph 18

59. Over the last 30 years, alcohol in the UK has become increasingly affordable. Data for more recent years shows that reported alcohol consumption above recommended guidelines (hazardous/harmful drinking) has fallen across the Welsh population. Public Health Wales' annual substance misuse profile *Piecing the puzzle* (October 2016) highlighted the following trends:

- Reported alcohol consumption above recommended guidelines fell between 2011 and 2015, from 43.4% to 39.9% of the Welsh population aged 16+.
- In the lowest age group [16–44], drinking above guidelines fell from a reported 52.7% in 2008 to 41.7% in 2015.
- Figures from the Welsh Health Survey suggest that the proportion of adults drinking above guidelines and binge drinking is decreasing amongst both men and women, although the decrease is more marked in men.⁴³

60. There was broad, though not unanimous, support for the main policy objectives of the Bill. Public Health Wales (PHW) said “introducing a minimum unit price in Wales would lead to significant improvements in health and well-being”;⁴⁴ this was typical of the views we received.

61. We also heard broad support for the evidence base on which the legislation is predicated. The Welsh NHS Confederation (WNHSC) said “sufficient modelling has been undertaken for Wales”⁴⁵, and the BMA suggested the evidence base was now “well-established”⁴⁶.

62. Much of the evidence received focused on the Bill as a method of improving the health of the people in Wales. Public Health Wales said:

“There is compelling evidence (...) that introducing a minimum unit price in Wales would lead to significant improvements in health and well-being. (...) Many of the health harms associated with alcohol fall disproportionately on the most deprived communities (...) Tackling

⁴³ **Piecing the Puzzle** – October 2016

⁴⁴ Written evidence, MPA 02

⁴⁵ Written evidence, MPA 04

⁴⁶ Written evidence MPA 03

alcohol related ill health, therefore, is an important element in reducing inequalities in health.”⁴⁷

63. SARG itself has stated that minimum unit pricing is expected to contribute to the reduction of health inequalities.⁴⁸

64. Dr Richard Piper, of Alcohol Research UK, told us:

“This is absolutely a health measure. Alcohol is a wide-ranging issue that affects community life, social life, violence et cetera, but this is really about health. What we know is that alcohol units over time massively increase the risk factors in relation to cancer and in relation to a range of liver diseases. So, this measure will, for those drinkers who are drinking the cheapest, strongest alcohol and are choosing that because that’s the situation they’re in—it will lead to health benefits for them, and we have no doubts that those models make sense.”⁴⁹

65. Betsi Cadwaladr University Health Board’s evidence stated that harm-related costs could be “substantially reduced” if the legislation is passed.⁵⁰ Dr Kelechi Nnoaham, representing the Health Boards’ Directors of Public Health, provided an example to expand this point:

“If you buy a drink for £5, and then you drink it, and then you get drunk and then go out, and then get in a fight, and then break bottles and get an injury and litter the street—let’s just paint that very ugly scenario—what happens is that, for your £5, you’ve created a lot of work for doctors in A&E; you’ve created a lot of work for the local authority street-cleansing services; you’ve created a lot of work for the surgeon or whoever is going to stitch up the wound. Now, the consequences of the £5 spend on your drink is far greater for society. Health economists call that negative externalities. The whole idea of taxing alcohol or putting minimum unit pricing on alcohol is about correcting those negative externalities because they are not fair on society.”⁵¹

66. Dr Sadie Boniface and Dr Sally Marlow told us of their relevant work which has synthesised evidence from a range of studies. They said this work demonstrated “strong support” that minimum unit pricing would benefit society

⁴⁷ Written evidence, MPA 02

⁴⁸ Written evidence, MPA 07

⁴⁹ RoP, 13 December 2017, paragraph 14

⁵⁰ Written evidence, MPA 45

⁵¹ RoP, 23 November 2017, paragraph 56

in the form of overall reduced consumption, reduced alcohol morbidity and reduced mortality.⁵²

67. We heard evidence suggesting there may be confusion about whom the legislation is intending to target. Chris Snowdon, representing the IEA, said:

“So, who, actually, is it targeting? (...) Apparently, it’s targeting people like me, basically - people who drink more than the Government guidelines but aren’t dependent on it and don’t really suffer any harm or cause any real problem.

It seems to me that if it’s not actually affecting dependent drinkers, the very heaviest drinkers who are actually dying from this, I’m not sure what the purpose of it is (...)”⁵³

68. Dr Ruth Alcolado, representing the Royal College of Physicians (RCP), suggested there was no confusion and that “minimum unit alcohol pricing is quite targeted”. She said the Bill will make most difference to those people drinking very strong alcohol, won’t really affect moderate drinkers, and is therefore not a disproportionate measure.⁵⁴ Lynden Gibbs, of the Salvation Army, offered comparable views and suggested that the Bill would have an effect on people who have problematic drinking habits.

69. The Cabinet Secretary said the evidence we heard did not raise fundamental questions about the “purpose of the legislation and its efficacy in helping to deal with hazardous and harmful drinkers”.⁵⁵

70. However, we did receive evidence from Alcohol Concern Cymru (ACC) about where the impact of minimum unit pricing will be felt most strongly which gives us some concern:

“By setting a baseline price below which a unit of alcohol (10ml of ethanol) cannot be sold, MUP will have the greatest impact on drinks sold at the lowest prices relative to their alcoholic strength – drinks which tend to be favoured by the heaviest drinkers. This will be most

⁵² Written evidence, MPA 20

⁵³ RoP, 29 November 2017, paragraphs 142-143

⁵⁴ RoP, 23 November 2017, paragraph 134

⁵⁵ RoP, 11 January 2018, paragraph 4

obvious in the case of white ciders, for which there is little or no demand apart from that from people who are dependent on alcohol.”⁵⁶

71. The potential unintended consequences of this legislation, with particular regard to those who are dependent on alcohol, are explored in more detail in Chapter 4.

72. A number of stakeholders criticised minimum unit pricing as a health improvement policy. The Association of Convenience Stores (ACS) told us it was unconvinced that minimum unit pricing would have a significant impact on alcohol related harm. It suggested that minimum unit pricing is a “blunt instrument” and Welsh Government should “prioritise work that is already being done to reduce alcohol-related harm, through partnerships with industry, and increasing enforcement action against irresponsible retailers”.⁵⁷

73. In written evidence Asda cited recent data from the Office of National Statistics (ONS) showing that the highest earners are more likely to be frequent drinkers and argued that policies such as minimum unit pricing fail to help problem drinkers and punish responsible consumers. It added:

“France actually has higher levels of overall consumption than the UK, but they don’t see the same levels of alcohol related harm. This suggests that alcohol consumption is more closely associated with cultural factors than price and availability.”⁵⁸

74. Pernod Ricard said it was important to note that alcohol-related trends have been “moving in the right direction” in Wales for some time. It suggested that, while further work is still needed to bring down alcohol-related harm, the long-term progress is “important in determining the proportionality of the level of MUP”.⁵⁹

75. Chris Snowdon, of the IEA, said that were “several conspicuous examples” where harm and alcohol-related deaths have not followed trends in alcohol consumption, including the United Kingdom over the course of the last 15 years where, he suggests, the decline in alcohol consumption has not led to a

⁵⁶ Written evidence, MPA 12

⁵⁷ Written evidence, MPA 35

⁵⁸ Written evidence, MPA 48

⁵⁹ Written evidence, MPA 33

commensurate decline in harm. He added “my view of that is that it’s probably because it’s not the heaviest drinkers who have reduced their consumption”.⁶⁰

76. The Welsh NHS Confederation (WNHSC) addressed the suggestion that minimum unit pricing is a regressive policy, and said:

“(…) what is clear from the evidence is that if MUP is regressive, this regressivity is not unfair when considered against the social pattern of alcohol related harm.”⁶¹

77. We heard from many people that minimum unit pricing would not be a silver bullet⁶² and would not, on its own, reduce all alcohol related harm. On this point, Conrad Eydman, representing the Health Boards’ Directors of Public Health, said:

“(…) minimum unit pricing is an absolutely critical piece of a jigsaw, without which many of the other interventions we provide and the work that we do don’t achieve their full benefit. They only work as an entire package, and, for us, we have always seen this particular measure as a critical component of that package.”⁶³

78. The Cabinet Secretary told us that the great majority of below minimum unit price alcohol (if the MUP was set at 50p) is purchased by hazardous and harmful drinkers, so a minimum unit pricing policy is the best means of targeting a health gain in those groups. He said:

“Our view as a Government is that this is a worthwhile piece of public health legislation that will make a real difference.”⁶⁴

79. The EM states “the only way to test the [SARG] model is to introduce an MUP for alcohol”.⁶⁵

⁶⁰ RoP, 29 November 2017, paragraph 137

⁶¹ Written evidence, MPA 04

⁶² Written evidence, MPA 16

⁶³ RoP, 23 November 2017, paragraph 61

⁶⁴ RoP, 11 January 2018, paragraph 13

⁶⁵ Explanatory Memorandum, paragraph 220

Non-legislative, additional and alternative options, including taxation

80. We have been told of a number of measures which could either work alongside minimum unit pricing to help maximise the effectiveness of the policy, or which could be put into action instead of legislating.

81. Both Public Health Wales and the Welsh NHS Confederation recommend a range of measures which could reduce the harms caused by alcohol, including making public health and community safety a priority in all public policy making regarding alcohol and requiring evidence-based health warnings from an independent regulatory body on every alcohol product label. Public Health Wales said “None of these require MUP so are not dependent on MUP being in place but would work in synergy to reduce alcohol harms to health”.⁶⁶

82. The need to tackle alcohol advertising and marketing was raised by a number of respondents including the Association of Directors of Public Health (ADPH)⁶⁷, the Royal College of Emergency Medicine (RCEM)⁶⁸, and the Royal College of Nursing (RCN)⁶⁹.

83. Hywel Dda UHB suggested that a public health objective should be included within the licensing objectives under the Licensing Act 2003.⁷⁰ This was supported by the ADPH.⁷¹

84. In oral evidence SARG highlighted a range of policies which could work to complement minimum pricing, including investment in treatment services, increasing screening for heavy drinking in primary care and other healthcare settings, education, increases in alcohol taxation, and strengthening the licensing system to restrict the number of alcohol outlets and ensure more of these outlets are “well-run”.⁷² Dr John Holmes said:

“(…) minimum pricing shouldn’t be considered as a policy in isolation. I know the Welsh Government have limited powers over what they can do, but it should be considered alongside other strategies that target

⁶⁶ Written evidence, MPA 02 and MPA 04

⁶⁷ Written evidence, MPA 16

⁶⁸ Written evidence, MPA 18

⁶⁹ Written evidence, MPA 29

⁷⁰ Written evidence, MPA 19

⁷¹ Written evidence, MPA 16

⁷² RoP, 29 November 2017, paragraphs 39, 44 and 129

the things that minimum pricing doesn't target, or that would work in complement with minimum pricing..."⁷³

85. Children in Wales have suggested that the success of the legislation will "very much depend on the package of measures put in place to support its delivery".⁷⁴

86. We asked the Cabinet Secretary for his views on a number of these suggested additional and alternative measures. With regards to reducing the permitted alcohol limits for driving, the Cabinet Secretary said there were health gains to be made via that action but the Assembly does not have the competence to pursue it further.⁷⁵ In relation to labelling on alcohol products, he told us "There is a conversation between all of the UK nations about what we might do about that". However he suggested that, should the Welsh Government attempt to legislate for this, it would undoubtedly be challenged.⁷⁶

87. The Cabinet Secretary told us that similar conversations were taking place across the UK nations regarding alcohol advertising, in terms of where the adverts are placed and advertising on the products themselves.⁷⁷ Specifically in relation to advertising, the Welsh Government officials accompanying the Cabinet Secretary said "it's very complicated in terms of our powers in that area" because there are "various issues at play".⁷⁸

88. As an alternative to a minimum unit pricing policy, there are potentially a number of ways of increasing the price, and consequently reducing the affordability, of alcohol.

89. In written evidence the Institute for Fiscal Studies (IFS) suggested that a redesign of the current system of alcohol excise duties could also help to target problem drinkers as heavier drinkers tend to buy stronger alcohol. It said:

"(...) there is a case to be made for alcohol duty reform being undertaken instead of adoption of a minimum unit price. The reason is that minimum unit pricing has a substantial disadvantage: by introducing a price floor, the policy is likely to dampen competition in

⁷³ RoP, 29 November 2017, paragraph 39

⁷⁴ Written evidence, MPA 39

⁷⁵ RoP, 11 January 2018, paragraph 164

⁷⁶ RoP, 11 January 2018, paragraph 171

⁷⁷ RoP, 11 January 2018, paragraph 163

⁷⁸ RoP, 11 January 2018, paragraphs 172– 173

the retail market, resulting in increases in profits to the alcohol industry.”⁷⁹

90. The IFS’s 2013 report suggested that both minimum unit pricing and a reformed system of excise taxes would lead to a disproportionate increase in alcohol prices for low income households, but that the extra revenue raised by a tax reform could be used to compensate poorer households.⁸⁰

91. We heard that there are inherent flaws with relying on changes to alcohol taxation as a means of improving the health of problem drinkers. Tim Ruscoe of Barnardo’s Cymru suggested that taxation, in this respect “has proved to fail”.⁸¹ Dr Ranjini Rao, representing the Royal College of Psychiatrists (RCPsych) told us:

“The higher taxation does not necessarily give us the same kinds of health benefits that a minimum unit pricing would give, because there are ways of offsetting the minimum unit pricing with other products. Furthermore, high taxation would have an equal impact on moderate drinkers as well as high-risk drinkers...”⁸²

92. The EM refers to NICE public health guidance,⁸³ which suggests that a large increase in duty would be needed to raise the price of the cheapest products to a level that would reduce alcohol harm and that, unlike a minimum price per unit, this would affect all products equally rather than focusing on cheaper, stronger products.⁸⁴ Data for Scotland suggests that a 28% tax increase would be needed to deliver the same reduction in alcohol related deaths as a 50p MUP.⁸⁵

93. For comparative purposes, SARG’s 2014 modelling analysed the impact of a ban on below-cost selling, i.e. selling below the cost of duty plus the VAT payable on the duty, and a 10% general price increase on all alcohol products. It found that banning below-cost selling would have negligible impact on consumption and alcohol-related harms because the majority of alcohol sold would not be

⁷⁹ Written evidence, MPA 34

⁸⁰ **Price-based measures to reduce alcohol consumption** – March 2013

⁸¹ RoP, 13 December 2017, paragraph 147

⁸² RoP, 23 November 2017, paragraph 199

⁸³ Explanatory Memorandum, paragraph 173

⁸⁴ **NICE Public Health Guidance 24** – Alcohol-use disorders: preventing harmful drinking – June 2010

⁸⁵ Explanatory Memorandum, paragraph 166

affected by the policy.⁸⁶ The UK Government introduced a ban on below-cost selling in May 2014; this applies in England and Wales.

94. As previously mentioned in this report, in November 2017 the UK Government also announced changes to the structure of the alcohol duty system designed to target higher strength white ciders.

95. According to the 2014 modelling, the effects are broadly similar when you compare a 10% general price increase and a 55p MUP – the impacts on consumption and health outcomes continue to increase as the level of MUP increases.⁸⁷

96. The updated 2018 SARG modelling work considered the level of taxation needed in Wales to deliver equivalent reductions in consumption and harm to those estimated as achievable through minimum unit pricing. The recently published 2018 modelling concludes that large alcohol tax increases would be needed to achieve the same effects as a 50p MUP:

- A 33% tax increase would achieve the same reduction in alcohol consumption among hazardous and harmful drinkers.
- A 34% tax increase would achieve the same reduction in alcohol-attributable deaths among hazardous and harmful drinkers.⁸⁸

97. Based on the modelling, determining the appropriate level of MUP will be key to ensuring the effectiveness of the policy; this is explored further in Chapter 4.

98. The EM states:

“The Welsh Government is monitoring developments in light of the potential impacts of any duty on alcohol sales and higher-strength alcohol products in Wales. This is currently seen as a complementary measure to the introduction of a minimum price for alcohol. A new duty band would only deal with a limited type of alcoholic beverage and would not guarantee a minimum price as retailers would not necessarily pass on the increase in tax to consumers.”⁸⁹

⁸⁶ **Model-based appraisal of minimum unit pricing for alcohol in Wales** – September 2014

⁸⁷ **Model-based appraisal of minimum unit pricing for alcohol in Wales** – September 2014

⁸⁸ **Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation policies in Wales** – February 2018

⁸⁹ Explanatory Memorandum, paragraph 152

99. In oral evidence, Dr John Holmes said it was “open to debate” whether within EU law you could target tax increase on very narrowly defined beverage categories.⁹⁰

100. The Cabinet Secretary told us that the taxation regime has been ineffective in respect of tackling alcohol related harm.⁹¹ He said:

“The Welsh Government considers that taxation alone (as it currently stands in the UK) will not target and reduce levels of hazardous and harmful drinking in the same way as introducing an MUP for alcohol...”⁹²

101. The Cabinet Secretary suggested that higher taxation alone will not guarantee a minimum price for alcohol as retailers can absorb any tax increase by off-setting them against the cost of other products. He also confirmed that alcohol duty is set by the UK Government and the Welsh Government is not seeking the devolution of those powers.⁹³

Public awareness and implementation

102. Respondents have described a number of public misconceptions⁹⁴ about minimum unit pricing which may act as a barrier to public support for the policy. The EM sets out an estimated £100,000 in communication costs for Welsh Government, which includes a proposed £80,000 for publicising the change to businesses, and £20,000 for a public communications campaign.

103. Andrew Misell, representing ACC, told us there was “still work to be done” in explaining the policy to the general public.⁹⁵ David Jones, representing Trading Standards Wales, said:

“There’s a high public awareness that smoking causes all manner of health effects, and that’s been well known and well documented and well publicised for many years. Alcohol harm is rather less so. I think there may well be less public awareness of the alcohol harms and the costs, and, indeed, the case that I thought was very well made in the

⁹⁰ RoP, 29 November 2017, paragraph 51

⁹¹ RoP, 11 January 2018, paragraph 4

⁹² Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

⁹³ *ibid*

⁹⁴ Written evidence, MPA 32

⁹⁵ RoP, 13 December 2017, paragraph 73

consultation paper for bringing in this legislation, I don't think that many people out there will be aware of that."⁹⁶

104. Dr Ruth Alcolado, of the RCP, told us that having a “significant amount of publicity” which shows minimum pricing as an intervention to help support people who are drinking at hazardous and harmful levels could engage people to seek help.⁹⁷ In written evidence, Betsi Cadwaladr UHB suggested that there was a need for a clear communications strategy in the lead up period to implementation “to ensure readiness for adoption in considering unintended consequences”.⁹⁸

105. With regards to public awareness and the potential impact on compliance by business, David Riley, Chair of the Wales Heads of Trading Standards, said “if you can win the hearts and minds of the trade in particular, then I think you start off on a positive footing.⁹⁹ David Jones added:

“We think that, if there is a good education programme, an awareness-raising programme, to complement the enforcement, and a big early concentration from local authorities, that that will lead to a high level of compliance. (...) in the first year I think it's really important that we make an impact and pick up on the publicity that'll come from the media as a result of the announcement to strike while the iron's hot...”¹⁰⁰

106. The Federation of Small (FSB) agreed with the suggestion from local government representatives and said the best way to guarantee good implementation is to ensure there is a well-resourced communication campaign.¹⁰¹

107. The Cabinet Secretary told us that the Welsh Government's communication plans to accompany the legislation are “comparable with the sort of communications that [the Government has] undertaken in other pieces of legislation”. He said “if there is a need to do more to better educate the public, we're of course able to reconsider that”.¹⁰²

⁹⁶ RoP, 23 November 2017, paragraph 326

⁹⁷ RoP, 23 November 2017, paragraph 191

⁹⁸ Written evidence, MPA 45

⁹⁹ RoP, 23 November 2017, paragraph 320

¹⁰⁰ RoP, 23 November 2017, paragraph 233

¹⁰¹ Written evidence, MPA 25

¹⁰² RoP, 11 January 2018, paragraph 26

108. Many respondents also suggested that the implementation of the minimum pricing regime in Wales should be informed by Scotland’s experience of implementing its legislation, due to begin in May this year.

109. Betsi Cadwaladr UHB said that learning from the Scottish model is “vital to [...] ensure a smooth implementation” of this legislation.¹⁰³ Cancer Research UK suggested that the Welsh Government should liaise with the other UK nations to set a uniform pricing level, to ensure consistency, and for ease of implementation.¹⁰⁴

110. The evidence we received from retailers and industry also included comments and suggestions about the planned implementation of the Bill.¹⁰⁵ The Welsh Retail Consortium (WRC) urged the Welsh Government to take the same approach as Scotland to ensure clarity for both retailers who operate in both nations and for consumers. It added:

“Retailers would ask that Implementation does not take place during the final three months of the year as alcohol sales play a significant role in Christmas promotional activity and this would be challenging to implement simultaneously.”¹⁰⁶

111. Asda told us that the Welsh Government should allow businesses sufficient time to upgrade their systems, and suggested that “an implementation period of a minimum of two years after the Bill reaches Royal Assent would be appropriate”.¹⁰⁷

112. In contrast, Balance, a charity operating in the North East of England working to tackle alcohol-related issues, told us there are “hugely strong and compelling arguments for introducing MUP at the earliest opportunity”.¹⁰⁸

113. In his letter to us on 14 November the Cabinet Secretary confirmed that the Welsh Government is proposing to commence the minimum pricing regime in Wales 12 months from the date of Royal Assent of the Bill.¹⁰⁹ In oral evidence, he

¹⁰³ Written evidence, MPA 45

¹⁰⁴ Written evidence, MPA 14

¹⁰⁵ Written evidence, MPA 40 and MPA 35

¹⁰⁶ Written evidence, MPA 38

¹⁰⁷ Written evidence, MPA 48

¹⁰⁸ Written evidence, MPA 21

¹⁰⁹ Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

said “we’ll have more than a year of minimum unit pricing in Scotland by the time we get around to introducing a regime here in Wales”.¹¹⁰ However, he added:

“I’m also not persuaded that we need to set out a position where, if another country makes a choice, we will automatically follow. We need to think about how we understand our own evidence about what the impact should be in practical terms as well as the health gain.”¹¹¹

114. The Cabinet Secretary told us that the timescales for implementation of the legislation are “entirely appropriate” and he did not have plans to “push that further back”.¹¹²

Our view

115. We broadly welcome the proposals in the Public Health (Minimum Price for Alcohol) (Wales) Bill. We believe the Bill has the potential to contribute to the Welsh Government’s aim of improving and protecting the health of the population of Wales, and to contribute to its wider strategic approach to tackling alcohol-related harm in Wales.

Recommendation 1. We recommend that the National Assembly agrees the general principles of the Public Health (Minimum Price for Alcohol) (Wales) Bill.

116. Notwithstanding the above, we believe the Bill and wider policy require further consideration. Our scrutiny of the Bill has been thorough and we believe the evidence presented to us indicates a need for further action to improve the Bill, to prepare for its commencement, and to support its implementation. Further action is also needed to ensure the impacts of minimum unit pricing, including any unintended consequences, are monitored and understood.

117. The Bill has great potential to help address some of the longstanding health concerns around the effect of excess alcohol consumption in Wales. However, as an untested theory, the evaluation of the effect of introducing minimum unit pricing in Wales is a critical and necessary element of the legislation. Our comments on the evaluation process are detailed further in Chapter 6.

118. It is clear that the Sheffield Alcohol Research Group (SARG) has undertaken a wealth of research and has made itself the authority in this area; its modelling work is both in-depth and extensive. We have little doubt that the group’s work is

¹¹⁰ RoP, 11 January 2018, paragraph 29

¹¹¹ RoP, 11 January 2018, paragraph 146

¹¹² RoP, 11 January 2018, paragraph 85

likely to be the most robust and comprehensive evidence base available to support minimum unit pricing. However, we acknowledge that minimum unit pricing remains an untested theory and we have heard some reservations about its suggested impact.

119. We have also heard doubts about the groups on which the legislation will have the greatest impact. The Cabinet Secretary has stated, and indeed the SARG modelling suggests, that minimum unit pricing of alcohol will have the biggest beneficial impact on hazardous and harmful drinkers. However we received stark evidence that increasing the floor price below which alcohol cannot be sold will adversely affect drinkers who are dependent on cheap, strong alcohol such as white ciders. We are, therefore, concerned about the availability of adequate alcohol misuse treatment and support services. We are also concerned that an unintended consequence of the legislation will be to lead some problem drinkers to substitute alcohol for more dangerous and illegal substances; this is particularly relevant to those who are already poly-users.¹¹³ The lack of evidence currently available in relation to poly-use and substitution is concerning in itself. The evidence and our conclusions on these points are detailed further in Chapter 4.

120. A number of stakeholders recommended the Welsh Government imposes a levy on retailers, or introduces a voluntary contribution scheme, so that a share of any increased profits as a result of minimum unit pricing could be directed into healthcare and support services. We believe this should be considered further by Welsh Government, and this matter is explored further in Chapter 4.

121. In scrutinising this Bill, we are acutely aware that it will be viewed by many with scepticism, not least from some elements of the relevant retail and industry sectors. We are also aware that there are many misperceptions about the effect that the legislation will have on certain groups. As such we think communicating the purpose of the legislation to both the general public and to the businesses affected will be critical to its success as a health improvement measure; this is explored further in Chapter 5. We note the Cabinet Secretary's comments regarding the allocation of monies for a communications plan, but do not believe £100,000 is a sufficient amount to fund this work. As such, we welcome the Cabinet Secretary's openness to reconsidering the Welsh Government's intentions in this regard.

¹¹³ Polysubstance use is the use of more than one drug or type of drug by an individual. According to **DrugWise**, this is often with the intention of enhancing or countering the effects of another drug, however it may simply occur because the user's preferred drug is unavailable (or too expensive) at the time.

Recommendation 2. The Welsh Government should review the cost estimates contained in the Regulatory Impact Assessment for the planned communications activity with a view to increasing the total funding available for publicising the changes to businesses and for raising public awareness.

122. The evidence we have received has emphasised that minimum pricing will not be effective in isolation, and a range of measures are needed to tackle alcohol misuse. We believe there is merit in taking action on some of the additional measures identified by stakeholders, including requiring evidence-based health warnings from an independent regulatory body on every alcohol product label, and limiting alcohol advertising. We urge the Cabinet Secretary to fully explore all opportunities, including pressing for action at UK level, to ensure a comprehensive set of measures are in place to reduce alcohol harm.

123. We have made a number of recommendations which we believe will strengthen the legislation and its implementation, and will avoid some potential unintended consequences, particularly with regards to dependent drinkers. These are detailed in the following chapters.

4. Setting a minimum price for alcohol (sections 1 to 7 of the Bill)

124. Section 1 of the Bill sets out the formula to calculate the minimum selling price for alcohol. This is based on a minimum price per unit of alcohol. The minimum unit price (MUP) is not set out in the Bill and will be specified in regulations. An MUP of 50p is used as an example in the Bill, EM and Regulatory Impact Assessment.

125. The formula proposed is minimum unit price x strength x volume. For example (assuming an MUP of 50p), a 7.5% strength, three litre bottle of cider would have a minimum selling price of £11.25 (0.50 x 7.5 x 3). A three litre bottle of cider, with a 7.5% strength, can currently be bought at an off-trade¹¹⁴ retailers for £3.69.¹¹⁵ The stated purpose of the Bill is to address the availability of low cost, large volume, strong alcohol; as such, the impact of the Bill (in addition to the example set out above) may most likely be seen in a change in price to:

- a 75cl bottle of own brand wine – £4 to £4.69;
- four cans of 440ml own brand lager – £2.55 to £3.34;
- a one litre bottle of own brand vodka – £15 to £18.75.¹¹⁶

126. Although on-trade¹¹⁷ drinks promotions are quite commonplace, the EM notes that on-trade retailers are unlikely to be selling alcohol below an MUP of 50p.

127. Under section 2, it will be an offence for an alcohol retailer to supply alcohol, or to authorise the supply of alcohol, at a selling price below the applicable minimum price in Wales. Sections 3 and 4 define the supply of alcohol and the qualifying premises to which the Bill will apply. Sections 5 to 7 set out the rules relevant to determining the applicable minimum price when alcohol is supplied through special offers.

¹¹⁴ “Off-trade” locations are where alcohol is sold for consumption off the premises, e.g. shops and supermarkets.

¹¹⁵ Iceland Foods Ltd online groceries – website accessed 15 February 2018

¹¹⁶ Tesco groceries online – website accessed 15 February 2018

¹¹⁷ “On-trade” locations are where alcohol is sold for consumption on the premises, e.g. pubs and restaurants.

Minimum unit pricing, the formula, the offences and the application to multi-buy and other deals

128. There was widespread support from stakeholders for these provisions. The BMA said:

“(...) we are... of the opinion that the measures proposed would appear to be both reasonable and proportionate. We particularly note that the manner for calculating the minimum price for alcoholic drinks to comply with the Bill’s provisions has been presented in a clear and straightforward manner.”¹¹⁸

129. We asked witnesses if the definitions of the core terms used within the Bill were sufficiently clear. Simon Wilkinson, representing the Welsh Local Government Association (WLGA), told us they were “quite au fait” with the definitions as they have been previously established in other legislation. He added that it would be unhelpful if the definitions were markedly different from what are already in use.¹¹⁹

130. The ADPH welcomed the Bill’s provisions which apply where alcohol is bought as part of a multi-buy deal. It did, however, say it is “vital that loopholes are not inadvertently created”, allowing alcohol to be purchased below the minimum unit price on some occasions.¹²⁰

131. Dr Julie Bishop, representing Public Health Wales, commented on the potential for loopholes; she said:

“There will always be attempts to undermine the benefits, potentially. The market’s very clever. I think we need to do everything we possibly can to make sure that the legislation that goes through is futureproofed against those kind of things...”¹²¹

132. The Cabinet Secretary told us “section 6 [of the Bill] is there to avoid people using a meal deal to sell alcohol below the minimum unit price”.¹²²

133. There was also broad support from stakeholders for the minimum unit price to be specified in regulations. Cancer Research UK said it is appropriate to allow

¹¹⁸ Written evidence, MPA 03

¹¹⁹ RoP, 23 November 2017, paragraph 266

¹²⁰ Written evidence, MPA 16

¹²¹ RoP, 23 November 2017, paragraph 112

¹²² RoP, 11 January 2018, paragraph 143

Welsh Ministers to set the minimum unit price through regulations as it would allow the Welsh Government to regularly review the price so that it continued to be effective.¹²³ Cytun offered support based on similar reasoning.¹²⁴ The BMA told us that enabling minimum unit pricing to be determined in regulations could ensure its “impact on alcohol affordability, and hence the intent of the Bill to reduce alcohol-related harm, can be maintained into the future”.¹²⁵

134. However, the WRC stated:

“We remain concerned that this figure has not been included in the bill and will be set by regulations; this provides uncertainty as to what level of impact the MUP will have operationally and on our consumers.”¹²⁶

135. The Cabinet Secretary told us that, before the minimum unit pricing regime comes into force, work will be undertaken to ensure that the minimum unit price is set at the appropriate level. He also confirmed that the Welsh Government intends to review this after two years.¹²⁷ We comment on this in “Our view” later in this chapter.

136. We heard extensive views from stakeholders on the actual minimum unit price and how it should be determined. Betsi Cadwaladr UHB suggested that the minimum unit price point will be “key to the success of the initiative”.¹²⁸ The Salvation Army told us that it is important that the minimum unit price is set “sufficiently high” so that it has an impact on purchasing behaviour”,¹²⁹ this was supported by Fiona Kinghorn, representing the Health Boards’ Directors of Public Health.¹³⁰

137. Fiona Kinghorn, Dr Ruth Alcolado, and the RCPsych in written evidence all supported the minimum unit price being set at 50p for the initial implementation period.¹³¹ Cancer Research UK and the ADPH told us that the minimum unit price should be no less than 50p.¹³² The ADPH said:

¹²³ Written evidence, MPA 14

¹²⁴ Written evidence, MPA 43

¹²⁵ Written evidence, MPA 03

¹²⁶ Written evidence, MPA 38

¹²⁷ Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

¹²⁸ Written evidence, MPA 45

¹²⁹ Written evidence, MPA 49

¹³⁰ RoP, 23 November 2017, paragraph 83

¹³¹ RoP, 23 November 2017, paragraphs 85 and 180, and written evidence, MPA 06

¹³² Written evidence, MPA 14 and MPA 16

“We are keen to stress that it [MUP] must be equivalent to or more than 50p per unit as this is where there is evidence of potential to reduce alcohol consumption among hazardous and harmful drinkers while only having a small impact on moderate drinkers.”¹³³

138. Conversely, Pernod Ricard “strongly believe the level of MUP should not be in excess of 50p a unit”. In written evidence it added:

“(…) this level should be fixed for the duration of the initial legislation (six years), pending full review of its impact. (...) Given a MUP of 50p will already affect around half of products on the market, and the legislation is experimental, we believe a MUP beyond 50p would be disproportionate – and therefore go against the spirit of the Supreme Court’s Judgement.”¹³⁴

139. Further to this, Pernod Ricard stated that the Welsh and Scottish Governments should adopt the same level of minimum unit pricing in order to minimise the disruption to the pricing plans of national retailers. The WRC expressed similar views.¹³⁵

140. Public Health Wales and the Welsh NHS Confederation suggested that the level of MUP may need to be adjusted at introduction, and routinely after that, to reflect inflation.¹³⁶ The RCPsych told us it is important that the minimum unit price reflects the affordability of alcohol.¹³⁷ Professor Tim Stockwell echoed this view in his written evidence and said that linking the minimum unit price to the cost of living is a “really important aspect” of the legislation.¹³⁸

141. The Cabinet Secretary told us that the Welsh Government would consider how “to make sure that the impact [of minimum unit pricing] isn’t dulled” over time.¹³⁹ We comment on this in “Our view” later in this chapter.

142. One potential consequence of introducing a minimum unit pricing system which has been welcomed by many stakeholders is the process of reformulation. ACC suggested that minimum unit pricing may create an incentive for producers to offer a greater range of alcoholic drinks with lower alcohol content. It noted

¹³³ Written evidence, MPA 16

¹³⁴ Written evidence, MPA 33

¹³⁵ Written evidence, MPA 33 and MPA 38

¹³⁶ Written evidence, MPA 02 and MPA 04

¹³⁷ Written evidence, MPA 06

¹³⁸ Written evidence, MPA 11

¹³⁹ RoP, 11 January 2018, paragraph 40

that a similar effect was observed following the 50% reduction in duty on beers of 2.8% ABV or less in 2011.¹⁴⁰ In oral evidence, Dr Richard Piper, representing Alcohol Research UK, said:

“Reformulation is where manufacturers decide to change their products. So, it may well be that Frosty Jack’s decide, ‘No, we like that £3.50 price point’, and what they may well do is reduce the amount of alcohol in the product. And that is one of the likely and intended, hoped-for, consequences of this Bill—to reduce the strength. People will be drinking the same quantity of liquid but doing less harm to themselves.”¹⁴¹

143. The BMA’s written evidence referred to the National Institute for Health and Care Excellence (NICE) view that minimum pricing would encourage producers to reduce the strength of their products.¹⁴² Hywel Dda UHB told us that the introduction of minimum unit pricing may encourage drinks manufacturers to produce alcohol products with lower alcohol volume in order to maintain profit levels.¹⁴³

144. In oral evidence, the idea of reformulation was seen as a positive consequence by both Public Health Wales and the BMA.¹⁴⁴

145. Organisations signing up to the **UK Public Health Responsibility Deal** commit to taking action voluntarily to improve public health through their commercial actions as well as their responsibilities as employers and community activities. The Responsibility Deal included a core commitment to remove 1 billion units of alcohol (annually) from the market by December 2015, principally through improving consumer choice of lower-strength alcohol products. The Welsh Government’s Substance Misuse Strategy **Annual Report** for 2015 stated:

“We have made no secret of the fact that we were disappointed that the UK Government has not taken stronger action to reduce alcohol related harm. However we will continue to support the UK Government’s Public Health Responsibility Deal and the six new pledges which were announced last year. We have recently established

¹⁴⁰ Written evidence, MPA 12

¹⁴¹ RoP, 13 December 2017, paragraph 25

¹⁴² Written evidence, MPA 03

¹⁴³ Written evidence, MPA 19

¹⁴⁴ RoP, 23 November 2017 paragraphs 107 and 213

a Welsh Government Alcohol Industry Network to help understand how those pledges are being implemented in Wales.”

146. The EM highlights data showing that the Responsibility Deal between the UK Government and the alcohol industry has helped to reduce overall consumption of units of alcohol by decreasing the strength of drinks on the market, especially the average strength of beer.¹⁴⁵

147. The Cabinet Secretary told us he hoped producers would lower the units of alcohol in products, but producers had yet to disclose their plans.¹⁴⁶ Again, we comment on this in “Our view” later in this chapter.

Impact on consumers

Low income households

148. According to the SARG modelling work, minimum unit pricing has a greater relative impact on those in poverty (as these drinkers tend to buy cheaper alcohol). The 2014 modelling work also highlighted that a greater proportion of those in poverty are non-drinkers (compared to higher income groups); the impact on poorer drinkers’ spending is smaller overall than the impact on those not in poverty; and the greater fall in consumption amongst drinkers in poverty leads to greater reductions in alcohol-related harms.

149. The SARG modelling published in 2017 and 2018 suggests that people in more deprived areas are more likely to abstain from drinking entirely and, among those who do drink, those in the more deprived areas drink less on average and spend considerably less.¹⁴⁷ The interim report also concludes that the negative impacts of alcohol on health are disproportionately concentrated in heavier drinkers in the lowest socioeconomic groups.¹⁴⁸

150. Concerns have been raised that minimum unit pricing is a regressive policy that will have a disproportionate impact on low income groups. One individual who responded to the Committee’s consultation said the Bill “has a massive

¹⁴⁵ Explanatory Memorandum, paragraph 185

¹⁴⁶ RoP, 11 January 2018, paragraphs 57 and 136

¹⁴⁷ **Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation policies in Wales** – February 2018

¹⁴⁸ **Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation policies in Wales - Interim Report** – November 2017

potential of backfiring and affecting people who enjoy a drink in moderation from poorer backgrounds”.¹⁴⁹ The Wine and Spirit Trade Association (WSTA) told us:

“By its nature Minimum Unit Pricing is regressive and will impact those on low incomes the most. Alcohol consumed by those on higher incomes is more likely to be above a Minimum Unit Price level and therefore the impact will be most felt by those on low income who purchase alcohol at the lower price level. The consequence is making a regular shop for people on low incomes more expensive which will impact on their standards of living.”¹⁵⁰

151. We received similar views from Asda who told us that pricing is subjective and for many of its customers prices are affordable and not cheap. It added “Minimum pricing wrongly assumes that everyone who looks for value for money is a binge-drinker”.¹⁵¹

152. In oral evidence Chris Snowdon, representing the IEA, said the policy was “regressive in the economic sense” as it would take a disproportionately larger share of income from poorer households than it would from richer households.¹⁵² In written evidence he added that the increase in the cost of living for those on low incomes who do not reduce their alcohol consumption will likely result in cuts to other parts of the household budget, such as food and heating.¹⁵³ This concern was shared by Powys Teaching Health Board, the Welsh NHS Confederation¹⁵⁴, and the ADPH¹⁵⁵. Powys THB said:

“There is a possibility that people on low incomes who currently purchase alcohol below MUP will continue to drink alcohol and pay the higher price, but spend less on food/heating for family. (...) This is likely to cause health related problems and complexities for the individual and their family. If this pattern is observed on a wide scale, it could contribute to a widening of health inequalities. This is something that we believe would need to be monitored. The evaluation of MUP outlined within the Bill is welcomed in this respect.”¹⁵⁶

¹⁴⁹ Written evidence, MPA 01

¹⁵⁰ Written evidence, MPA 40

¹⁵¹ Written evidence, MPA 48

¹⁵² RoP, 29 November 2017, paragraph 168

¹⁵³ Written evidence, MPA 10

¹⁵⁴ Written evidence, MPA 04

¹⁵⁵ Written evidence, MPA 16

¹⁵⁶ Written evidence, MPA 42

153. The ADPH did, however, suggest that the benefits of MUP and the harm reduction it could bring outweigh these concerns.¹⁵⁷ This was a view shared by many of the health professionals who presented evidence to us. The BMA's Dr David Bailey told us that alcohol abuse drives poverty and its social impact is almost entirely negative.¹⁵⁸ Dr Ruth Alcolado, representing the RCP, said the Bill will have a "disproportionately beneficial effect on people with low incomes".¹⁵⁹ Dr Richard Piper, of Alcohol Research UK, suggested that the Bill should be viewed as a measure that is "a benefit to the population". He added:

"Those benefits will accrue more in poorer communities. (...) Those communities are less resilient to alcohol problems. They tend to be more affected by a greater density of alcohol drinkers in that community and the families and communities around those drinkers also find it difficult to seek support or access support. So, this measure should benefit those groups more."¹⁶⁰

154. The Welsh NHS Confederation said there is a need to ensure that professionals working with and supporting people in the most deprived communities are aware of the introduction of minimum pricing and its potential implications.¹⁶¹

155. The Bill's Equality Impact Assessment suggests that households in poverty have the most to gain from the proposals, because of the anticipated reduction in levels of consumption and the health benefits associated with this.

156. In his letter to us on 14 November the Cabinet Secretary said:

"People living in poverty are disproportionately likely to abstain from alcohol or drink very low amounts (...) People in the lowest socioeconomic groups who are harmful drinkers will accrue the greatest health benefits from the policy, as a result of anticipated reductions in the consumption of alcohol (...) The impacts of MUP on low income and vulnerable groups is an issue we will continue to consider both as the Bill proceeds through the National Assembly and as MUP is implemented."¹⁶²

¹⁵⁷ Written evidence, MPA 16

¹⁵⁸ RoP, 23 November 2017, paragraph 154

¹⁵⁹ RoP, 23 November 2017, paragraph 152

¹⁶⁰ RoP, 13 December 2017, paragraph 63

¹⁶¹ Written evidence, MPA 04

¹⁶² Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

Children and young people

157. According to the EM, young people, especially those who drink heavily or frequently, have been shown to be sensitive to price changes. In particular, the EM states, there is evidence that demonstrates a relationship between drink prices, the prevalence of heavy drinkers and pre-drinking.

158. The evidence we have received has not presented a consistent message about the benefits the Bill could have on the health of children and young people.

159. Witnesses representing the health sector suggested that the Bill has a preventative role to play.¹⁶³ Dr David Bailey, Chair of the BMA Welsh Council, suggested children and young people are likely to be price sensitive and making high-strength alcohol more expensive will make it less accessible to children with small incomes.¹⁶⁴ Similarly, David Jones from Trading Standards Wales agreed that young people's consumption is price sensitive; he said:

“This is one of the big reasons that trading standards has been so supportive of this legislation, because we think it'll have a big impact on our work with protecting young people from alcohol.”¹⁶⁵

160. However, Tim Ruscoe, representing Barnardo's Cymru, told us that services on the ground were reporting that minimum unit pricing “isn't going to make a difference in the purchase and consumption” because the majority of children are accessing alcohol through family members.¹⁶⁶ In written evidence he added:

“For many of the children and young people who use substance misuse services because of their own use of substances, it is considered that this legislation will have little effect as alcohol is not usually the drug of choice but one of convenience being utilised if available.”¹⁶⁷

161. The suggestion that the Bill would not necessarily have a big impact on children and young people was evidenced during the Assembly's Outreach team's engagement work. The young people involved in the engagement events were sceptical about minimum unit pricing. The majority of participants said that they would not make any adjustments to the type of alcohol they currently buy, and

¹⁶³ RoP, 23 November 2017, paragraphs 177 and 79, and RoP, 13 December 2017, paragraph 54

¹⁶⁴ RoP, 23 November 2017, paragraph 176

¹⁶⁵ RoP, 23 November 2017, paragraph 292

¹⁶⁶ RoP, 13 December 2017, paragraph 152

¹⁶⁷ Written evidence, MPA 13

would simply make sacrifices elsewhere in their budget. The young people also said:

- Instead of giving up alcohol completely, they would simply drink a slightly more expensive alcohol, if their financial situation allows.
- Increasing the price of alcohol won't change the drinking culture but may lead to more anti-social behaviour like stealing.
- The government has not really tried any of the alternative ways of tackling the underlying issue and restricting people's freedom should be the last resort for government when trying to solve social problems.¹⁶⁸

162. We heard that the Bill may lead to a positive impact on adverse childhood experiences.¹⁶⁹ Dr Ruth Alcolado highlighted the relationship between alcohol and domestic violence:

“If we look at the incidence of domestic violence where alcohol fuels the vast majority of that, we know that for those witnessing those sorts of events during early childhood, it has really negative impacts on both mental and physical health and well-being in the future, and this is something that we would expect not to be able to measure straight away, but we would expect minimum unit pricing to have a significant impact on that.”¹⁷⁰

163. However, on this point and in contrast to other views expressed, Barnardo's Cymru suggested “this is one of the areas where the weakness of the legislation is most stark”.¹⁷¹

164. Children's charities are generally supportive of a minimum unit pricing as a health improvement measure.¹⁷² The Royal College of Paediatrics and Child Health (RCPCH) welcomed the Bill and said it will have a significant positive impact on child health.¹⁷³

165. However, some concerns were expressed that, in poorer households, an increased price for alcohol could result in a greater share of the family budget

¹⁶⁸ Health, Social Care & Sport Committee, 13 December 2017, Paper 6

¹⁶⁹ RoP, 23 November 2017, paragraph 177

¹⁷⁰ RoP, 23 November 2017, paragraph 150

¹⁷¹ Written evidence, MPA 13

¹⁷² Written evidence, MPA 13 and MPA 39

¹⁷³ Written evidence, MPA 17

being spent on drink, leaving less money for food, fuel etc. Barnardo's Cymru highlighted potential negative consequences including the supplementing of family income through prostitution, increases in offending, and increases in exploitation.¹⁷⁴ Similar concerns were raised during the Assembly Outreach team's engagement work.¹⁷⁵

166. Children in Wales told us that education was essential as it is “questionable how responsive young people as consumers of alcohol will be”. It said:

“Alongside the proposals put forward to increase the minimum unit cost of alcohol, there has to be an on-going comprehensive education and awareness raising campaign for both parents and young people to inform and support individuals seeking to change harmful and adverse risk taking behaviours; to inform parents and young people about the risks and potential consequences of excessive drinking, and to inform on safe ways/point in time for parents/carers to appropriately introduce alcohol, and discussions around alcohol use to children.”¹⁷⁶

167. Similar views were expressed by the young people who took part in the engagement work, who suggested there should be a greater focus on responsible drinking and the dangers associated with alcohol in school PSE lessons.¹⁷⁷

168. The Children's Rights Impact Assessment (CRIA) information included in the EM states that, overall, it is considered that the legislation will have a positive impact in terms of supporting individual children's rights. The full CRIA accompanying the Welsh Government's 2015 draft Bill highlighted:

“There will be a need to monitor some potential indirect negative impacts which could arise as a result of these proposals. In particular, while an MUP for alcohol is intended to have a smaller effect on moderate drinkers and those on low incomes, there will be a need to monitor perceived affordability for young adults and to monitor the impact on household budgets of those living in poverty, in order to ensure that the MUP does not indirectly push some children further into deprivation. However, on balance we believe that it is in the best interests of the child to proceed with a MUP for alcohol.”

¹⁷⁴ Written evidence, MPA 13

¹⁷⁵ Health, Social Care & Sport Committee, 13 December 2017, Paper 6

¹⁷⁶ Written evidence, MPA 39

¹⁷⁷ Health, Social Care & Sport Committee, 13 December 2017, Paper 6

169. We comment on the impact on children and young people in “Our view” later in this chapter.

Impact on dependent drinkers, unintended consequences, availability of treatment services and the substitution effect

Impact on dependent drinkers

170. As mentioned previously in this report, Alcohol Concern Cymru’s (ACC) written evidence notes that minimum unit pricing will have the greatest impact on drinks sold at the lowest prices relative to their strength, and that this will be most obvious in the case of white ciders for which there is little or no demand apart from among people who are dependent on alcohol.¹⁷⁸

171. When asked at Committee whether he thought the Bill may have a greater impact on people who are dependent on alcohol, Andrew Misell of ACC, stated:

“I think it will at the very cheapest end. The particular drinks we’re talking about there are the white ciders. For historic reasons, ciders are the cheapest form of alcohol. There have been two studies done, one in Scotland, one in London, showing that there is next to no market outside of the alcohol-dependent drinkers for these ciders. There’s going to be a very definite impact on dependent drinkers.”¹⁷⁹

172. Written evidence from ACC states:

“Terms such as ‘hardened drinkers’, ‘addicts’, ‘alcoholics’, and ‘binge drinkers’ are used largely interchangeably to refer to people whom the observer believes have little or no wish or ability to control their drinking. In reality, these terms encompass a range of people who may consume very different amounts of alcohol, over different periods of time, and for very different reasons; and who may have varying degrees of control over their drinking behaviour.

Alcohol-dependent drinkers are in some senses a distinct group, in that they are people who have become physiologically dependent on alcohol as a result of long-term heavy use. They need to regularly consume alcohol in order to avoid physical withdrawal symptoms (which can occasionally cause death), and they should not stop drinking altogether without a medically supervised detox. The number

¹⁷⁸ Written evidence, MPA 12

¹⁷⁹ RoP, 13 December 2017, paragraph 18

of dependent drinkers in the population is estimated to be 1.4% of adults, or around 36,000 people in Wales.”¹⁸⁰

173. This point was also made in oral evidence by Colin Angus, SARG, who said “It’s very easy to mischaracterise all very heavy drinkers as being dependent, and that’s simply not the case. (...) Dependent drinkers are a different population”.¹⁸¹

174. Dr Julie Bishop, of Public Health Wales, said:

“For most people, alcohol purchases are discretionary. It is something you make a choice to do. There is a very, very small number of people who are dependent on alcohol, but estimates would say far less than one—probably about 1 per cent of the population”.¹⁸²

175. The Sheffield Alcohol Policy Model does not explicitly consider the policy’s potential impact on dependent drinkers, and it is acknowledged that alcohol dependency is most effectively handled by specialist support and treatment services. It is not clear what impact minimum pricing might have on those who are dependent on alcohol, and this is an area of concern for the Committee. The EM states:

“MUP is likely to affect dependent drinkers, some of whom may be unable to cut down on their alcohol consumption. There may be others who have to reduce their drinking drastically and within a short time period following the introduction of an MUP, which may lead to increased pressure on associated support services, at least initially.”¹⁸³

Unintended consequences

176. Witnesses raised a number of concerns about potential unintended consequences arising from the legislation.

177. In its response to the Welsh Government consultation on the Draft Public Health (Minimum Price for Alcohol) Bill, the homelessness charity The Wallich broadly supported the introduction of minimum unit pricing, and believed it would lead to an overall reduction in alcohol consumption by its service users. However, it expressed concern about the effect of the policy on specific groups of

¹⁸⁰ Written evidence, MPA 12

¹⁸¹ RoP, 29 November 2017, paragraph 95

¹⁸² RoP, 23 November 2017, paragraph 38

¹⁸³ Explanatory Memorandum, paragraph 227

people who are homeless or at risk of homelessness – namely, those who are sleeping rough and those who have a chronic alcohol dependency.

“Alcohol misuse is [a] serious issue among around one fifth of people being supported by The Wallich. We welcome attempts to decrease alcohol consumption among those people through imposing a minimum unit price. Alcohol is profoundly physically addictive and those who have a chronic alcohol dependency withdrawal can be extremely dangerous. For this reason, we have concerns around the effect of a minimum unit price for alcohol on those who have a chronic alcohol dependency and those who are sleeping rough and call for impact assessments for these groups before proceeding with the legislative process.”¹⁸⁴

178. The Assembly’s Outreach team carried out some engagement work on the Committee’s behalf, including with homeless people, frontline staff and service users (this included people with alcohol addiction issues). There were some stark messages from the discussions about the Bill’s impact on vulnerable groups, for example:

- there would be a greater number of people begging, and people would have to beg for longer;
- some people would have to undertake more sex work (it was noted that sex workers are sometimes paid in alcohol and/or drugs rather than money);
- people would resort to theft;
- dependent drinkers may turn to household products with alcohol content as a cheaper alternative (e.g. hand sanitiser);
- people no longer able to afford alcohol may go cold turkey, which is potentially very dangerous for severely dependent drinkers; and
- drugs (particularly “pills” or “weed”) are perceived as cheap and people may substitute these products for alcohol.¹⁸⁵

179. The response from Barnardo’s Cymru also raised some of these possible negative impacts. As well as the possibility of substituting alcohol with other

¹⁸⁴ Response from The Wallich to Welsh Government consultation on the Draft Public Health (Minimum Price for Alcohol) Bill

¹⁸⁵ Health, Social Care & Sport Committee, 13 December 2017, Paper 6

drugs, services highlighted the possibility of supplementing family income through prostitution, increases of offending to obtain alcohol, increases in exploitation for alcohol and a profitable black market for alcohol.¹⁸⁶

180. Children in Wales suggested that “many people who are alcohol dependent will still need to drink and will be prepared to find alternative methods to meet their needs”,¹⁸⁷ as did Chris Snowdon, of the IEA, who told us that “if you’re a heavy, dependent drinker, your elasticity of demand is virtually zero, which is to say you will not change the amount you drink in the face of much larger increases in price than we’re talking about here”.¹⁸⁸

181. ACC expressed concern that alcohol-dependent drinkers could be driven to steal alcohol (or steal in order to buy alcohol), consume other potentially dangerous alcohols (such as methanol), or to substitute other substances for alcohol.¹⁸⁹

182. Betsi Cadwaladr UHB raised the potential for problematic/dependent drinkers to reprioritise alcohol over food, rent, electricity etc, adding to the health inequalities that exist within this group.¹⁹⁰

183. Although acknowledging that these are all legitimate concerns, SARG’s Dr John Holmes suggested there are also legitimate potential positives for this same population in terms of treatment seeking, improved recovery, and reduced consumption. He also proposed that there is the potential for fewer people to become dependent on alcohol in the first place, because the cheap alcohol is not available to facilitate a slide into dependence.¹⁹¹

184. Dr Holmes also highlighted some of the work that is being done with drinkers who are dependent on alcohol in Scotland:

“(…) there’s been work by a team led by Jonathan Chick surveying 639 dependent drinkers in Glasgow and Edinburgh. These are people who are either in treatment services or who have been hospitalised due to alcohol-related health problems. If I just give you some statistics from that work: among this population, the average weekly consumption of alcohol was 185 units. That’s 18 bottles of wine or 4.5 litres of vodka. The

¹⁸⁶ Written evidence, MPA 13

¹⁸⁷ Written evidence, MPA 39

¹⁸⁸ RoP, 29 November 2017, paragraph 160

¹⁸⁹ Written evidence, MPA 12

¹⁹⁰ Written evidence, MPA 45

¹⁹¹ RoP, 29 November 2017, paragraph 94

average price they paid for that alcohol was 40p per unit and many paid much less. A quarter of them were drinking white ciders—these very strong, cheap ciders—and 11 per cent of them drank those ciders exclusively. Between December 2010, when the data were first collected, and February 2015, when they followed up the sample, 16 per cent of them had died and the mean age of death was just 51 years old.”¹⁹²

185. The Cabinet Secretary reiterated that the legislation was not intended to have the biggest impact on dependent drinkers:

“(…) the legislation isn’t set up as having the biggest impact on dependent drinkers. (…) we’re not saying that this Bill is a silver bullet for all ills when it comes to alcohol-related harm. Dependent drinkers (…) are a different category, and some of those may be less price sensitive about their behaviour. So, this is about hazardous and harmful drinkers in particular.”¹⁹³

186. He also referred to the evaluation in Scotland, which will consider the impact of the Scottish minimum unit pricing legislation on dependent drinkers:

“Part of their work is looking at dependent drinkers, and we again would want to look at that. Scotland actually has a bigger alcohol problem than we do, so they were particularly interested in this area of work. So, we are definitely interested in the study they will undertake, and actually there are very constructive and regular relationships between the Welsh Government and the Scottish Government on the piece of legislation and our approaches to evaluation. So, we are deliberately setting out to learn as much as possible.”¹⁹⁴

Availability of treatment services

187. The availability of appropriate treatment and support services is likely to be key to the success of this legislation. According to the British Liver Trust:

“(…) one consequence of MUP, though not necessarily an unintended one, is that more people may seek help from substance misuse services. An increase in demand could place existing services under

¹⁹² RoP, 29 November 2017, paragraph 28

¹⁹³ RoP, 11 January 2018, paragraph 69

¹⁹⁴ RoP, 11 January 2018, paragraph 115

further pressure, and it is crucial that this is considered. Treatment services should be funded adequately to meet this demand.”¹⁹⁵

188. In somewhat conflicting evidence, Health Board representatives suggested in oral evidence that appropriate services were already available¹⁹⁶ but a number of their written responses suggested that additional resources/services are likely to be needed to respond to an anticipated increase in demand.¹⁹⁷ Witnesses particularly highlighted the need for accessible walk-in services (rather than services only available by referral/appointment), and improved support programmes for people drinking at hazardous/harmful drinkers, including those who may be approaching dependence, or have a dependence they were not aware of. Conrad Eydmann from Cardiff & Vale UHB told us:

“(…) making sure that the availability of adequate and evidence-based support programmes is going to be critical, particularly if people, further down the line, discover a dependence that they weren’t previously aware of, making sure that accessibility to those programmes is as easy as possible. So, developing policies around establishing walk-in services as opposed to appointment-based services is one example. I think (…) there is a huge level of need for alcohol support programmes for those that are approaching dependence, but haven’t achieved it. It’s a very effective way of bypassing very costly clinical services to be able to provide, for example within the third sector, structured responses to help people reduce alcohol consumption in a risk-managed way and then move into long-term support and aftercare beyond that, without having to go through clinical processes of detoxification.”¹⁹⁸

189. Public Health Wales and the Welsh NHS Confederation also highlight the need for appropriate treatment and support services, saying “It is possible that NHS costs could increase in the short term, as additional services for alcoholics who wish to quit may be required”.¹⁹⁹

190. The Royal College of General Practitioners (RCGP) also suggested there may be an increase in the need for support for those who are dependent:

¹⁹⁵ Written evidence, MPA 37

¹⁹⁶ RoP, 23 November 2017, paragraphs 87–92

¹⁹⁷ Written evidence, MPA 42, MPA 45, and MPA 50

¹⁹⁸ RoP, 23 November 2017, paragraph 67

¹⁹⁹ Written evidence, MPA 02 and MPA 04

“GPs are managing these patients with support of the substance misuse units, some of which have waiting lists. It may be appropriate for Welsh Government to review substance misuse services and look at developing improved services in local communities, including consideration of enhanced alcohol abuse services for GPs to manage patients as part of improved shared care services.”²⁰⁰

191. The RCPsych agreed that the number of referrals to Community Mental Health Teams (CMHTs) as well as Community Drug and Alcohol Teams (CDATs) may rise initially as a result of the Bill but suggested this is a positive thing as it would indicate that people are seeking help and treatment. It did, however, emphasise the need to ensure that CMHTs and CDATs could cope with the possible increase in patients seeking help.²⁰¹

192. ACC “argue strongly that in order to be effective, and to avoid potentially dangerous consequences for dependent drinkers, MUP must be accompanied by adequate treatment services to enable people to exit a life of destructive drinking”. It said the treatment services should include assertive outreach to engage with the most chaotic drinkers who may not show obvious motivation to drink less.²⁰²

193. Some participants felt that resources should be focused on treatment services rather than introducing legislation. Lengthy waits for treatment were highlighted in the engagement work undertaken by the Assembly’s Outreach team, where one individual said:

“I suffer from cirrhosis of the liver and was given two years to live by my doctor. Even though I was considered a ‘serious case’, I still haven’t started the detox programme. It will be 9 months between receiving the news from my doctor and starting the detox programme.”²⁰³

194. This view was echoed by Lynden Gibbs of the Salvation Army who told us:

“I think there’s always a need for an increase in services, particularly in this time of austerity when everything is getting cut back. It’s really about having the opportunity to go into treatment. I know the treatment that we’ve got within Cardiff is always full and there’s always a waiting list. There are always people ready. And the problem is that,

²⁰⁰ Written evidence, MPA 44

²⁰¹ Written evidence, MPA 06

²⁰² Written evidence, MPA 12

²⁰³ Health, Social Care & Sport Committee, 13 December 2017, Paper 6

with a lot of things like this, you've got a window of opportunity where somebody is ready to make a move, and often you haven't got the place to give to them at that particular time."²⁰⁴

195. In his written evidence, the Cabinet Secretary said:

"(...) we acknowledge the concerns raised by some that for those drinking at particularly harmful levels (and who are consuming cheap, high-strength alcohol products affected by an MUP) the risk of withdrawal will potentially be greater – particularly if they only have a set amount of money to spend on alcohol. We are working closely with alcohol treatment service providers in Wales and will also draw lessons from the planned evaluation of similar legislation in Scotland, which involves a specific study of the impacts of MUP on harmful drinkers."²⁰⁵

196. In oral evidence the Cabinet Secretary told us that there is an improving trend in waiting times in the substance misuse fields, and that Welsh Government has tried to understand "what current levels of demand are and what the future might be".²⁰⁶ He added that he would "much rather have the problem of people who are presenting and seeking help, rather than people who are acquiring greater alcohol harm", and that the Government would then have a better idea about the nature of the demand and how it should try to fund it.²⁰⁷

197. When questioned on whether he had any plans to increase support, the Cabinet Secretary said:

"(...) we currently provide about £50 million in the substance misuse area. We've not had to make significant cuts to that budget in the past. We'll have to make choices about what happens in that area at present. We think there's capacity for people at present. If there is a significant—because we'll need to think again about how we provide a service. We're trying to protect those front-line services."²⁰⁸

198. Tracey Breheny, the Welsh Government's Deputy Director for Substance Misuse Policy, added:

²⁰⁴ RoP, 13 December 2017, paragraph 132

²⁰⁵ Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

²⁰⁶ RoP, 11 January 2018, paragraph 103

²⁰⁷ RoP, 11 January 2018, paragraph 99

²⁰⁸ RoP, 11 January 2018, paragraph 99

“The [Cabinet Secretary] mentioned the resources that Welsh Government provide are provided to seven area planning boards in Wales, and they’re partnership bodies responsible for commissioning and delivering local substance misuse services. Now, that’s done on the basis of a robust needs assessment, so I think the point we would make is that the need in the local area, for whatever—and it is combined, it’s drugs and alcohol need—would be picked up in the needs assessment and then the services, half of which are provided by third sector providers, meet that local need.

(...) we’ve already started talking to them about any unintended or other consequences arising from the Bill”²⁰⁹

199. We comment on the potential unintended consequences and the impact on treatment services in “Our view” later in this chapter.

200. A number of stakeholders suggested that the resources available to tackle alcohol misuse could be enhanced if Welsh Government imposed a levy on retailers requiring a share of any increased profits as a result of minimum unit pricing to be directed into treatment and support services. This matter is explored further later in this chapter.

The substitution effect

201. As noted in the EM, a common concern about policies which increase the price of alcohol is that people, particularly those on low incomes or with alcohol dependency, may substitute other substances or in some cases resort to theft.

202. In its written evidence, ACC said:

“The availability of alternative substances to alcohol for alcohol misusers cannot be ignored. The UK Government has recently noted that new psychoactive substances (NPS) ‘continue to appear rapidly on the market’ and that ‘use among certain groups is problematic, particularly among the homeless population and in prisons’, two populations in which alcohol misuse is also often a serious issue. The Scottish Government has already expressed its intention to commission research into any possible displacement or substitution effects of MUP, including any increase in the use of illicit substances.”²¹⁰

²⁰⁹ RoP, 11 January 2018, paragraph 109 and 111

²¹⁰ Written evidence, MPA 12

203. The IEA's Chris Snowdon raised concerns about the possibility of dependent drinkers turning to other forms of alcohol:

“Street drinkers didn't used to drink white cider. They used to drink spirits or meths or antifreeze or goodness knows what. My concern is that they will return to drinking those products because it will be about getting hold of the cheapest alcohol.”²¹¹

204. However, evidence cited by the Institute for Alcohol Studies suggests that, based on interviews with harmful and dependent drinkers, such fears are likely overstated:

“Chick & Gill found widespread suspicion of products of unclear provenance. As one participant put it: ‘I'm scared of what I put in my body. I know if it's on sale in a supermarket, then it's relatively safe. I wouldn't know what I'd be buying, and I wouldn't know what was in it, and that would scare me'. Studies in New Zealand and Canada also found that non-beverage alcohol use was very uncommon when heavy drinkers were unable to afford alcohol, as were reports of crime to support drinking.”²¹²

205. Research highlighted by ACC states:

“(…) a recent analysis of patients with serious alcohol problems at two hospitals in Edinburgh found that whilst ‘cheapness was quoted commonly as a reason for beverage choice...stealing alcohol or drinking alcohol substitutes was only very rarely reported’. The researchers concluded that fears of such behaviour ‘may fit a caricature of the alcoholic’ but that ‘a considerable shift in self-concept of this population would have to occur for substantial numbers to fulfil that stereotype’. Similarly, a study in New Zealand of 115 dependent drinkers found that only two participants mentioned non-beverage alcohol (such as methylated spirits) as something they had actually consumed.”²¹³

206. There was some discussion in Plenary on 24 October about the potential for individuals to switch to illegal drugs or new psychoactive substances. The Minister said “it is something that we intend to explore further with the Welsh

²¹¹ RoP, 29 November 2017, paragraph 157

²¹² Written evidence, MPA 15

²¹³ Written evidence, MPA 12

Government's advisory panel on substance misuse".²¹⁴ The Cabinet Secretary reiterated this in his letter to us on 14 November 2017:

"We consider this risk to be low, as illegal or untested substances are qualitatively different to the legal consumption of alcohol and most people would not consider them a valid substitute. Nonetheless, this is something we intend to explore further with the Advisory Panel on Substance Misuse (APoSM)."²¹⁵

207. However, a number of witnesses have raised concern about this particular issue. The RCGP "have some concern that increasing the price of alcohol may result in increased use of other illegal substances and there will need to be increased vigilance by health and law enforcement to ensure that this does not involve more dangerous substances",²¹⁶ while the Welsh NHS Confederation suggested:

"There is a potential impact upon young people, who are often the consumers of high strength, low price alcohol, in that they may turn to other substances which are lower cost e.g. legal highs, solvents or illegal drugs. The population level consumption data suggests that young people are drinking less than they used to, which is a positive trend, but care should be taken to observe whether there is a shift to use of other substances and this should be tracked as the MUP Act is implemented."²¹⁷

208. Chris Snowdon of the IEA told us "if you put the price of alcohol up enough and the price of drugs remains the same or falls, there will be some crossover with people substituting one for the other".²¹⁸ He provided the Committee with a list of research studies to support his assertion that alcohol and drugs can be substitute products. The most recent of these studies concludes:

"Policies aimed at reducing alcohol consumption can be successful. However, evidence suggests a significant minority of consumers are likely to substitute or complement consumption with a range of intoxicants suggesting that policy is unlikely to reduce all-cause

²¹⁴ RoP, Plenary, 24 October 2017, paragraph 149

²¹⁵ Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

²¹⁶ Written evidence, MPA 44

²¹⁷ Written evidence, MPA 04

²¹⁸ RoP, 29 November 2017, paragraph 170

mortality and morbidity. Further research into the nature of substitution and complementarity is required.”²¹⁹

209. We also received written evidence from Jon Nelson, Professor Emeritus of Economics at Pennsylvania State University, who highlighted a 2013 study which suggests that the substitution issue is something proponents of minimum pricing must resolve before being able to safely claim that the policy will improve public health and reduce healthcare costs.²²⁰

210. Dr Kelechi Nnoaham, Director of Public Health at Cwm Taf Local Health Board, told us that there is no substantive evidence that substitution of drugs for alcohol would occur, as these are fundamentally different substances. He did, however, suggest that it would be very sensible to monitor this – “it is, at best, a theoretical risk, but I think it is one that we should absolutely be watching out for”.²²¹

211. While agreeing that there was no research to evidence substantially that substitution is taking place, Tim Ruscoe from Barnardo’s Cymru drew attention to anecdotal evidence supplied by Barnardo’s service managers and service team leaders:

“One [service manager] quite glibly said, ‘Oh, it doesn’t matter what they do about the price of alcohol; it’s already too expensive. All the young people we’re working with are using spice’. When we actually dug down into it a little bit more, that substitution has already taken place and it is that they have a large service user group that have very few alcohol issues, but they do have a lot of issues around spice. It is cheaper, it’s strong and it’s available. There are elements of additional safety concerns around people who choose to substitute with a substance that is illegal. It has to be illegally bought. There might be increased possibility of exploitation and other safety issues around the individual, who are generally young and generally vulnerable. So, there are those additional safety and health issues around substitution.”²²²

212. ACC’s Andrew Misell told us he thought that the substitution issue was being overplayed:

²¹⁹ **Substitution and Complementarity in the Face of Alcohol-Specific Policy Interventions** (2010)

²²⁰ Written evidence, MPA 09

²²¹ RoP, 23 November 2017, paragraph 72

²²² RoP, 13 December 2017, paragraph 128

“There’s nothing that necessarily drives a drinker towards another drink. They’re in a drinking habit. Alcohol has been their substance. Other substances don’t necessarily give you the same effect, it doesn’t last for the same time, the price is different, and the social structures around use are different. (...) you have to be willing, in most cases, to enter the illegal market, which is a bold move that not everyone’s willing to take. Similarly, a lot of drinkers, although they might tell you that they would start stealing, they don’t actually have the drive to steal because it’s so different from what they do at the moment, which is a harmful but entirely legal lifestyle.”²²³

213. According to the Advisory Panel on Substance Misuse’s 2014 report *Minimum unit pricing: a review of its potential in a Welsh context*, evidence of the extent of substitution behaviour is scarce but suggests that only a very small proportion of problem drinkers, who already have other substance misuse issues, would respond in this way.²²⁴

214. On 23 November, Public Health Wales and the RCPsych agreed that substitution may be a greater risk among people who are already co-users of drugs and alcohol. Dr Ranjini Rao told us:

“(...) there is research that was done in Scotland, in 2015, which suggested that most impact is likely where people are dependent drinkers, but also have a concomitant substance misuse problem, and that escalation of behaviour is probably more likely in such a population, rather than people switching between substances.”²²⁵

215. Andrew Misell, of ACC, told us that he knew from his contact with the street drinkers in Cardiff that there is a certain amount of what services call “poly-use”:

“People are using other things. You get some people who are very definite that, ‘I only drink’ or ‘I only use cannabis’ or whatever it is. They’ll often have some disdain for people who use other substances, and they’re much less inclined to move between substances. But there are people who use more than one and move between them, and we can’t ignore that. We definitely need to be on the ball with that as this measure goes forward.”²²⁶

²²³ RoP, 13 December 2017, paragraph 29

²²⁴ **Minimum unit pricing: a review of its potential in a Welsh context**

²²⁵ RoP, 23 November 2017, paragraph 170

²²⁶ RoP, 13 December 2017, paragraph 94

216. Lynden Gibbs, representing the Salvation Army, made very similar points based on his experience of working in the community.²²⁷

217. In terms of official statistics, price information for selected drugs is reported by UK Focal Point²²⁸, which provides data on drug trends to the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA). Prices are calculated based on data from law enforcement agencies and are adjusted to reflect different levels of purity at different times. The data is not broken down by region, and the figures presented relate to the UK as a whole. 2015 is the latest year for which figures are available. Some more recent figures, again at UK level, are provided in the 2016 DrugWise Street Drug Trends Survey²²⁹ (published in January 2017). Data was obtained from police forces, drug workers, and treatment services.

218. DrugWise's report *Highways and buyways: A snapshot of UK drug scenes 2016* suggests that while the 2016 Psychoactive Substances Act may have ended the blatant high street selling of new psychoactive substances, Spice in particular has become a street drug with its most visible impact on various vulnerable groups, including the homeless. Prices can vary significantly:

“Some spice dealers are also users, others not – and this latter group appear to be willing to sell to street people not by weight or fixed price, but simply for the money they have [in] their pocket, a trade which seems to be accompanied by a higher level of violence.”²³⁰

219. One young person told our Outreach team:

“You can buy a bottle of vodka for £15 but you can get a pill for £7–£10, and its effect will last all night.”²³¹

220. Chris Snowdon, of the IEA, told us:

“I don't know how much spice is these days, since it was banned, but I do know that there is what you could probably call an epidemic of it amongst the homeless populations of several cities such as

²²⁷ RoP, 13 December 2017, paragraph 123

²²⁸ United Kingdom drug situation: **Focal Point annual report**

²²⁹ **2016 DrugWise Street Drug Trends Survey**

²³⁰ **Highways and buyways: A snapshot of UK drug scenes 2016**

²³¹ Health, Social Care & Sport Committee, 13 December 2017, Paper 6

Manchester. And if something is consumed in large numbers by the homeless population, I think it's safe to assume that it's pretty cheap."²³²

221. However, Dr David Bailey from the BMA suggested that street drugs were not as cheap as was being suggested:

"The evidence is that a bunch of spice, if you like, is something like £20 in Manchester, and something like £35 in London. So, it doesn't compare to 50p."²³³

222. We sought information about the street prices of drugs and received evidence from South Wales Police detailing the most common street deals found in South Wales.²³⁴

- 'Spice' (a synthetic cannabinoid receptor agonist (SCRA)) – £5-10 per gram.
- Female Flowering Head Cannabis – £10 per gram and a user would make 4 cigarettes from one gram.
- Ecstasy – £5 per tablet.
- Benzodiazepines – £5 for 20-25 tablets.

223. Committee members visiting the Huggard Centre in Cardiff were given similar information regarding the cost of Spice and cannabis.

224. The Cabinet Secretary acknowledged that if price infrastructure changes in one form of substance misuse then some people who are engaged in that field will think about moving into a different area, and that "brings its own challenges".²³⁵

Impact on retailers and the industry, including cross-border issues and consequences for online sales

Impact on industry and retailers

225. The RIA accompanying the Bill notes that there is a degree of uncertainty about the impact of minimum unit pricing on alcohol producers and retailers,

²³² RoP, 29 November 2017, paragraph 187

²³³ RoP, 23 November 2017, paragraph 165

²³⁴ Written evidence, MPA 54

²³⁵ RoP, 11 January 2018, paragraph 90

particularly with regard to any increased revenue and how prices of products above the minimum unit price (MUP) might be affected.²³⁶

226. Alcohol wholesalers (trade to trade sales) will not be subject to minimum pricing. Wholesalers may be indirectly affected by the Bill as the volume of alcohol purchased at less than the applicable minimum price is expected to decline. The EM suggests that wholesalers may choose to increase prices in the knowledge that retail prices of certain goods have increased but that will be for individual companies within the supply chain to determine.²³⁷

227. Where a retailer trades as a retail and wholesale business, the retailer would need to ensure that the MUP is charged to individuals purchasing alcohol for their own consumption, and that wholesale prices are only offered to customers who hold a licence to resell the alcohol through their business.

228. Compliance costs for retailers are estimated at £756,400 in the first year to familiarise themselves with the requirements of the legislation and to change prices, plus £75,000 annually for ongoing compliance.²³⁸

229. The evidence we received supports, in the main, the suggestion that any substantial impact of the Bill will be felt by off-trade retailers. The extent of that impact may vary depending on the size and scale of each business.

230. ACC suggested the impact of minimum unit pricing will be felt almost entirely in the off-trade rather than the on-trade as pub drinking may become more attractive due to a reduction in the price differential between off and on-trade.²³⁹ The Cabinet Secretary agreed with this view.²⁴⁰ ACC told us:

“Field research by Alcohol Concern in Wales in October and November 2017 found many products on sale in shops well below the probable MUP threshold of 50p per unit. These included: 70cl of vodka or gin for £10.00: 38p per unit; 70cl of fortified wine for £2.99: 27p per unit; 3 litres of strong cider for £3.99: 18p per unit. Conversely, when we surveyed the price per unit of popular drinks sold in pubs and bars, the cheapest drink we found was cider at 98p per unit, nearly twice the proposed 50p per unit threshold. The average prices we found for cider, lager and

²³⁶ Explanatory Memorandum, paragraph 216

²³⁷ Explanatory Memorandum, paragraph 293

²³⁸ Explanatory Memorandum, page 64

²³⁹ Written evidence, MPA 12

²⁴⁰ RoP, 11 January 2018, paragraph 151

red wine in pubs were £1.36 per unit, £1.43 per unit and £1.53 per unit respectively.”²⁴¹

231. The IFS’s evidence supported the field research undertaken by ACC. It told us that, during the period October 2015 to September 2016, 68% of off-trade alcohol units sold in Britain were priced below 50p.²⁴²

232. The Federation of Independent Retailers (NFRN) suggested that minimum unit pricing would create a more levelled playing field for independent retailers, and could help “secure the future of the local shop” as, to date, independent retailers have had to contend with unachievable price cuts offered by larger supermarket chains.²⁴³ The ACS also expects to see limited business impact on convenience stores in terms of the price of alcohol sold in store.²⁴⁴

233. A number of stakeholders, however, suggested there would be a substantial negative impact on smaller businesses. The WRC told us that smaller retailers, in particular, will see a greater impact from the introduction of minimum unit pricing because alcohol is a significant percentage of their overall turnover.²⁴⁵

234. The Cabinet Secretary told us that the Bill will have “the biggest impact” on local retail venues.²⁴⁶

235. The WRC suggested that own brand alcohol would be disproportionately affected by a minimum unit price which will lead to reduced choice for consumers and impact on producers.²⁴⁷ This view was echoed by the WSTA.²⁴⁸

236. Stakeholders also raised concerns about minimum unit pricing and its interaction with specific aspects of business operations. Both Pernod Ricard and the WRC²⁴⁹ questioned how businesses would manage staff discounts. Pernod Ricard told us:

“As a producer, we are very clear with all of our employees about the need to drink in moderation. (...) Therefore, we would like to see an

²⁴¹ Written evidence, MPA 12

²⁴² Written evidence, MPA 34

²⁴³ Written evidence, MPA 28

²⁴⁴ Written evidence, MPA 35

²⁴⁵ Written evidence, MPA 38

²⁴⁶ RoP, 11 January 2018, paragraph 56

²⁴⁷ Written evidence, MPA 38

²⁴⁸ Written evidence, MPA 40

²⁴⁹ Written evidence, MPA 38

exemption for staff sales, to ensure this benefit can continue for Pernod Ricard's 2,000 UK employees."²⁵⁰

237. Pernod Ricard also raised concerns about the sector's ability to raise charitable funds through its sale of surplus or discontinued stock. It said selling these products at near full price would impact on fundraising efforts and, as such, there should be an exemption from the legislation for charitable sales and fundraising activities.²⁵¹

238. The WRC queried how retailers would be expected to manage markdowns of short-dated products, or products with damaged packaging. It said there would be a cost and waste impact for retailers as these products would currently retail below the expected minimum unit price of 50p.²⁵² Asda also suggested minimum unit pricing was likely to cause a significant increase in waste and "this unintended consequence of minimum pricing will be a serious consideration for the business".²⁵³

239. We raised the concerns of retailers with the Cabinet Secretary in January. He told us that retailers would have more than a year's notice of the requirements of the minimum pricing regime.²⁵⁴ He added:

"I would take with a pinch of salt the idea that there's going to be a lake of unusable alcohol or a mountain of plastic bottles building up somewhere, that... Asda, with its limited means, can't possibly get rid of and there's a significant environmental impact."²⁵⁵

240. Evidence from the retail sector suggested there would be significant costs associated with implementing a minimum unit pricing regime. Asda told us that preparing for the implementation of minimum unit pricing in Scotland cost it more than £1 million and took around 3 years to deliver.²⁵⁶

241. The EM suggests that larger retailers may be better able to absorb implementation costs than smaller businesses, particularly those without head office support.²⁵⁷ The EM also notes that larger businesses which operate UK-wide

²⁵⁰ Written evidence, MPA 33

²⁵¹ Written evidence, MPA 33

²⁵² Written evidence, MPA 38

²⁵³ Written evidence, MPA 48

²⁵⁴ RoP, 11 January 2018, paragraph 160

²⁵⁵ RoP, 11 January 2018, paragraph 161

²⁵⁶ Written evidence, MPA 48

²⁵⁷ Explanatory Memorandum, paragraph 290

may incur costs associated with a different pricing and promotion regime in Wales:

“The cost of re-pricing and labelling at the point of implementation is not considered to be excessive, as these stores regularly re-price their products, including in response to changes in alcohol duty at short notice. However, these costs are unknown.”²⁵⁸

242. In oral evidence the Cabinet Secretary said:

“Every time there is a budget and whoever is the Government of the day changes taxation on products, by the next day they’re able to manage that and to deal with it, (...) I’m not persuaded there’s a need to change our assessment of the impact of this piece of legislation.”²⁵⁹

243. The EM states that the Welsh Government will produce guidance for retailers to support them in complying with the legislation, however this is not set out on the face of the Bill.²⁶⁰ In his letter to us on 14 November the Cabinet Secretary said that the Welsh Government will work with all retailers during the implementation of the minimum unit pricing system to minimise costs wherever possible.²⁶¹

Cross border issues

244. Many stakeholders voiced concerns about whether the introduction of minimum unit pricing in Wales would encourage Welsh consumers to travel across the border to buy alcohol in England.²⁶² This, it has been argued, could have a negative impact on Welsh business, as well as reducing the effectiveness of the Bill as a public health measure.

245. Betsi Cadwaladr UHB said:

“Issues regarding border areas need to be considered where alcohol can still be obtained more cheaply in England. We believe that this will be a significant challenge which could compromise implementation and impact of the bill, particularly for North Wales in terms of its

²⁵⁸ Explanatory Memorandum, paragraph 285

²⁵⁹ RoP, 11 January 2018, paragraph 139

²⁶⁰ Explanatory Memorandum, paragraph 43

²⁶¹ Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

²⁶² Written evidence, MPA 10 and MPA 33

borders with England. Similarly, cross border online shopping and deliveries will require careful thought.”²⁶³

246. Cytun suggested that cross-border issues appeared “inevitable” without a similar measure being introduced in England, and added that some small shops very close to the English border “fear that their sales will reduce and their viability may be threatened”²⁶⁴. The effect of minimum unit pricing on businesses in border areas was raised by a number of stakeholders.²⁶⁵

247. Both Asda and the WRC pointed to their experiences in Northern Ireland where cross-border trade is significant and is affected by changes in the Euro exchange rate.²⁶⁶ Conversely, ACC suggested that, in instances where shoppers have travelled from the Republic of Ireland to Northern Ireland to take advantage of lower price alcohol, it was because the motivation was cheaper groceries overall.²⁶⁷

248. A number of the health professionals who gave evidence to us indicated their hope that the introduction of minimum unit pricing in Wales would encourage the UK Government to introduce a similar system in England, thereby lessening the potential for cross-border complications.²⁶⁸

249. Due to the concerns about cross-border complications, the ACS called for further assessment of the impact of minimum unit pricing on cross-border sales.²⁶⁹ In addition, the WRC said guidance will be needed to ensure all retailers and producers are aware and can abide by the rules so “there is a fair and level playing field”.²⁷⁰

250. The EM highlights:

- For the majority of the Welsh population, purchasing alcohol in England would incur a time and travel cost (for example fuel and vehicle value depreciation). This cost is likely to outweigh any savings on the price of alcohol which would be achieved.

²⁶³ Written evidence, MPA 45

²⁶⁴ Written evidence, MPA 43

²⁶⁵ Written evidence, MPA 40, MPA 38 and MPA 48

²⁶⁶ Written evidence, MPA 38 and MPA 48

²⁶⁷ Written evidence, MPA 12

²⁶⁸ Written evidence, MPA 06 and MPA 08

²⁶⁹ Written evidence, MPA 35

²⁷⁰ Written evidence, MPA 38

- The cross-border issues are further mitigated by the fact the target population for minimum unit pricing mostly do not live close to the Wales-England border.
- Drinkers who consume hazardous or hazardous quantities of alcohol may often be purchasing alcohol for immediate consumption, reducing the incentive to travel further afield to buy alcohol at a lower price.²⁷¹

251. In his letter to us on 14 November the Cabinet Secretary said the Bill, as a public health measure concerned with hazardous and harmful alcohol consumption in Wales, would apply to the supply of alcohol from qualifying premises in Wales to a person in Wales. He added:

“(…) this means that where alcohol purchases are delivered to a customer and the licence for the qualifying premise is held in Wales, the Bill’s provisions would apply to all sales delivered to Wales, but would not apply to sales delivered to an address in England.”²⁷²

252. While the Cabinet Secretary acknowledged that the cross-border issue was a real issue, he suggested it may have been overplayed. He said crossing the border into England to purchase alcohol would require people to change their behaviour and would impact on convenience.²⁷³

Online sales

253. The legislation will apply to online and telephone sales of alcohol. A number of stakeholders commented on potential difficulties with implementing minimum unit pricing online, and also with monitoring compliance of businesses which have an online presence.

254. Pernod Ricard emphasised that it understood the Bill’s provisions would apply at the point of sale, i.e. the warehouse from which the product was delivered, and, therefore, an online sale could be placed with a distribution warehouse in England and delivered to an address in Wales without minimum unit pricing being applied. It said this could “competitively disadvantage some retailers without an online presence”, while also leading to consumers in Wales paying different prices depending on where their products are distributed from.²⁷⁴

²⁷¹ Explanatory Memorandum, paragraphs 234–236

²⁷² Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

²⁷³ RoP, 11 January 2018, paragraph 151

²⁷⁴ Written evidence, MPA 33

255. Asda said it is likely that customers will choose to purchase alcohol online from retailers based in England if a price gap is created which “raises the prospect of a digital divide where often lower income groups will be faced with higher prices, while more affluent consumers will avoid price hikes through internet purchases”.²⁷⁵

256. On this point, Cytun agreed that the legislation is likely to lead to a displacement of sales to suppliers licensed outside of Wales. It added:

“We are aware that the powers of the National Assembly are limited in this regard, but would encourage the Assembly to use its ingenuity to see if the legislation can be tightened up to cover this issue.”²⁷⁶

257. Powys THB suggested that alcohol products sold online or via telephone sales are mostly priced above a minimum unit price of 50p, but said it was important that this matter was monitored.²⁷⁷ It also said harmful and hazardous drinkers (who are the main targets of MUP) are more likely to buy alcohol in local supermarkets than online. The Cabinet Secretary made similar points in evidence to us in January.²⁷⁸

258. In oral evidence, David Jones from Trading Standards Wales told us this is an area where there is scope for non-compliance. His local government colleagues added that online sales are a very difficult area to police.²⁷⁹

Illicit trade

259. Responses to the Welsh Government’s consultation on its draft Bill in 2015 highlighted a concern about the potential for an increase in stolen or counterfeit alcohol. The EM indicates the Welsh Government considers the risk of this occurring to be low. However, stakeholders have raised concerns with us that there is a high risk of minimum unit pricing leading to a rise in illicit trade.

260. Betsi Cadwaladr UHB told us that the potential for stronger illicit and fake alcohol is an unintended consequence which needs further discussion.²⁸⁰ The WSTA said there is real concern that minimum unit pricing will provide a significant incentive to trade alcohol illicitly. It added:

²⁷⁵ Written evidence, MPA 48

²⁷⁶ Written evidence, MPA 43

²⁷⁷ Written evidence, MPA 42

²⁷⁸ RoP, 11 January 2018, paragraph 55

²⁷⁹ RoP, 23 November 2017, paragraphs 269–272

²⁸⁰ Written evidence, MPA 45

“Should the sale of alcohol outside of legitimate channels increase, it may appear through retail data that alcohol consumption or sales are declining, when in fact consumption remains the same.”²⁸¹

261. Asda, Pernod Ricard and the ACS made similar points in their evidence.²⁸²
The ACS told us:

“The illicit trade poses a significant threat to legitimate sales and we do not agree with the Welsh Government’s view in Paragraph 229 of the Explanatory Memorandum which states that illicit alcohol is ‘not currently a significant problem in Wales’. The cost of the illicit alcohol trade to the Exchequer was £1.3 billion in 2015–16 and undercuts legitimate retailers by driving footfall away from their stores.”²⁸³

262. On this matter, ACC suggested the extent and importance of illicit sales in the UK has been emphasised by some sections of the alcohol industry, led by commercial motivations.²⁸⁴

263. David Jones, giving evidence on behalf of Trading Standards Wales, told us that, while an increase in illicit trade could be an unintended consequence of the Bill, it would represent a relatively small percentage of the total market.²⁸⁵

264. The Cabinet Secretary told us:

“We are not aware of any evidence that suggests the introduction of minimum unit pricing specifically will lead to an increase in the consumption of unrecorded alcohol (...) but this is something we intend to monitor closely.”²⁸⁶

Potential for increased revenue for retailers

265. The 2014 Sheffield Alcohol Policy Model found that revenue to retailers is estimated to increase across all modelled policies (35p–70p MUP), with an increase of £27.0 million (3.3%) for a 50p MUP. The vast majority of this is accrued in the off-trade, although on-trade retailers are estimated to gain slightly under

²⁸¹ Written evidence, MPA 40

²⁸² Written evidence, MPA 48, MPA 33 and MPA 35

²⁸³ Written evidence, MPA 35

²⁸⁴ Written evidence, MPA 12

²⁸⁵ RoP, 23 November 2017, paragraph 277

²⁸⁶ Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

most policies (£2.0 million or 0.3% under a 50p MUP).²⁸⁷ The 2018 modelling suggests an increase of £17.8 million for a 50p MUP, which is a lower increase than was originally estimated.²⁸⁸

266. In written evidence to us, SARG suggested off-trade retailers would see an increase in their revenue as minimum unit pricing is not a tax and they could retain the monies gained because of higher priced alcohol. It similarly suggested that the on-trade would see a small increase in revenue because people may move their drinking away from the home. It added “there is substantial uncertainty around this small change in on-trade revenue and it should not be given undue emphasis”.²⁸⁹

267. The British Liver Trust raised concerns that increased profits as a result of minimum unit pricing could be spent on alcohol marketing which can be linked to alcohol harm. However, it added “we believe that, on balance, the large benefits of MUP in terms of people’s health significantly outweigh this potential consequence”.²⁹⁰

268. ACC suggested that an increase in revenue for retailers as a result of the introduction of minimum unit pricing was questionable.²⁹¹ This view was shared by Chris Snowdon of the IEA.²⁹²

269. The Welsh NHS Confederation and Dr Richard Piper, representing Alcohol Research UK, said it is possible retailers will see a reduction in sales.²⁹³

Levy/voluntary contribution scheme towards funding alcohol treatment services

270. A number of stakeholders recommended that a requirement be placed on retailers compelling them to direct a share of any increased profits as a result of minimum unit pricing into treatment and support services for people suffering the effects of alcohol misuse.

²⁸⁷ **Model-based appraisal of minimum unit pricing for alcohol in Wales** – September 2014

²⁸⁸ **Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation policies in Wales** – February 2018

²⁸⁹ Written evidence, MPA 07

²⁹⁰ Written evidence, MPA 37

²⁹¹ Written evidence, MPA 12

²⁹² RoP, 29 November 2017, paragraph 192

²⁹³ Written evidence, MPA 04 and RoP, 13 December 2017, paragraph 50

271. In written evidence, ACC called for dialogue between the Welsh Government and UK Government about how any increased revenue to the Exchequer under minimum pricing (from duty and VAT receipts on alcohol) could be used to support people affected by alcohol misuse.²⁹⁴ This was supported by an individual who responded to our consultation who suggested:

“The major retailers are asked to join a scheme where any excess profit created by MUP is donated to respected established charities that deal with problems caused by Alcohol abuse. They would be able to put a sticker on any products saying £x of this purchase will be donated to ‘Good Causes helping people (and their Families) deal with Alcohol problems’. Plus a table of donations could be published every month.

I would suggest this scheme could be investigated with the aim of introducing it say 12 months after MUP is introduced.”²⁹⁵

272. Hywel Dda UHB told us that any increase in profits to drinks manufacturers as a result of the introduction of minimum unit pricing should be subject to “appropriate levy by government” so that alcohol awareness campaigns and prevention programmes could be developed.²⁹⁶ Betsi Cadwaladr UHB said the alcohol industry has social responsibility policies and, through those policies, there should be potential to influence the industry’s spend of any increased revenue.²⁹⁷ The RCPsych told us:

“We would like the Welsh Government to explore the possibility of working with retailers and alcohol producers to annex a portion of the retailers anticipated profits and ring fence the money for treatment services – services that are currently stretched, and likely to experience an increase of referrals as a result of the legislation.”²⁹⁸

273. SARG’s Dr John Holmes told us that the potential windfall that will come to supermarkets was a limitation of the minimum unit pricing policy and a large retailer levy was worth looking at because the monies might be used more productively by Government.²⁹⁹

²⁹⁴ Written evidence, MPA 12

²⁹⁵ Written evidence, MPA 27

²⁹⁶ Written evidence, MPA 19

²⁹⁷ Written evidence, MPA 45

²⁹⁸ Written evidence, MPA 06

²⁹⁹ RoP, 29 November 2017, paragraph 130

274. Dr Richard Piper, from Alcohol Research UK, suggested it was unlikely that retailers would obtain significant profits as a result of minimum unit pricing so he saw no need to build a levy mechanism into the legislation.³⁰⁰

275. According to the 2014 modelling, revenue to the Exchequer is expected to decrease slightly as a result of minimum unit pricing in Wales, with a 1.0% reduction (equivalent to £5.8 million) for a 50p MUP.³⁰¹ The most recent 2018 modelling estimates that annual revenue to the Exchequer from duty and VAT receipts on alcohol in Wales will fall by 0.4% (£1.9 million).³⁰²

276. On 7 December, the Cabinet Secretary appeared before the Finance Committee as part of its consideration of the financial implications of the Bill. There was some discussion about the scope for imposing a levy on retailers, or using an alternative mechanism, so that more money could be directed into healthcare and support services.³⁰³

277. The Cabinet Secretary told us:

“I’m not convinced that we will actually have the powers to impose a levy. The challenge about a voluntary levy is, of course, that it’s voluntary. (...) Is this really a revenue-raising measure or is it really a public health measure? We are very clear it’s a public health measure. But I think there is a conversation to be had—and it’ll be part of the conversation that officials have with retailers...”³⁰⁴

278. The Cabinet Secretary went on to say having in-principle discussions with retailers now “is the right thing to do”. He added that the Welsh Government would talk to retailers as a group and decide what could be done. The Cabinet Secretary also suggested that introduction of a compulsory measure would fall to “a different piece of legislation”.³⁰⁵

Our view

279. In the main, we support the provisions in the Bill which establish the minimum price for alcohol system, the accompanying offences, the required

³⁰⁰ RoP, 13 December 2017, paragraph 50

³⁰¹ **Model-based appraisal of minimum unit pricing for alcohol in Wales** – September 2014

³⁰² **Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation policies in Wales** (February 2018)

³⁰³ RoP, Finance Committee, 7 December 2017

³⁰⁴ RoP, 11 January 2018, paragraph 126

³⁰⁵ RoP, 11 January 2018, paragraphs 127–128

definitions, and the minimum unit pricing systems' application to special offer and multi-buy deals.

280. We do, however, have doubts about the efficacy of the provisions relating to special offers and believe the Bill may allow for loopholes to be discovered which could undermine the impact of minimum unit pricing. We note the Cabinet Secretary's evidence regarding the intention of section 6 of the Bill but urge him to give further consideration to the provisions relating to special offers to ensure they are as robust as possible.

281. We note, and agree with stakeholders, that enabling the minimum unit price to be determined in regulations could ensure its impact and effectiveness can be reviewed and updated (if necessary) in a timely manner. While we welcome the fact that, as proposed, these regulations will be subject to the affirmative procedure, we believe more extensive scrutiny opportunities should be given to the Assembly and its committees.

282. The level of the minimum unit price is central to the success of the Bill and we believe the relevant Assembly committees should have the opportunity to scrutinise the regulations in draft format. We believe the regulations should be made by a super affirmative procedure in order to allow sufficient time for committee scrutiny, including inviting comments from stakeholders and questioning of the relevant Welsh Minister, before the Assembly is required to vote on them.

Recommendation 3. Regulations relating to setting the minimum unit price should be subject to a super affirmative procedure in the National Assembly.

283. We have heard widespread evidence that the point at which the minimum unit price is set will greatly determine the level of beneficial impact on health outcomes. As such, we welcome the Cabinet Secretary's commitment to undertake extensive work to ensure the price specified in the regulations is appropriate and set at a level most likely to achieve the aim of reducing hazardous and harmful drinking in Wales.

284. Notwithstanding the above, it is clear from the evidence we have received that many stakeholders, for varying reasons, have an expectation that the initial minimum unit price will be set at 50p.

Recommendation 4. Before the Bill reaches Stage 3 proceedings in the National Assembly, the Welsh Government should issue a statement of intent which confirms its current preferred minimum unit price, and the reasons for this.

285. We also agree with stakeholders that there is great importance in regularly reviewing the minimum unit price so that it does not become an ineffective measure and welcome the Cabinet Secretary's intention to review the minimum unit price after two years. We believe the Cabinet Secretary should further commit to a review process that occurs on a biennial cycle.

Recommendation 5. The minimum unit price for alcohol should be formally reviewed by the Welsh Government biennially. The process and outcome of each review should be published. Each review of the minimum unit price should take full account of inflation indices.

286. We acknowledge and share the concerns raised by stakeholders about the potential negative impact of a minimum unit pricing system on low income households and children and young people. These concerns illustrate the importance of a full and proper evaluation of the legislation; our comments on the planned evaluation are detailed further in Chapter 6.

287. We note the evidence from witnesses regarding the potential for alcohol products to be reformulated and we share the optimism of many stakeholders who hope manufacturers respond to the introduction of minimum unit pricing by lowering the alcohol content in products. We believe organisations that respond in this way and who have signed up to the UK Public Health Responsibility Deal will be demonstrating that they are taking action to use their commercial actions to improve public health.

Recommendation 6. The Welsh Government should explore all opportunities to work with the alcohol industry and the UK Government to encourage alcohol producers and retailers to produce and provide a greater proportion of lower-strength alcohol products.

288. While we recognise the underlying principle of this Bill is to reduce harmful and hazardous drinking and, as such, it is not intended to address alcohol dependency, we believe there will inevitably be an impact on those dependent on alcohol. We acknowledge that there may be positive effects of the introduction of minimum unit pricing, not least the potential for fewer people to become alcohol dependent if heavy drinkers reduce their consumption. However, there remain concerns about how some vulnerable drinkers will respond to an increase in alcohol prices. It is for this reason we believe the Welsh Government should include the impact on dependent drinkers in its evaluation of minimum unit pricing (see Chapter 6/Recommendation 14).

289. We are extremely concerned about the availability of treatment services, particularly walk-in services. When somebody is ready to admit they need help, that help has to be available there and then, not months later when the opportunity is lost. Evidence gathered by the Assembly's Outreach Team suggests that services are already squeezed. The message from health board officials was somewhat confused in terms of what is available and where, and there is clearly a disconnect between the evidence from policy makers and the people delivering services on the ground. Many of these crucial services are delivered through the third sector, who we know are already facing financial pressures.

Recommendation 7. The Welsh Government should undertake a robust assessment of the current need for alcohol treatment and support services in Wales to ensure adequate, future-proofed provision is in place. The assessment should take place before this legislation is commenced.

Recommendation 8. The Welsh Government should monitor the impacts of minimum unit pricing on alcohol treatment and support services in Scotland to ensure lessons learned can inform the approach to the delivery of the relevant services in Wales.

290. We accept that, for most people, the cross-over from drinking alcohol to taking illegal substances may be too great and therefore unlikely to happen. However, we believe there is a cohort already co-using drugs and alcohol, or associating with people that do, who are at significant risk. We have found it difficult to obtain evidence in this area, other than anecdotal commentary.

Recommendation 9. The Welsh Government should commission independent research to firmly establish how much of a problem substitution is likely to be should minimum unit pricing be introduced.

291. We acknowledge that industry and retailers have many concerns about the introduction of minimum unit pricing in Wales. We accept that retailers will have to take on some additional responsibility to ensure their businesses are complying with the minimum unit pricing requirements. We are particularly concerned about small, independent retailers inadvertently breaching the requirements because of lack of information and guidance. We believe rigorous guidance is particularly needed for small retailers in order to ensure they have the best opportunity for achieving compliance. Our comments on the issuing of guidance are detailed further in Chapter 5.

292. We note that many stakeholders are concerned about the cross-border implications of this legislation and the potential negative impact the Bill may

have on Welsh businesses close to the border with England. We acknowledge that fears also exist regarding the introduction of minimum unit pricing and its potential to stimulate an increase in illicit trade. Similar to our conclusions regarding the potential impact on low income households, these concerns also illustrate the importance of a robust evaluation of the legislation; our comments on the planned evaluation are detailed further in Chapter 6.

293. We note that a minimum unit pricing system may result in an increase in profits for some retailers as the price of some alcohol products is likely to increase. However we acknowledge that not all stakeholders are anticipating this windfall for businesses. We see great potential in the suggestion from stakeholders that retailers share any increased profits as a result of minimum unit pricing so that those funds can be directed into alcohol misuse treatment and support services.

Recommendation 10. To accompany the minimum unit pricing system, the Welsh Government should explore the practicalities of introducing a compulsory levy, or voluntary payment scheme, for retailers. The monies raised by the levy should be used solely for the purpose of tackling alcohol-related harm and contributing to the wider aim of improving and protecting the health of the population of Wales.

5. Penalties, enforcement and the impact on local authorities (sections 8 to 20 of the Bill)

Penalties and enforcement

294. The Bill establishes local authority-led enforcement arrangements. This includes powers to bring prosecutions, powers of entry for authorised officers, an offence of obstructing an authorised officer, and power to issue fixed penalty notices.

295. The EM states that the Welsh Government will produce guidance for local authorities (and retailers) to support implementation of the legislation.³⁰⁶ This is not set out on the face of the Bill.

296. Authorised officers of local authorities are given powers of entry under the Bill to enter premises including a domestic dwelling (by issue of a warrant) to enforce the offence created by section 2 of the Bill. (Section 2 makes it an offence for an alcohol retailer to supply alcohol or to authorise the supply of alcohol, from qualifying premises in Wales, to a person in Wales, at selling price below the minimum price for alcohol). Powers of entry engage human rights and their consideration.

297. Section 16 of the Bill specifically allows an authorised officer of a local authority when entering a dwelling by warrant to take such other persons and such equipment as the officer considers it appropriate.

298. In his letter to us of 14 November, the Cabinet Secretary stated that plans are in place to provide training for local authority staff, which will focus on the requirements of the legislation and its enforcement.³⁰⁷ In a joint submission, the Directors of Public Protection Wales (DPPW), Wales Heads of Trading Standards (WHOTS) and WLGA welcomed the Welsh Government's acknowledgment of a training need for local authority officers.³⁰⁸ The EM states:

“Enforcement staff from local authorities will need to be trained on the requirements of minimum pricing. It is anticipated that this will cost the Welsh Government £6,000 for training for 450 to 500 officers for

³⁰⁶ Explanatory Memorandum, paragraph 43

³⁰⁷ Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

³⁰⁸ Written evidence, MPA 05

half a day. This will not be a cost for local authorities, as this will form part of normal staff continual professional development training.”³⁰⁹

299. We heard that discussions were already taking place with Welsh Government officials around the need for training for officers. David Jones told us:

“Yes, part of the proposal was for a sort of an education pack, if you like. Well, not so much a pack but information to the trade—something concise and simple for the trade—and a more detailed sort of training pack for officers so that we’d be absolutely clear about what we’re asking, and that everyone across Wales would be providing exactly the same message. We’ve suggested that that pack should be produced by Welsh Government in consultation with us, and then, if we do that, we should all be on the same page, so we get a completely consistent response across Wales, and we won’t lose the message about questions of competency of officers doing the inspection.”³¹⁰

300. According to the EM, it is anticipated there will be high levels of compliance with the legislation (based on the implementation of previous measures such as charging for carrier bags). The joint submission from the DPPW, WHOTS, and WLGA suggested that early compliance is more likely when:

- The new legislation is seen as necessary, reasonable, and is easy and cheap to comply with.
- The Trade has a clear understanding of what is required of them.
- The enforcing authority has capacity to check compliance early in the new regime.

301. In his written evidence, the Cabinet Secretary highlighted additional planned communications activity to support understanding of the requirements of the legislation:

“The Welsh Government will also be investing more than £100,000 in communications during the first year of implementation. We are planning to issue supporting materials, such as an online minimum price calculator and publicity materials, which will help retailers

³⁰⁹ Explanatory Memorandum, paragraph 305

³¹⁰ RoP, 23 November 2017, paragraph 257

understand the legislation and its implications in terms of the alcohol products they sell.”³¹¹

302. David Jones from Trading Standards Wales suggested that, in general, most businesses want to comply with the legislation and that non-compliance was usually as a result of a lack of knowledge, or a lack of resource within business:

“(…) we think that if they are made aware of the requirements early—picking up on the media publicity that we expect to come with the announcement—that the majority of businesses will want to comply.”³¹²

303. The EM states that the Welsh Government will produce guidance for local authorities and retailers to support implementation of the legislation, working closely with WHOTS:

“Local authority authorised officers are encouraged to promote compliance by raising awareness of relevant standards and legal requirements in a variety of ways, including by means of face-to-face contact. The local authority could also provide information and guidance to businesses on how to calculate the applicable minimum price for alcohol, building on guidance, which will be published by the Welsh Government.”³¹³

304. In written evidence, Betsi Cadwaladr UHB highlighted the importance of guidance in ensuring consistency of approach and ensuring that the Bill is prioritised and upheld.³¹⁴

305. In his written evidence, the Cabinet Secretary reiterated that the Welsh Government will be issuing guidance regarding the Bill to assist an understanding of the proposed new regime but this guidance will not be set out on the face of the Bill as it will form part of the implementation process.³¹⁵ The Welsh Government will rely on its existing, general powers to issue this guidance.

306. When questioned further on the rationale for this, the Cabinet Secretary told us:

³¹¹ Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

³¹² RoP, 23 December 2017, paragraph 233

³¹³ Explanatory Memorandum, paragraph 42

³¹⁴ Written evidence, MPA 45

³¹⁵ Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

“We’ve indicated that we do expect to issue guidance. There’s a debate to be had in the run-up to Stage 2 about whether we want that formally on the face of the Bill—a permissive power to issue guidance—or not. But I’m keen not to overcomplicate the face of the Bill, and I don’t want to get too prescriptive about what the guidance must and must not be, but we would expect to issue guidance to help a range of people, both those people on the enforcement side of it, as well as retailers themselves.”³¹⁶

Impact on local authorities

307. The summary of responses to the 2015 consultation on the Draft Bill highlighted concerns about the capacity of local authorities to carry out additional inspection and enforcement activity given the challenging financial climate local government is operating in. It was suggested that receipts from penalties and fines for non-compliance with minimum unit pricing should be used to help cover enforcement costs. This is provided for in Schedule 1 paragraph 18, which prevents a local authority from using amounts received from fixed penalty notices for a purpose other than its enforcement functions under the Bill.

308. A large number of witnesses called for adequate funding and support to enable local authorities to carry out their enforcement work.³¹⁷ Cancer Research UK told us:

“Additional funding for enforcement is important as Welsh local authorities have limited budgetary and operational capacity. The Welsh Government has already outlined provisional local authority budgets reductions of 0.5% in 2018/19 and a further 1.5% in 2019/20. These reductions may have knock-on effects on both public health and licencing enforcement.”³¹⁸

309. In its joint submission, the Directors of Public Protection Wales (DPPW), Wales Heads of Trading Standards (WHOTS), and WLGA stated:

“The Committee will be aware that local authority regulation budgets have suffered dramatically over the last period. It is regrettable, that as Local Authority regulatory services continue to be cut, it is no longer realistic to expect proactive, consistent enforcement activity across

³¹⁶ RoP, 11 January 2018, paragraph 51

³¹⁷ Written evidence, MPA 02, 04, 06, 08, 13, 16, 19, 21, 23, 24, 30, 37, 40, 41, 45

³¹⁸ Written evidence, MPA 14

Wales. New legislation such as this, adds to the existing burden and will compete for officer time with existing enforcement activities. Since public protection services activity is prioritised on the basis of risk to the public, initiatives to change behaviour are unlikely to be prioritised unless extra provision is made.”³¹⁹

310. This was supported by the FSB, who called for stronger leadership and direction from the Welsh Government in relation to regulatory policy:

“Our concern is that as the regulatory responsibility grows on local authorities as a result of Welsh Government legislation, there is a lack of emphasis on how that regulation is going to be delivered. This in turn results in patchy or poorly focused regulatory enforcement that doesn’t have the capacity to educate and advise firms at risk of non-compliance.”³²⁰

311. In his letter to us, the Cabinet Secretary acknowledged the importance of ensuring that local authorities are appropriately resourced when it comes to the enforcement of the Bill, particularly in terms of local authorities undertaking inspection and enforcement activities over and above that which would be taking place as part of existing inspection regimes:

“As a result, within the Explanatory Memorandum, we have indicated that the Welsh Government will provide £150,000 to local authorities for this ‘over and above’ inspection and enforcement activity during the first year of implementing the legislation; £100,000 during the second year and £50,000 during the third year.”³²¹

312. David Riley, Chair of WHOTS and Head of Public Protection Services in Anglesey, confirmed that, in his view, the powers in the Bill were consistent with the existing powers of local authorities. He suggested that while the total budget outlined by the Cabinet Secretary for inspection and enforcement was adequate it would be helpful if it could be front-weighted:

“Initially, when we looked at the number of premises that we would need to get round in Wales, that did seem like a reasonable option. Having reviewed that, I think it may be difficult to get round all of those premises with that budget, but, if it would be possible to use the budget, which I understand was proposed to be over three years—if that

³¹⁹ Written evidence, MPA 05

³²⁰ Written evidence, MPA 25

³²¹ Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

could be more sort of front-weighted so we could get round more in the first year and less in the second and third, then that would help us make sure that we had complete coverage of the premises that we believe to be of highest risk of non-compliance in the early period.

We think that, if there is a good education programme, an awareness-raising programme, to complement the enforcement, and a big early concentration from local authorities, that that will lead to a high level of compliance. You generally find the businesses that know what the law is want to comply—most of them. So, we're expecting there not to be so much enforcement required in the second and third years, but certainly in the first year I think it's really important that we make an impact and pick up on the publicity that'll come from the media as a result of the announcement to strike while the iron's hot, if you like."³²²

313. In his 14 November letter, the Cabinet Secretary said that he would provide a further update to the Committee as the discussions about the resourcing implications for the enforcement of the legislation progress.

Our view

314. We are generally content with the Bill's provisions regarding penalties and enforcement. We note that local government is also content that the powers in the Bill are consistent with existing enforcement powers of local authorities.

315. We believe that an understanding of the Bill's requirements will be key to compliance and the success of this legislation. We are concerned about the potential for non-compliance, particularly by smaller retailers, due to a lack of understanding about the duties placed on them. We note the Cabinet Secretary's intention to produce guidance for local authorities and retailers to support implementation of the legislation. However, we believe, given the importance of this guidance to the success of the legislation, its production should be a statutory requirement.

Recommendation 11. A requirement for the Welsh Ministers to produce guidance for retailers and local authorities, that details the obligations of the legislation, should be included on the face of the Bill.

316. We note that local government has suggested the total budget outlined by the Cabinet Secretary for inspection and enforcement is adequate. We also note

³²² RoP, 23 November 2017, paragraphs 232-233

that Welsh Government discussions with local authorities and the Wales Heads of Trading Standards on funding additional inspection activity are ongoing.

317. We acknowledge the evidence we received from local government representatives that the total budget outlined for additional inspection and enforcement activities should be front-weighted. We believe early education and awareness raising programmes for local authority officers and retailers will lead to higher rates of compliance. The ability to make these programmes a success in terms of them influencing compliance may be dependent on the funding available to local authorities. We welcome the Bill's provisions that enable amounts received from fixed penalty notices to be put towards enforcement functions; we believe this will help local authorities to carry out their enforcement duties.

Recommendation 12. The Welsh Government should review the cost estimates contained in the Regulatory Impact Assessment for additional inspection activity in the first year of implementation and ensure adequate funding is made available to allow for an enhanced programme of education and training for both retailers and enforcement officers during this period.

6. Evaluating the legislation (sections 21 and 22)

318. The Welsh Ministers must report on the operation and effect of the legislation at the end of a five year period, beginning with the day on which the offence of supplying alcohol below the minimum price comes into force (section 21).

319. The minimum pricing regime established by the Bill will cease to have effect six years from the date on which the section 2 offence comes into force, unless the Welsh Ministers make regulations providing otherwise (section 22). These regulations cannot be made until at least five years after the section 2 offence comes into force. If no such regulations are made by the end of six years, the minimum pricing provisions are repealed. If regulations are made, the minimum pricing provisions will continue indefinitely, unless repealed by a subsequent Act.

The measures to be used

320. In preparing a report under section 21 of the Bill, the Welsh Ministers must consult “those persons they consider appropriate”. The Bill does not otherwise specify how the evaluation should be carried out, or what impacts/outcomes should be considered.

321. The EM states:

“It is proposed that the effect of the Bill will be measured in a number of ways. Methods will include research and evaluation with stakeholders and enforcement officers as well as routine data collection techniques.”³²³

322. Dr Julie Bishop, representing Public Health Wales, told us “evaluation is absolutely critical”, adding that there was a need to ensure that the legislation has the anticipated impact.³²⁴

323. In written evidence, the Cabinet Secretary said:

“The Welsh Government will be monitoring a range of different indicators where we expect to see change, including, for example, the number of hospital admissions as a result of alcohol misuse and

³²³ Explanatory Memorandum, paragraph 405

³²⁴ RoP, 23 November 2017, paragraph 94

reductions in alcohol-related deaths. We will also be monitoring price data for different alcohol products, as well as the overall consumption of alcohol across the population and among different sub-groups, including hazardous and harmful drinkers who are the target of this legislation. Further consideration will be given to the content of the evaluation and review over the coming months, with a view to learning lessons from the evaluation and review being implemented in Scotland.”³²⁵

324. The Alcohol (Minimum Pricing) (Scotland) Act 2012 makes more detailed provision about evaluation, to include for example the impact of minimum pricing on different categories of person (which may be by reference to characteristics such as age, gender, socio-economic deprivation, alcohol consumption), impact on retailers and industry, and who should be consulted. We have been advised that the Scottish evaluation will also look at the impact on people living in very highly rural areas³²⁶ and the potential for people to substitute alcohol with more dangerous or illegal substances.³²⁷

325. When questioned on why this level of detail was not contained on the face of this Bill, the Cabinet Secretary told us:

“I’d rather take account of the evidence that we get, not just from Scotland, but from within Wales as well, and how an evaluation covers all those points. I don’t think we could anticipate now what we might choose to do or we think would be entirely desirable to do in having that full evaluation in six years’ time... I think our ability to accurately forecast that is something that is not best put on the face of the Bill.”³²⁸

326. He went on to say that he would expect the evaluation to take account of the impact of minimum pricing on particular groups:

“Well, we’d certainly want to understand its impact on a different range of groups and how much evidence is there to allow a robust evaluation and conclusions to be drawn. But we may want it to look at more than that as well... I think getting to a prescriptive list on the face of the Bill is not where we want to be. We want to have a proper conversation

³²⁵ Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

³²⁶ RoP, 29 November 2017, paragraph 97

³²⁷ RoP, 13 December 2017, paragraph 94

³²⁸ RoP, 11 January 2018, paragraph 62

before we get into having that evaluation about what needs to be in there.”³²⁹

327. The Cabinet Secretary told us he needed to ensure the commitments he gives regarding the evaluation are “real and meaningful and that there’s proper engagement with stakeholders”.³³⁰ He added:

“(…) transparently, we need to provide the results of that evaluation before Assembly Members in the future are asked whether they wish to continue with a minimum unit pricing regime.”³³¹

328. A number of witnesses highlighted the need for independent evaluation of the legislation. Betsi Cadwaladr UHB said the review should be independent and at pre-determined intervals based on key milestones for evaluation. Chris Snowdon of the IEA said:

“I hope it will be looked at independently by more than one group of people, and that every aspect of it will be looked at, not just trying to do more modelling on the health benefits, but also looking at these things like drugs and the cross-border trade and crime, and, in particular, the effect on low-income households.”³³²

329. Jon Nelson, Professor Emeritus of Economics at Pennsylvania State University, said that “considering the highly political nature of alcohol policy in Wales and the UK, those groups who are closely associated with the Bill should not be major participants in the ‘sunset review’”.³³³

330. The WSTA advocated the establishment of an evaluation advisory group:

“The Welsh Assembly should also follow the example of the Scottish Government and establish an Evaluation Advisory Group which includes representations from key stakeholders, including from across the industry, to shape and commission that evaluation.”³³⁴

331. The Cabinet Secretary confirmed that he would be commissioning an independent evaluation:

³²⁹ RoP, 11 January 2018, paragraph 67

³³⁰ RoP, 11 January 2018, paragraph 62

³³¹ RoP, 11 January 2018, paragraph 67

³³² RoP, 29 November 2017, paragraph 240

³³³ Written evidence, MPA 09

³³⁴ Written evidence, MPA 40

“Yes, we would commission an independent evaluation, in the same way as the Government regularly commissions reports. So, it isn’t that the Government would ask itself what it thinks the answer should be, there’d be a brief that would be set out that would be independently evaluated, and it would be available to Assembly Members and the wider public.”³³⁵

Timescales for evaluation

332. After a period of five years from the commencement of the minimum pricing regime, the Bill commits the Welsh Ministers to lay before the National Assembly, and subsequently publish, a report about the operation and effect of the legislation during that period (section 21).

333. The majority of witnesses felt that evaluation after five years was proportionate. Dr Ranjini Rao, of the RCPsych, said:

“I think the evaluation is very much akin with what the Scottish evaluation is proposing—the five-year annual proposal—and I agree. The pricing review should be on an annual basis, but some of the health benefits do take time to be translated and evaluated, so I think a five-year evaluation would be, probably, a reasonable evaluation period.”³³⁶

334. There were suggestions that it would be possible for some impacts of minimum pricing to be measured at an earlier stage.³³⁷ Dr David Bailey, of the BMA, told us:

“In terms of evaluating long-term healthcare outcomes, clearly a year is too short—I would absolutely agree with that. However, we could certainly evaluate the effect on overall consumption probably quicker than that, and I think we should be doing that, because we’ve seen the evidence from British Columbia. I don’t think we need to wait five years to see whether it’s actually impacting on overall consumption.”³³⁸

³³⁵ RoP, 11 January 2018, paragraph 75

³³⁶ RoP, 23 November 2017, paragraph 194

³³⁷ RoP, 23 November 2017, paragraph 196, MPA 14 and MPA 36

³³⁸ RoP, 23 November 2017, paragraph 195

“In terms of long-term liver damage and things like that, clearly you do need a slightly longer evaluation period to see if that’s actually making a difference.”³³⁹

335. Tracey Breheny, the Welsh Government’s deputy director for substance misuse policy, suggested that sufficient time needs to be allowed for minimum pricing to begin to have an impact before there is any review. Ms Breheny told us the Government is expecting it to take “a little while for behaviours to change, and indeed for the industry to respond to the policy”, and added:

“What we envisage is that that internal review will be carried out by Welsh Government policy officials aided by our analytical expertise in-house at the two-year mark after implementation of the Bill. We’ll look at a range of factors there, such as alcohol consumption levels at that point, hospital admission data, and the other data, really, that we’ve set out in the explanatory memorandum as being the key measures by which we’ll measure the impact of minimum pricing...”³⁴⁰

336. The Cabinet Secretary told us:

“We would expect to provide information about the review and its conclusions and recommendations and how we would or wouldn’t take them forward. I think that’ll be the right thing to do.”³⁴¹

337. The Cabinet Secretary confirmed his intention to keep the level of the minimum unit price under review to ensure it is set at the most appropriate level to secure the public health objectives of the Bill. He told us that the internal review after two years will look at the level of the initially-specified MUP, and added:

“If it is felt that the level of the MUP needs to be adjusted, any regulations amending this amount would be subject to the affirmative procedure.”³⁴²

338. Minimum pricing will be implemented in Scotland in May 2018. A number of stakeholders have suggested that, if this Bill is passed, thought should be given to delaying implementation of minimum pricing in Wales so that we can learn more from Scotland’s experience, including about any implementation issues, early

³³⁹ RoP, 23 November 2017, paragraph 195

³⁴⁰ RoP, 11 January 2018, paragraph 45

³⁴¹ RoP, 11 January 2018, paragraph 49

³⁴² Letter from Cabinet Secretary for Health and Social Services, 14 November 2017

impacts on consumption and harm, and also the extent of any unintended consequences (e.g. for dependent drinkers).

339. When asked if he had considered delaying implementation of the legislation in Wales so that it could be informed by the Scottish experience, the Cabinet Secretary told us:

“Scotland are looking to start their minimum unit pricing regime from the start of May this year. Should the Assembly pass this piece of legislation, we’re looking to start a minimum unit pricing regime in July 2019. So, there’ll be more than a year of practical experience in Scotland before we would start a regime here.

I think the danger is, if you then say, ‘Wait another couple of years’, you potentially end up just putting aside all the evidence behind the drivers to have this piece of legislation about the public health good you will gain, the alcohol harm you will avoid, and (...) I think we would actually just shunt the issue into the long grass. I don’t think that’s the right thing to do.”³⁴³

340. He added:

“And whilst we think there is learning to be taken from Scotland (...) we want to have an evaluation that looks, again, at the impact here in Wales as opposed to simply reading across from Scotland then Wales automatically.”³⁴⁴

Duration of minimum pricing provisions

341. Section 22 (duration of minimum pricing provisions) provides that the relevant provisions of the Act (and any consequential amendments made by it) will be repealed at the end of a six-year period, beginning with the day on which section 2 comes into force unless regulations are made by the Welsh Ministers providing for their continuation.

342. Witnesses were generally supportive of the inclusion of this provision. ACC told us:

³⁴³ RoP, 11 January 2018, paragraphs 84–85

³⁴⁴ RoP, 11 January 2018, paragraph 79–80

“(…) the inclusion of a ‘sunset clause’ will mean that, should the anticipated reductions in harm not manifest within an agreed period, then the measure could be adjusted or reversed.”³⁴⁵

343. This was supported by the Quaker Action on Alcohol and Drugs, who said that “robust evaluation of MUP, together with a “sunset clause” would enable the Welsh Government to refine or reverse its implementation in the light of real world findings”.³⁴⁶

344. Professor Jon Nelson welcomed the provision, saying it would “provide for a report on operation and effects of MPA” and was “tacit recognition that MPA could be ineffective or have unintended consequences that may not be desired”.³⁴⁷

345. The Supreme Court judgment in the litigation surrounding the Scottish minimum pricing legislation found that “the system will be experimental, but that is a factor catered for by its provisions for review and “sunset” clause. It is a significant factor in favour of upholding the proposed minimum pricing regime”.³⁴⁸

Our view

346. While we welcome the requirement relating to reporting on the legislation’s effectiveness and the inclusion of a sunset provision, we believe robust and rigorous evaluation of the impact of the legislation is needed to ensure the overall objective of improving and protecting the health of the population of Wales from alcohol-related harm is being achieved.

347. We previously commented on the Welsh Government’s approach to evaluating its own policies when we undertook our inquiry into primary care clusters.³⁴⁹ The conclusions we formed in our final report on that subject are equally applicable in this context; it is vital to ensure that mechanisms are put in place to ensure robust evaluation which assesses impact, outcomes, value for money, and best practice.

348. We note the Cabinet Secretary’s explanation for not including detailed provision about evaluation on the face of the Bill. However, the evidence we have

³⁴⁵ Written evidence, MPA 12

³⁴⁶ Written evidence, MPA 47

³⁴⁷ Written evidence, MPA 09

³⁴⁸ **Judgment - Scotch Whisky Association and others (Appellants) v The Lord Advocate and another (Respondents) (Scotland)**

³⁴⁹ **Inquiry into Primary Care: Clusters** – October 2017

heard leads us to conclude that the evaluation must look at the impact of the legislation on different categories of person. The categories may be by reference to, but not exclusive to, characteristics including age, gender, socio-economic deprivation, alcohol consumption, and the impact on retailers and industry. We believe the evaluation should also consider whether the legislation has had a positive effect on levels of domestic violence or contributed to an increase in illegal trade and substitution behaviour. We have concluded that this detail should be included on the face of the Bill.

Recommendation 13. The Bill should be amended to include more detailed provision about the evaluation required under section 21 of the Bill.

Recommendation 14. The evaluation report required by section 21 of the Bill must make reference to the impacts of minimum pricing by reference to age group, gender and socio-economic status; moderate drinkers; dependent drinkers; substitution behaviour; domestic violence; adverse childhood experiences; cross-border trade; and illegal trade. Though not an exhaustive list, this detail should be included on the face of the Bill.

349. We agree with witnesses that the evaluation needs to be independent, and welcome the Cabinet Secretary's assurance that this will be the case. We urge the Welsh Government to consider the approach taken in Scotland, where evaluation advisory groups have been established to ensure the evaluation process is informed by a range of key stakeholders' views and expertise.

350. We believe the timescales for evaluation set out by the Welsh Government are appropriate.