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**ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL  
RESPONSE TO HEALTH AND SPORT COMMITTEE STAGE 1 REPORT**

I am grateful to the Committee for its careful and robust scrutiny of the Alcohol (Minimum Pricing) (Scotland) Bill and the considered conclusions in its Stage 1 Report.

I undertook at the Stage 1 debate to look carefully and sympathetically at all the comments and recommendations in the Report, including those highlighted by the Finance and Subordinate Legislation Committees, and am now reporting formally with a view. Our position is set out in Annex A.

I trust you find this information helpful.

**NICOLA STURGEON**

**ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL:  
RESPONSE TO HEALTH AND SPORT COMMITTEE STAGE 1 REPORT**

162. The Committee recommends that evaluation of the Bill include an analysis of the degree of impact on young people's consumption habits including pre-loading and binge drinking.

225. The Committee draws attention to its recommendation at paragraph 245 addressing evaluation and which includes unintended consequences.

245. The Committee considers that evaluation of the Bill is essential and recommends that this evaluation should include inter alia—

- study of the response of hazardous and of harmful drinkers, including the use of a control group in the north east of England (in addition to the study of severe drinkers to be carried out by Queen Margaret University);
- looking at the impact on low-income groups;
- scrutiny of the industry response to the spirit as well as the letter of the law;
- review of any substitution effect covering not just other kinds of alcohol but also drug use;
- assessment of the funding of brief intervention and family support services;
- analysis of the degree of impact on young people's consumption habits including pre-loading and binge drinking; and
- examination of any unintended consequences, including cross-border trade, illicit sales, the black and grey economy, and internet purchases.

246. The Committee notes the requests made by some witnesses for better access to industry data to inform the policy evaluation, and, within the parameters of commercially sensitive information and data protection etc, hopes that the Scottish Government can explore all avenues to secure this information; and that manufacturers and retailers, in the interests of encouraging a better understanding of the impact of the Bill, will, in so far as they can, assist with the process.

288. The Committee endorses the view of the Finance Committee that it is crucial that the impact of the measure be evaluated, including the extent to which savings may be made in the areas of health, care and justice.

292. The Committee notes the range of views from local authorities on the potential impact of minimum pricing and concurs with the Finance Committee suggestion that this likely reflects the varying impact that the policy may have on individual services.

**299. The Committee endorses the Finance Committee's recommendation that the impact on people on low incomes be part of the evaluation of the legislation and welcomes the Cabinet Secretary's assurance that this will be factored in.**

**308. The Committee endorses the view of the Finance Committee that the Scottish Government should continue the dialogue with organisations representative of business to monitor the impact of minimum pricing.**

**309. The Committee shares the Finance Committee's concern at —the lack of evidence presented to support the SWA's assertion at the impact of the policy on whisky exports.**

**310. The Committee endorses the recommendation of the Finance Committee that the Scottish Government undertake regular reporting of whisky export volumes and value.**

**319. The Committee notes the lack of clarity on the not insignificant matter -should there be any impact on exchequer receipts- of the economic impact of the policy and who pays. The Committee requests that an analysis be prepared by the Scottish Government when the minimum price is announced prior to Stage 3 and it recommends that the economic impact of the measure feature in the MESAS evaluation programme**

Response:

These comments/recommendations all relate in one way or another to the need for robust evaluation of the impact of minimum pricing. For this reason I would propose to deal with them together.

*Overview*

As indicated during the Stage 1 debate, the Scottish Government has put in place an internationally peer-reviewed, multi-component programme to evaluate the impact of our alcohol strategy, Monitoring and Evaluation of Scotland's Alcohol Strategy (MESAS). The portfolio within MESAS includes studies to assess the impact of our minimum pricing proposals on individuals, on communities, on business and on Scotland as a whole.

This work, which is being co-ordinated and led by NHS Health Scotland, will ensure that the impact of minimum pricing on consumption and harm is closely monitored over time and any differential impacts on or between different groups of the population or unintended consequences are surfaced and fully understood.

This will include determining if there are any changes in drinking patterns or consumption and whether such changes differ by age, deprivation and gender. It will also look at whether there are any possible displacement/substitution effects; what additional work is needed to assess the impact on the alcohol industry; and how brief interventions have been delivered and whether greater investment in specialist services has led to increased treatment and care service capacity. A full evaluation of the Licensing (Scotland) Act 2005 is also on-going. MESAS will, therefore, examine all the areas highlighted.

A further study primarily funded by the Scottish Government and led by Queen Margaret University is already in place to determine the impact of minimum pricing on heavy drinkers in contact with specialist services. It will use a longitudinal design to determine if minimum pricing results in changes in consumption, type of beverage, price paid or substitution to

industrial/illicitly produced alcohol or drugs in these drinkers, and whether any changes are differentially patterned, for example by deprivation. A Newcastle study arm will help enable the researchers to determine if any observed change in behaviours in Scotland is attributable to minimum pricing.

*Reaction to specific points raised:-*

- *Industry data (para 246):* There is limited data available to the Scottish Government and we would welcome more detailed information from the industry where they are able to provide this and will continue to have dialogue with them over this.
- *Whisky exports (para 310):* I can confirm that there is already regular reporting of whisky export volumes and value. The Scotch Whisky Association regularly publishes data <http://www.scotch-whisky.org.uk/swa/106.html> as does the Scottish Government. <http://www.scotland.gov.uk/Topics/Statistics/Browse/Agriculture-Fisheries/TrendProduce>.
- *Economic impact (para 319):* In 2010, a MESAS scoping study concluded that in the absence of minimum pricing a full study of the economic impact of alcohol policy at that time was not feasible or warranted. We will revisit that decision in the coming months as we move towards implementation.

**187. The Committee notes the assurance of the Cabinet Secretary that the level at which the minimum price is to be set will be announced prior to Stage 3.**

**189. The Committee notes the options for a proposed mechanism for adjusting the level at which the price is set and the frequency of conducting that adjustment.**

**190. The Committee welcomes the Cabinet Secretary's statement of being open to views regarding what that mechanism should be and the frequency of review.**

**191. The Committee notes the lack of consensus among stakeholders concerning both the nature and frequency of the mechanism by which a minimum price could be adjusted and further notes the Cabinet Secretary's view that any mechanism must not only deliver the desired health benefits on an on-going basis but also meet the requirement of proportionality under EU law.**

**192. The Committee recommends that the Scottish Government states its preferred option and sets out the rationale for that decision by the end of Stage 2.**

Response:

As indicated during my oral evidence session, I can confirm that we will announce the minimum price prior to Stage 3 of the bill process and also give an indication of the approach we would propose to future price adjustments.

**249. The Committee notes the view of some members that a sunset clause should be added into the Bill in order to provide a specified timeframe for the legislation's review and, therefore, to allow by order either its continuation should it prove a policy success, or its removal from the statute book if its impact is shown to be otherwise. The Committee will consider the issue as it arises at Stage 2.**

**250. The Committee welcomes the constructive and consensual tone taken by the Cabinet Secretary in her evidence to the Committee, in particular with regard to her statement of remaining open to persuasion regarding the case for a sunset clause.**

Response:

As I indicated during the Stage 1 debate, I have given careful consideration to the question of a review/sunset clause provision. I have come to view that it is right and proper for the Parliament to have the opportunity to review the impact of minimum pricing after it has been in place for 5 years. I would be minded, therefore, to support any Stage 2 amendment in this respect.

**277. The Committee notes that the Bill could comply with EU law but considers that, without yet knowing the level at which the minimum price is to be set, it is not possible to arrive at a view as to whether the policy is likely to meet the criteria set out by article 36.**

**278. The Committee also notes that the Cabinet Secretary did not rule out the Scottish Government itself notifying the Bill and its policy intentions to the EC although she underlined the view that it was under no obligation to do so.**

Response:

As I made clear in my letter of 8 March to the Committee, we remain firmly of the view that how we propose to implement minimum pricing is capable of complying with EU law. We know that we need to be able to balance the scale of market intervention with the health benefits which will flow, but we have always known we needed to be able to demonstrate this kind of proportionality, and are confident we will be able to do so.

As regards notification under the Technical Standards Directive to the EU, we remain of the view that the Bill itself does not require to be notified. However, after careful consideration we would propose to notify the order setting the minimum price per unit of alcohol. Notification of the Order will involve submitting a full legal analysis of the effect of the Bill and the Order.