

Initial Consultation on the Social Responsibility Levy

Submission by SHAAP & the Royal College of Psychiatrists in Scotland



Introductory comments

SHAAP/RCPsych in Scotland support the introduction of a social responsibility levy - applied to all licence-holders - as part of a wider package of measures aimed at controlling alcohol availability and reducing harm.



SHAAP/RCPsych in Scotland believe it is important that the purpose and rationale of the levy is made clear to all interested parties. Any provisions or guidance developed in relation to the administration of the levy should, in our view, be consistent with the levy's purpose. It has been suggested by some business representatives that the levy should only apply to those found guilty of irresponsible practices or in breach of licensing conditions. Our view is that breaches of licensing conditions and irresponsible retail practice can and should be dealt with by the existing licensing system. If a separate levy is to be introduced, then in our opinion, it requires a different basis and rationale.

A universally applied social responsibility levy recognises that the supply of alcohol to communities in Scotland is associated with a substantial burden of harm and that much of the responsibility for managing this harm falls on local authorities and local services. The introduction of a social responsibility levy proposes that those who profit from the sale of alcohol should make a specific contribution to mitigating its harmful effects. Unlike alcohol duty, which is not a hypothecated tax, all monies raised from the levy will go towards ameliorating the negative consequences of harmful drinking and lessening the financial burden on local authorities. A recent survey of attitudes towards alcohol pricing measures found that there was more public support for tax measures where it could be demonstrated that the money raised was going directly to good causes.ⁱ

Response to consultation questions

1. How should any levy for licence-holders of a premises licence be determined?

1.1 The levy for licence-holders should be determined as far as possible by alcohol sales by volume. Volume of alcohol is most directly related to levels of alcohol harm, with higher volumes of alcohol sold and consumed associated with a greater burden of harm.

1.2 SHAAP/RCPsych in Scotland believe the off-trade should pay a higher levy than the on-trade. In the Scottish and UK context it is the case that high

volume alcohol retailers are most likely to offer the cheapest unit prices for alcohol and evidence clearly demonstrates a strong correlation between low unit prices and risky and harmful alcohol consumption. For this reason, SHAAP/RCP in Scotland believe that there should be different rates of levy for the on- and off-trade, with the off-trade paying a higher rate than the on-trade. The costs of supplying alcohol products through off-sales are considerably lower than providing alcohol on-sales and the increased availability of alcohol through more off-licensed premises has resulted in a much greater availability of cheap alcohol. The price differential between alcohol sold on- and off-trade in Scotland is considerable. This is likely to be an explanatory factor in the shift towards home drinking in recent years, with off-sales now accounting for 70 per cent of pure alcohol bought in Scotland. Cheap off-sales alcohol is also likely to be a driver of higher *per capita* consumption. The imposition of a higher levy on the off-trade would help mitigate some of the harmful consequences associated with the consumption of cheap, off-sales alcohol.

A further reason to impose an enhanced rate of levy on off-licensed premises is that in terms of good practice off-sales have far less scope than on-licensed premises for action to prevent risky and harmful drinking. Moreover, measures that can be taken by on-licensed premises to minimise the risk of alcohol-related harm, for example by employing door staff, are likely to incur higher costs than measures taken by on-licensed premises.

1.3 Information on volume sales by individual licensed premises is not currently available to local authorities. For this reason SHAAP/RCP in Scotland recommend that a condition be attached to all licences stipulating that the licence-holder annually make available to the licensing authority information on alcohol sales by volume, and by beverage category. All licensed premises will keep an inventory of stock and maintain records on stock used and replenished in a given year. If sales data are difficult for licence-holders to provide for whatever reason, then records of stock-keeping and wholesale purchases can be used and are a robust proxy for sales. Such information can be made available to licensing and local authorities for the purposes of setting the levy and for the better management of alcohol availability to minimise levels of harm.

2. How should any levy imposed on holders of the following licences be determined? Street traders, public entertainment.

No specific comment on this question.

3. At what level should any levy be set at?

3.1 The level should be set in relation to the burden of alcohol-related harm experienced in the local authority area. Authorities with higher levels of harm would therefore be expected to impose a higher levy. Work has been done to assess the monetary costs of alcohol-related harm at a national level. This work could be used as a starting point for estimating alcohol-related costs incurred at a local authority level.

4. Should the local authority be required to indicate the amount of the social responsibility levies likely to be imposed in the levy year prior to the levy year (regulation 5 refers)?

4.1 In the interests of transparency, good planning and organisation it would be preferable for local authorities to indicate the amount of social responsibility levies likely to be imposed in the year prior to the levy year.

5. How will 'good practice' be determined?

5.1 In general SHAAP/RCPsych in Scotland are not in favour of a reduction in the levy for 'good practice' as we believe this confuses the nature and purpose of the levy. If the levy is applied in relation to the level of alcohol-related harm experienced in a locality then it should be reduced in relation to a reduction in harm.

5.2 We believe good practice should be a condition of trading. If licensed premises are not demonstrating good practice, then that is a matter that should be dealt with by the licensing authorities under existing administrative arrangements.

5.3 Offering a reduction in the levy for good practice will add significantly to the costs of administering it, as measuring good practice will require ongoing assessment and monitoring. A cursory approach to assessing good practice risks making the exercise meaningless.

5.4 If 'good practice' is considered to merit a reduction in the social responsibility levy then we would argue that it should be based on objective, measurable criteria. Furthermore, whatever is determined as constituting good practice should be over and above usual licensing conditions. For example, good practice for an off-licence could be not selling any discounted alcohol, rather than simply complying with the legal requirement not to offer quantity discounts.

6. Who will determine 'good practice'?

6.1 We agree that it seems appropriate for licensing boards to determine good practice, with input from licensing forums and local Alcohol and Drug Partnerships on what constitutes good practice.

7. What level of reduction in any levy should the demonstration of 'good practice' result in?

7.1 As we are not generally in favour of a reduction for good practice then we would advocate that any reduction be minimal and a maximum of 25 per cent.

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ⁱ *Public perceptions of alcohol pricing*, Prepared for COI on behalf of the Home Office, November 2010.