



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

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the National Assembly for Wales Health, Social Care and Sport Committee's consultation on the Public Health (Minimum Price for Alcohol) (Wales) Bill. ACS is a trade association, representing 33,500 local shops across the UK including Co-Op, One Stop, McColl's Retail and thousands of independent retailers. In Wales, there are 3,185 convenience stores, employing 20,380 people¹.

Convenience stores provide a range of products and services, including Post Offices, bill payment services, and ATMs to local communities. Alcohol is an important product category for convenience retailers, with 80%² of stores in Wales holding an alcohol licence, and an average of 14.3% of store sales represented by alcohol³. ACS supports the Welsh Government's aims to tackle alcohol related harm and is an active member of the Welsh Government Alcohol Industry Network.

Convenience stores have a role to play in addressing alcohol-related harm and are taking action to reduce underage sales and promote responsible retailing. We acknowledge that there is more work to be done to reduce alcohol-related harm. ACS will continue to work with convenience retailers to promote responsible retailing and encourage retailer engagement with local partnerships.

ACS is not convinced that the introduction of Minimum Unit Pricing (MUP) will have a significant impact on alcohol related harm. We believe that tackling alcohol related harm is more complex than the introduction of an increase in price. Instead, tackling alcohol-related harm must be done in partnership with all stakeholders to instigate long term change in drinking behaviours.

Alcohol consumption and alcohol related harm is in long term decline. The proportion of people who drank in the last week fell from 64.2% in 2005 to 56.9% in 2016⁴ and the proportion of people that have binged in the last week has fallen from 29% in 2005 to 26.8% in 2016⁵.

ACS previously responded to the Welsh Government's consultation on minimum unit pricing in 2015. Our submission can be found [here](#). In our submission, we raised concerns about the additional administrative and financial burdens that the introduction of minimum unit pricing would have on retailers and recommended that instead the Welsh Government

¹ ACS Welsh Local Shop Report 2018

² ACS Welsh Local Shop Report 2018

³ ACS Local Shop Report 2017

⁴ ONS: Adult drinking habits in Great Britain: 2005 to 2016

⁵ ONS: Adult drinking habits in Great Britain: 2005 to 2016

continue to focus on using existing powers under the licensing system and targeted funding at a local level to tackle alcohol related harm.

Impact on Retailers

We expect that there will be a limited business impact on convenience stores in terms of the price of the alcohol products sold in store. However, we agree with the Impact Assessment's conclusion that "that considerable uncertainty exists regarding retailers' responses to the introduction of an MUP. Retailers and producers may make a range of additional changes to both prices and products which may impact on resulting revenue changes to the Exchequer and retailers and other modelled outcomes". As MUP has yet to be introduced elsewhere, we will not be aware of the full impact on retailers until the legislation has been introduced. Therefore, we encourage the Welsh Government monitor and evaluate the introduction of minimum unit pricing in Scotland before implementing the legislation in Wales.

What we do expect from the introduction of MUP is a significant impact in relation to implementation and compliance. MUP will bring a training burden for retailers to ensure staff aware of the new law and its implications for them and the business. It is not simply about ensuring the prices on the shelf are not in breach of the law, but also how they handle more complex customer transactions such as promotions, vouchers or refunds - all of which will require a procedural overhaul. National retailers will also incur additional costs with having a different pricing and promotion regime in Wales.

Cross-border sales will also impact retailers. The Bill's Impact Assessment currently estimates that 4.91% of the total Welsh grocery spend is spent in England and not anticipated to increase following the introduction of MUP. However, as MUP has yet to be introduced elsewhere, and without understanding Welsh consumers' current alcohol spend in England the full impact of cross-border sales is unknown.

Moreover, while the Bill's Impact Assessment recognises that cross-border sales will have an impact on retailers, it states "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.". As stated above, minimum unit pricing is a blunt instrument and affects all consumers. Therefore, the impact of cross-border sales cannot be mitigated by the fact the target population do not live on the border. We would welcome further assessment of MUP's impact of cross-border sales.

Given that the Scottish Government intend to introduce MUP in 2018, and that it is still under consideration in England, we would welcome assurances from the Welsh Government that they will ensure consistency with the Scottish MUP legislation. National retailers will incur additional costs with having a different pricing and promotion regime in Wales and Scotland. Consistency will ensure that these retailers do not face further burdens by being required to comply with different minimum unit price legislation in each country.

Legal Issues

We seek clarification that the provisions in the Public Health (Minimum Price for Alcohol) (Wales) Bill are within the legislative competence of the Welsh Government⁶. While the Presiding Officer has confirmed that the Bill is within the Welsh Government's powers to introduce legislation for the 'promotion of health', minimum unit pricing relates directly to the sale and supply of alcohol, which the Welsh Government do not have the legislative powers for.

⁶ [National Assembly for Wales: Presiding Officer's Statement on Legislative Competence of Public Health \(Minimum Price for Alcohol\) \(Wales\) Bill](#)

We would also welcome further clarity on the legality of these proposals and their interaction with the Licensing Act 2003. Currently the Bill intends to amend the Licensing Act 2003, for example, making it a relevant offence to breach the Public Health (Minimum Price for Alcohol) (Wales) Bill. If the Welsh Government are to introduce minimum unit pricing under their powers for the 'promotion of health', the Bill should be independent of the Licensing Act.

Tackling Alcohol Harm

As set out above, we believe that minimum unit pricing would act as a blunt instrument instead of focusing more on drinkers who would need more support to curb their consumption. We instead recommend that the Welsh Government prioritise work that is already being done to reduce alcohol-related harm, through partnerships with industry, and increasing enforcement action against irresponsible retailers.

Tackling Illicit Alcohol

The Welsh Government should consider tackling the illicit alcohol trade as part of its strategy to tackle alcohol-related harm. 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 2015-16⁷ and undercuts legitimate retailers by driving footfall away from their stores

We have concerns that MUP will only add further pressure on already limited enforcement resources. We believe the police and other enforcement bodies, including trading standards, should focus on tackling the non-duty paid and illicit alcohol trade. The Licensing Act 2003 provides licensing authorities with powers to remove alcohol licences from retailers who participate in the sale of non-duty paid alcohol, however this power is not often used. In a survey of independent convenience retailers, 67% agreed that retailers that are found selling illicit alcohol or tobacco should have their alcohol licence removed⁸. ACS supports the introduction of tougher penalties for retailers that engage in the illicit market and greater funding for police, HMRC and trading standards to tackle this issue.

Industry Action

Retailers have taken proactive action to tackle alcohol-related harm and have been heavily engaged with a number of age verification schemes including 'Challenge 25'⁹ which has reduced underage access to alcohol. Polling of ACS members in 2012 showed that 70% of retailers had an age verification policy in store and it was found that more than a quarter of retailers refused age restricted sales more than ten times a week¹⁰. Serve Legal, an independent test purchasing company, found in 2015 that convenience stores had an 83% pass rate¹¹, an increase of 18% since 2008.

The industry has also taken proactive action to promote responsible retailing amongst the off-trade. Most notably, the industry set up the Retail of Alcohol Standards Group (RASG)¹²,

⁷ HMRC Measuring Tax Gaps 2017

⁸ ACS Voice of Local Shops Survey August 2016

⁹ 'Challenge 25' ensures that anyone that looks under 25 is challenged for proof of age. It is made up of several components including training, display of signage, staff support, record keeping and guidance and clarity on acceptable forms of ID.

¹⁰ ACS Voice of Local Shops May 2012

¹¹ Serve Legal, Independent Test Purchasing Key Trends 2015

¹² The Retail of Alcohol Standards Group is a committee of high street off-trade alcohol retailers who meet to exchange best practice in the responsible retailing of alcohol. The group produced [best practice guidance](#) for the sale of alcohol in England and Wales.

Proof of Age Standards Scheme (PASS)¹³, and Community Alcohol Partnerships (CAP). ACS continues to promote the work of CAP which are locally based projects that tackle underage sales and anti-social behaviour by bringing retailers. We would welcome further engagement with the Welsh Government on how we can work together to promote CAP in Wales.

For more information about this submission, please contact Julie Byers, ACS Public Affairs Manager by emailing [REDACTED] or calling [REDACTED].

¹³ The Proof of Age Standards Schemes (PASS) was set up to provide retailers reassurance about which cards can be accepted as valid proof of age.

ABOUT ACS

The Association of Convenience Stores lobbies on behalf of around 50,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.

Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.



WHO WE REPRESENT

INDEPENDENT RETAILERS



ACS represents 22,397 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

SYMBOL GROUPS AND FRANCHISES



ACS represents 14,659 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

MULTIPLE AND CO-OPERATIVE BUSINESSES



ACS represents 12,862 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls, Conviviality Retail and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

THE CONVENIENCE SECTOR



In 2017, the total value of sales in the convenience sector was £38bn.

The average spend in a typical convenience store transaction is £6.28.



There are 49,918 convenience stores in mainland UK. 74% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 370,000 people.

24% of independent/symbol stores employ family members only.



20% of shop owners work more than 70 hours per week, while 19% take no holiday throughout the year.

72% of business owners are first time investors in the sector.



Convenience stores and Post Offices poll as the two services that have the most positive impact on their local area according to consumers and local councillors.

79% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2016 and May 2017, the convenience sector invested over £858m in stores.

The most popular form of investment in stores is refrigeration.

OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

ACS INVESTMENT TRACKER

Regular quarterly survey of over 1200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

ACS LOCAL SHOP REPORT

Annual survey of over 2400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 6,291 stores. The Local Shop Report also draws on data from HIM, IGD, Nielsen and William Reed.

BESPOKE POLLING ON POLICY ISSUES

ACS conducts bespoke polling of its members on a range of policy issues, from crime and responsible retailing to low pay and taxation. This polling is conducted with retailers from all areas of the convenience sector.

For more information and data sources, visit www.acs.org.uk