

HOME OFFICE CONSULTATION ON SALES OF ALCOHOL

Rebalancing the Licensing Act

A consultation on empowering individuals, families and local communities to shape and determine local licensing

The Government has accepted that the “vibrant café culture” has not emerged in the way it was hoped at the time the Licensing Act was passed. They propose to overhaul the current licensing regime, aiming to give more power to local authorities and the police to respond to local concerns.

The Government’s proposals include the following measures. This is a very condensed version and if you are interested you need to read the full consultation document.

- ❑ Give licensing authorities far more powers to refuse or review license applications, whilst increasing the opportunities for the police and local residents to object and for more weight to be given to such objections. Residents would also have more influence over licensing hours.
- ❑ Introduce tougher sentences for persistent underage sales and trigger automatic license reviews following persistent underage sales.
- ❑ Ban the sale of alcohol below cost price
- ❑ Enable local authorities to increase licensing fees so that they are based on full cost recovery.

THE RSA VIEW

We hope that most rural retailers would not be affected particularly by the additional powers to refuse licenses, although it is hard to know for sure. The RSA will be arguing for a less draconian regime for rural off licenses, operating in a totally different environment, where they seem caught up in a system designed to solve Friday night problems in the middle of big cities.

The banning of the sale of alcohol at below cost price is something we very much support. This is a move that makes sense on so many grounds, but the argument has been hijacked as to what constitutes “cost price”. The problem is the complex trading arrangements between suppliers and the big retailers, where volume discounts and overrides covering a range of products over time can mask the actual price paid for a particular consignment of one line.

Some companies in the industry are putting forward the approach of defining cost price as the total of duty plus VAT only. In the RSA’s view, this is a cop-out. The Competition Commission defines below cost selling as when a retailer sells for below the total of all inputs. We refuse to believe that a large brewery does not know what its cost price of production, distribution and marketing actually is. We are looking for a robust response from the Home Office to stand up to the multi-million pound companies who claim not to be able to do these sums.

Apart from the social harm from under-priced alcohol (far cheaper in some cases than milk or water, despite the tax element), the sale of alcohol at silly prices represents unfair competition to smaller retailers.

The full consultation document can be found at:

<http://www.homeoffice.gov.uk/publications/consultations/cons-2010-licensing-act/alcohol-consultation?view=Binary>