

ALCOHOL HARM REDUCTION STRATEGY FOR ENGLAND

Initial Regulatory Impact Assessment

i) Purpose of this Regulatory Impact Assessment	2
ii) The strategy – an overview	3
iii) Better communication with the public	7
iv) Preventing and tackling the harms to health	11
v) Reducing alcohol-related crime and disorder	14
vi) Working with the alcohol industry	20

i) Purpose of this Regulatory Impact Assessment

The Alcohol Harm Reduction Strategy for England establishes Government priorities and sets out the framework for future policy-making. It will be for particular Government departments to take forward each of the proposals within this framework, in accordance with the Action Plan presented in Chapter 8 of the strategy.

Implementing departments will be required to build on this Regulatory Impact Assessment (RIA) as the strategy is taken forward. In particular, consultation with the police, the courts and the alcohol industry will be crucial in establishing how the principles set out in the strategy are translated into specific policy measures.

This document presents an initial over-arching impact assessment by estimating - as far as is possible prior to the consultation processes set out above - the impact of the strategy in the four key areas for intervention identified above:

- better communication with the public;
- preventing and tackling the harms to health;
- reducing alcohol-related crime and disorder; and
- working with the alcohol industry.

For each of these areas it sets out:

- the rationale for change;
- details of proposals;
- the risks of failing to act;
- other options considered and why they were rejected;
- costs and benefits;
- effects on business and competition;
- how proposals will be monitored and enforced; and
- details of consultation undertaken.

It calculates the overall impacts for the following groups:

- individuals;
- Government; and
- the alcohol industry.

This document should be read alongside the Interim Analytical Report published in September 2003, and the Alcohol Harm Reduction Strategy for England, published on 15th March 2004. Both reports are available on the Strategy Unit web-site, at www.strategy.gov.uk.

ii) Overview

The remit of the Alcohol Harm Reduction Strategy for England

The Government is committed to publishing an Alcohol Harm Reduction Strategy for England for implementation from 2004. The majority of the population drink sensibly the majority of the time. The strategy is therefore intended to prevent and tackle the harms caused by alcohol misuse rather than cutting consumption more generally.

The strategy is for England only. It complements the strategies already produced by the devolved administrations.

Consultation

The Strategy Unit has consulted extensively throughout the project:

- the team held a public consultation between October 2002 and January 2003 comprising a consultation paper and four regional conferences. Over 300 responses were received from a wide spectrum of organisations and individuals. A summary of these in addition to the text of all responses is available on the Strategy Unit website (www.strategy.gov.uk);
- the analytical phase of the project was informed by an Advisory Group, which met four times and which represented all main stakeholder interests. In addition the team sought advice from a wide range of experts spanning academics, providers, front-line workers and service users. Further details of those consulted are available on the project website;
- the strategy is firmly based on the analysis, which reflects this process of consultation; and
- as part of the process of implementation, Government will consult with a wide range of stakeholders to ensure that policies make a real difference on the ground.

The analysis on which the strategy is based

The strategy is based on a thorough analysis of the problem. This was published in September 2003 as an Interim Analytical Report. The evidence quoted in this Regulatory Impact Assessment is drawn from that analysis, which is available on the Strategy Unit website at www.strategy.gov.uk.

The harms caused by alcohol misuse

The vast majority of people enjoy alcohol without causing harm to themselves or to others - indeed they can also gain some health and social benefits from moderate use. But for others, alcohol misuse is a very real problem. The interim analysis estimated

that alcohol misuse is now costing around £20bn/year. It identifies alcohol-related harms in four main areas:

- harms to health, costing up to £1.7bn a year;
- crime and disorder, costing up to £7.3bn a year;
- productivity loss, costing up to £6.4bn a year; and
- effects on families and the fabric of society, with human and social costs up to £4.7bn.¹

The drivers of alcohol-related harm

The report indicates that the relationship between drinking and harm is broadly shaped by the interaction of risk factors at three levels:

- alcohol (frequency/volume of consumption);
- individual (e.g. personality, genetics, physiology); and
- environment (e.g. price, supply, beverage type, brand, social/cultural meanings)

These factors interact in a variety of ways to determine drinking behaviour and therefore risk of harm. The starting point is consumption of alcohol and physical response: both the decision to drink and the actions taken as a result of drinking are shaped by individual factors and by the drinker's interaction with the surrounding environment.

The relationship between drinking and harm is explored in depth in Parts 2 and 3 of the Interim Analytical Report.

The case for the strategy

A wide variety of initiatives were already in place to tackle the problem set out above, some very successful. These include:

- prohibition on sale to under-18s and those already drunk;
- a package of measures on drink-driving combining education, detection and enforcement;
- education on alcohol for under-18s;
- public health messages; and
- provision of alcohol treatment services.

However these did not provide a co-ordinated approach for tackling rising harms.

The risks of not producing a strategy were that the harms identified to health, crime, productivity and families would continue to grow, creating rising economic and social costs without adequate mechanisms to deal with the consequences.

¹ 'Strategy Unit Alcohol Harm Reduction project: Interim Analytical Report', 2003, available at www.strategy.gov.uk, p.8. See also 'Alcohol misuse: How much does it cost?'

There were three options:

- *Option 1: do nothing*

The Government did not consider this to be an option in the face of evidence that the harms caused by misuse were growing – for example:

- rising alcohol consumption by some groups – especially the under-16s;
- rising harms to health – including a near-doubling in the rate of liver cirrhosis over the last ten years; and
- widespread problems with low-level alcohol-related crime and disorder in city centres at night, and public concern about an increasingly disruptive culture of going out to get drunk.

At present, the cost of alcohol-related harm is estimated at up to £20bn/year. The risk of inaction is that – in light of these worsening trends – this cost increases significantly.

- *Option 2: produce a strategy aimed at cutting consumption of alcohol by the whole population*

The Government did not consider that focussing solely on this approach - delivered largely through restrictions on price and availability - would deliver results. There is an association between price, availability and consumption. But there is less sound evidence for the impact of introducing specific policies in a particular social and political context:

- our analysis showed that the drivers of consumption are much more complex than merely price and availability;
- evidence suggested that using price as a key lever risked major unintended side effects; and
- the majority of those who drink do so sensibly the majority of the time. Policies need to be publicly acceptable if they are to succeed.

Measures to control price and availability are already built into the system. The Government's view is that they need to be complemented by a whole range of more targeted measures.

- *Option 3: produce a strategy aimed at reducing the harms caused by alcohol misuse*

The evidence suggested that this would be the most effective approach on a number of grounds, including:

- it recognises that alcohol brings some benefits as well as harms;
- it builds on the success of existing policies; and
- it targets the problem where it is most acute.

The Government therefore concluded that a strategy was needed, and that it should focus on Option 3 - harm reduction.

The content of the strategy

On the basis of the four key areas of harm identified in the Interim Analytical Report and consultation, the harm reduction strategy focuses on four areas for intervention:

- better communication with the public;
- preventing and tackling the harms to health;
- reducing alcohol-related crime and disorder; and
- working with the alcohol industry.

The aim of the strategy is to prevent any further increase in alcohol-related harms in England.

In the remainder of this RIA we focus in turn on the four key areas for intervention identified in the strategy.

iii) Better communication with the public

Rationale

Although there have been no national Government advertising campaigns around sensible drinking, recognition of the “sensible drinking” message is relatively high: 80% of drinkers have heard of units. In addition, the Portman Group promotes a responsible drinking message. The problem is that, on its own, information about units alone is insufficient since it does not change behaviour.²

In addition, there is currently greater promotion of the pro-drinking message than of Government’s “sensible drinking” message. Furthermore, long-term risks can lack immediacy, particularly for at-risk groups.

Proposals in this area therefore aim to redress this balance, improve the targeting of communication and change its content.

Proposals

The strategy includes a series of measures aimed at achieving a long-term change in attitudes to irresponsible drinking and behaviour. The balance of the information consumers receive will be improved by:

- reviewing the code of practice for TV advertising to ensure that it does not target young drinkers or glamorise irresponsible behaviour; and
- encouraging the alcohol industry to provide better information for consumers, both on products and at the point of sale.

The content of communication will be improved so that it builds on approaches that are successful in changing attitudes and behaviour rather than merely imparting information about units. The Government also intends to make the “sensible drinking” message easier to understand and apply.

In addition, it will better target messages at those most at risk – including binge and chronic drinkers – to make sure they are fully informed about the risks to their health. Greater support and advice for employers will also be made available.

Risks of failing to act

Our analysis showed that as a population we are drinking more, more often. The sheer volume of drinking makes it increasingly hard to take sanctions against unacceptable behaviour, with the result that tolerance of the outcomes has effectively risen: this in turn makes such behaviour not only accepted but often expected. Toleration of drunkenness is not a new feature in our culture: it is deeply rooted in our tradition and indeed climate. What is new is the number of people, particularly young women, drinking very large amounts, and the structure of the market which has grown to meet the demand. To date, except in respect of drink-driving, Government has taken no action to try and reset cultural norms. The risk of failing to do so is that the culture of

² Interim Analytical Report, p.148, pp.150-1.

going out to get drunk will continue to grow, pushing up the costs of alcohol misuse identified and making action in other areas of the strategy increasingly difficult without a major injection of resources.

Other options

- *Option 1: do nothing*

Our analysis found that education and information alone do not change behaviour. So keeping the status quo is not an option if we want cultural change in the long term.

- *Option 2: tighter regulation*

- On industry: by legislating to require labelling of products, information at point of sale and messages on advertisements. Immediate legislation was rejected on the grounds that an active voluntary approach had not yet been tried.
- In education: by making alcohol a statutory part of the Personal, Social and Health Education curriculum. Alcohol is already covered in several parts of what is already a busy curriculum and has been covered further from September 2003 as part of citizenship education. In our view, focussing education on attitudes and skills was a higher priority than increasing the amount of information given.
- In the workplace: by requiring businesses to have an alcohol policy. There is no evidence of alcohol being ignored as a health and safety issue: on the contrary, companies such as the London Underground already have a zero-tolerance alcohol policy. Around half of employers already have alcohol policies. Those who do not are overwhelmingly likely to be small firms, many of whom may never have alcohol issues. So we found no evidence to suggest that regulation would be appropriate or effective.
- In advertising: by imposing a partial or total ban on alcohol advertising – for example, through progressively tightening scheduling restrictions. There is no definitive evidence of the effect of advertising on behaviour, and therefore not a sufficiently strong case for tougher restrictions. An example often quoted is that of smoking advertisements, which are now illegal. The difference is that alcohol use *per se* is not harmful and can be beneficial: the problem is alcohol misuse. So a ban on alcohol advertising would not be justified in the same way. What came clearly out of our consultation was widespread concern about some of the messages associated with advertising, particularly for young people. We therefore focussed our proposals on this area.

Costs and benefits

Government:

- Approximately £2m p.a. to carry out an initial overhaul of Government communications and targeting of specific groups.
- £50,000 to set up a website for employers.
- No additional cost on education: the proposed changes concern content rather than curriculum space.

Industry:

- The costs of the proposed industry responsibility scheme to alcohol producers are explored in section 7.

The benefits cannot be quantified with precision. In the short-term, as part of a package of measures, they will help prevent any further increase in alcohol-related harms in England. In the long-term, they should play a key part in reducing the harms we identified in the Interim Analytical Report.

Effects on businesses and competition

The effects of the proposed industry responsibility scheme on retailers are explored in section 6 of this RIA; and the effect on producers in section 7.

Monitoring and enforcement

Actions for Government:

- changes to the sensible drinking message and effectiveness of website for employers: these will be reviewed in 2007; and
- education: the results of the Blueprint project will be fed in from 2007, following evaluation.

Actions for industry:

- Ofcom will complete their review of advertising by Q4/2004; and
- progress on labelling and advertising and on display of information will be reviewed as part of a wider social audit early in the next parliament.

Consultation

Within Government, the following departments have been consulted: the Department of Health, the Home Office, the Department for Education and Skills, Ofcom, the Department for Culture, Media and Sport, the Department for Trade and Industry, the Department of the Environment, Food and Rural Affairs and the Treasury, as those with an immediate interest.

Outside Government, in preparing the project's Interim Analytical Report, a wide variety of groups and organisations were consulted, including: young people, frontline practitioners, the alcohol industry, the Confederation of British Industry, the Trades

Union Congress, the Institute of Practitioners of Advertising, the Portman Group and Alcohol Concern. The Home Office and the Department of Health will take the lead in setting up further consultation on those proposals to be taken forward in partnership with the alcohol industry.

iv) Preventing and tackling the harms to health

Rationale

Alcohol dependence syndrome accounts for over 30,000 hospital episodes per year. 150,000 people enter hospital as a consequence of alcohol and around 20,000 die prematurely each year. As well as the wider costs, there is a direct cost to the NHS of between £1.4bn and £1.7bn.

Effective intervention and treatment can help to reduce the costs to the individual, the NHS, crime and lost productivity. A successful alcohol treatment programme requires: the identification and referral of people with alcohol problems; treatment tailored to differing individual needs and motivations, including support for families where appropriate; and services that are effective in helping vulnerable and at-risk groups.

At present, however, screening is often not carried out as often as it might be. The quality of treatment varies widely and there is little information on either the supply of or demand for alcohol treatment, making planning of effective intervention very difficult.

In particular:

- alcohol problems are often not identified sufficiently early, leading to later financial and human costs;
- health service staff have low awareness of alcohol issues;
- there is little available information on demand for treatment, the provision of services to meet this demand, or for the current capacity of treatment services;
- the structure of alcohol treatment can vary widely, with no clear standards for, or pathways through, treatment; and
- procedures for referring vulnerable people between alcohol treatment and other services are often unclear.³

This strategy therefore proposes a series of measures to improve existing provision in the three key areas: identification, referral and treatment. These are set out below.

Proposals

Government will improve the identification and referral of those with alcohol problems, by:

- running pilot programmes to establish whether earlier identification and treatment of those with alcohol problems can improve health, lead to longer-term savings, and be embedded into mainstream health care provision - available evidence suggests that they achieve long-term reductions in problem drinking and cost savings;⁴ and
- raising health service staff awareness of alcohol misuse issues and improving their ability to deal with them.

³ Interim Analytical Report, pp.158-9.

⁴ Interim Analytical Report, p.158.

Government will aim to improve treatment by:

- conducting a national audit of alcohol treatment, including the provision of aftercare. This will establish levels of current provision and the extent of unmet demand, to form the basis for improving services; and
- improving standards of treatment by introducing more co-ordinated arrangements for commissioning and monitoring standards.

Government will improve services for vulnerable groups by commissioning integrated care pathways for the most vulnerable, who often have multiple problems: those with drug problems, mental illness, homeless people and young people.

The risks of not acting

The risks of not taking action in this area are:

- failure to identify those who need treatment, leading to increased costs for the health service later and increased costs in suffering for those affected and their families;
- failure to meet treatment needs; and
- failure to tackle the multiple problems experienced by some individuals in a holistic way, meaning both waste of resources where treatment is not followed up and additional suffering for those affected and their families.

These risks are quantified in detail in an economics paper prepared to accompany the project's Interim Analytical Report.⁵ In summary, alcohol misuse costs the health service up to £1.7bn a year, and is linked to:

- annual expenditure of £95m on specialist alcohol treatment;
- over 30,000 hospital admissions annually for alcohol dependence syndrome;
- up to 22,000 premature deaths per annum; and
- at peak times, up to 70% of all admissions to accident and emergency (A&E).⁶

The risk of not acting is that these economic and social costs continue to rise.

Other options considered

- *Option 1: do nothing*

We do not consider this to be an option in the light of the risks outlined above.

- *Option 2: increase immediately the resources to be put into treating the harms*

Anecdotal evidence suggests that demand outstrips need in some areas. But there is not enough evidence to justify an immediate substantial increase in resources in

⁵ See 'Alcohol misuse: How much does it cost?'

⁶ Interim Analytical Report, pp.32-49.

terms either of unmet need, best value for money or capacity within the sector to deliver.

Costs and benefits

We estimate the cost of our proposals to be £2m p.a. for 2004-5 and 2005-6. The costs from 2007 onwards would be determined in the light of pilot projects and the treatment audit and fed in as part of overall Government spending plans.

The benefits would be as outlined above:

- reduction in costs to the health service and in human and social costs. Existing evidence from small-scale studies in the U.S. suggests that early identification and intervention can save around 20% of later treatment costs. Pilot schemes will establish whether these interventions can be successfully mainstreamed into primary and secondary healthcare structures, and whether cost savings can be realised;
- knock-on savings to the other areas identified in the strategy, notably the impact on productivity. However the data are not robust enough to quantify these savings precisely; and
- a clear way forward which ensures best value for money in the future provision of treatment.

Effects on business

There are no adverse effects on businesses. On the contrary, we expect them over time to see a gain in productivity through reducing the effect of alcohol-related sickness absence, although the data do not allow this to be quantified (particularly for short-term alcohol-related absence, much of which is not recorded). There are no implications for competition.

Monitoring and implementation

The Department of Health will take the lead on these areas, working with other parts of Government and bodies outside Government as necessary. Progress will be reviewed in 2007.

Consultation

These proposals have been discussed formally within Government and informally outside Government. The Department of Health will conduct further discussions with key stakeholders on the details of implementation as soon as the strategy is published.

v) Reducing alcohol-related crime and disorder

Rationale

Our analysis found that alcohol misuse is closely linked with a wide range of crime, disorder and anti-social behaviour, estimated to cost up to £7.3 billion/year. We found that there was already a wide-ranging framework of legislation and enforcement, but that the sheer scale of the issues and recent trends meant it was often difficult to give it effect. We therefore propose a series of measures to ensure that this framework is effectively managed in the priority areas identified in our analysis: low-level disorder and crime in the night-time economy; under-age drinking; repeat offending linked to alcohol; domestic violence; and drink-driving.

Proposals

Government will reduce the problems caused by drinking in town and city centres by clearly defining the shared responsibilities of individuals, the alcoholic drinks industry and the Government. This will require:

- making greater use of existing legislation and penalties to combat anti-social behaviour - for example, greater use of Fixed Penalty Notices – by targeting resources more effectively;
- working with the alcohol industry at a local level: encouraging retailers to help manage and deal with the consequence of town and city centre drinking, by agreeing a new code of good practice and the joint funding of local initiatives (proposals for working with the industry at national level are set out in section 7 of this RIA); and
- encouraging local authorities more actively to tackle problems where they occur.

Government will tackle under-age drinking by:

- making greater use of existing legislation and penalties to combat anti-social behaviour;
- improving the information about the dangers of alcohol misuse available to young people; and
- encouraging provision of more alternative activities for young people (through the national fund set out in section 7 of this RIA).

Government will tackle alcohol-related repeat offending by further piloting of arrest-referral schemes and exploring the effectiveness of diversion schemes.

Government will seek better identification of alcohol problems and referral to alcohol services as part of existing measures on domestic violence.

Drink-driving measures appear to have worked well but there is some evidence that drink driving may be increasing amongst some groups (e.g. young men). Government will, therefore, closely monitor the trends to assess whether additional action is needed.

Risks of not acting

The risks of not acting are that:

- actual experience and public perception of alcohol-related crime and disorder remain high. Negative publicity about the night-time economy continues and undermines the Government's objective of more vibrant and culturally diverse city centres that attract adults of all ages: this in turn reinforces levels of disorder as cities at night become increasingly the preserve of the young and drunk;
- similar issues apply to under-age drinking, which is perceived by the public as by some distance the largest alcohol-related problem. Levels of drinking by under-16s have nearly doubled over the last ten years;
- the level of offending by repeat offenders remains unnecessarily high because opportunities are missed to break the cycle;
- one-third of all domestic violence incidents are related to alcohol: not acting means that one of the main drivers of domestic violence will not be effectively removed; and
- drink-drive casualties continue to rise.

Other options considered

- *Option 1: do nothing*

The risks we outline above and the impact on major policy objectives of Government (such as cutting violent crime, anti-social behaviour and creating better and more vibrant city centres) mean that this is not an option.

- *Option 2*

Alcohol-related crime and disorder – other options considered:

- *Individuals: raise fines and stiffer penalties for disorderly and criminal behaviour*

We rejected this option because evidence suggests that the problem is not the level of the punishment but the logistic difficulties of getting the offender punished at all. The type of offence involved and the age of most perpetrators makes it unrealistic to impose large fines; neither do we want the criminal justice system filled with large numbers of low-level offenders. We therefore concentrated on swifter and simpler rather than larger penalties, with the aim of sending a clear signal that drunken and anti social behaviour will be noticed and dealt with. That said, violent crime should still attract the appropriate and robust penalties.

- *Industry: legislate immediately to make code of good practice and financial contribution compulsory*

Evidence suggests that schemes in partnership with the industry work well, and that the case for a voluntary approach has not as yet been properly tried and evaluated.

- *Local and central government: compel all local authorities to have a strategy*

We did not think this was justified given that not all areas will have a problem or need a strategy.

Local Authorities will consider alcohol-related crime and disorder in conjunction with their partners in the Crime and Disorder Reduction Partnerships (CDRPs) as part of their crime and disorder, misuse of drugs reduction audits and strategies where appropriate.

An example of a multi-agency approach to tackle alcohol-related crime and disorder is in Westminster City Council. A Community Protection Department has been set up, bringing together various aspects of community safety, including liquor licensing function, which has powers of intervention. The vice and clubs branch of the Police, licensing enforcement officers and the night club industry work closely together to deal with alcohol-related crime and disorder.

Under-age drinking - other options considered:

- *Individuals: tougher penalties*

We rejected this option on the grounds set out above: the problem is not the level of penalty but the practicality of its imposition. Moreover, under-18s are likely to have few resources to pay large fines, and the case for putting more burden on the criminal justice system with other penalties is not strong.

- *Individuals: change the minimum drinking age*

We rejected the option of lowering it on the basis of evidence that under-16s are already some of the heaviest drinkers in Europe: evidence from New Zealand suggested that lowering the age would increase pressure on younger teenagers to drink. We also rejected the option of raising it on grounds of cultural acceptability.

- *Industry: raise level of penalties and place an immediate statutory requirement to seek identification and display information*

There are already high penalties for offenders: as set out above, the difficulty is in applying them. The arguments on regulation are as set out above.

Repeat offending - other options considered:

- *Individuals: compulsory alcohol testing for all offenders and compulsory referral to treatment where alcohol is above a certain level*

Our evidence showed that alcohol can be a contributory factor in offending, but is seldom the only factor. And different individuals react differently to how much they drink. Intensive alcohol treatment will not be needed by the vast majority of offenders, who will not be dependent on

alcohol. So this approach would not be justified or value for money for all offenders who have been drinking.

- *Local Government: oblige local authorities to set up night time wet centres in all major towns*
There is no evidence that this would be either the right approach or good value for money. Our approach is designed to tackle the immediate problem and get the evidence for a clear longer-term approach.

Drink-driving - other options considered:

- *Lower the blood alcohol limit (BAC) to 50mg*
We rejected this option because the evidence shows that the combination of policies followed over the last decades has reduced deaths and severe casualties substantially: there is not enough evidence that a further reduction would have a significant impact. Neither is there evidence that a blanket approach would target the groups giving cause for concern, particularly 18-25 year olds.
- *Lower limit for new drivers*
We considered this option carefully because it would help to target drink-driving by younger drivers. Ultimately we rejected it because it would not be closely targeted enough on those drivers causing problems, and because a presumption that the limit would subsequently rise could undermine the wider message that drink-driving *per se* was unacceptable.

Costs and benefits

Government:

- *Greater enforcement of existing laws and penalties*
 - The emphasis of the strategy is on more effective targeting of existing harm reduction measures. Proposals for tighter enforcement should therefore be seen in the context of existing resources. These proposals are for the Home Office to take forward in consultation with the police and the courts, whose independence in applying these measures must be respected.
 - It is expected that alcohol-related disorder will be reduced by other measures in the strategy, which would free up police resources for deterrence and targeting trouble.
 - It is expected that the reduction in alcohol-related crime and disorder will have an impact on accident and emergency departments, GPs etc and a resultant reduction in the costs to the health services.
- *Industry responsibility scheme*
This will carry no additional costs for Local Authorities as we envisage the resources for collecting and managing the fund to be drawn from the fund itself.

Industry:

- *Code of practice*
 - Industry will be invited to consult with Government on the components of the proposed code of practice. The nature and scale of this cost will therefore depend upon the recommendations that emerge from the consultation process.
 - Since it is not possible to calculate costs with any degree of precision at this stage, a full RIA will be required once the details of this scheme have been agreed with industry.
 - Many of the measures given as examples in the strategy would have minimal financial impact – for example, promotion of designated driver schemes and display of information about units and sensible drinking. Many reinforce good practice already widely in operation.
 - Other measures may have a greater impact – for example, use of toughened beer glasses, and provision of staff training. With the former, toughened glasses could be phased in over a period of three years, over which time most glasses would be replaced in a business anyway (the strategy proposes that a working group of industry, medical and other experts be convened take this forward – as part of its work, the group would be expected to undertake a cost-benefit analysis of this approach). In terms of the latter, the industry could work with the British Institute of Innkeeping to produce a simple low-cost training module and economies of scale for delivering it.

- *Contribution to costs of managing night-time economy*
 - The scheme is underpinned by the principle of partnership. Its operational details must be determined in consultation with the industry, at which point a full RIA will be required.
 - The nature and scale of the cost would depend upon a range of factors which would need to be considered as part of the consultation process. These include: how many Local Authorities chose to operate the scheme, whether they limit the scheme to alcohol-free zones or town centres, whether they exempted small businesses, whether the Government imposed a ceiling, and the profile of businesses in a local area.

- *Indirect costs*
 - The industry are under a statutory duty not to sell to drunks or under-18s and are committed to selling responsibly, so there should be no impact on legitimate sales.
 - Some poorly-run establishments may see a drop in profits. More generally, however, there may be a rise in profitability as town centres become more attractive and diverse and attract more customers.

We expect the costs to be outweighed by the benefits in terms of:

- reduced harm to individuals, particularly through lessening the risk of violent assaults and accident;
- businesses which attract more customers in a better town centre environment;
- reduction in demands on police allowing them more time to target and prevent trouble: this should build on the measures already taken in the Licensing Act;

- a better and cleaner environment for citizens with reduced fear of alcohol-related violence and anti social behaviour; and
- reduced cost to society as a whole of providing support, compensation and care to victims of alcohol-related crime.

Effects on business and competition

We expect there to be both direct and indirect financial impacts on local traders, on and off licence, as outlined above. But the effect of these will be mitigated by:

- relating direct contributions to the size and nature of the business; where there is no problem there will be no need for contributions; and
- improvements in profitability as city centres become pleasanter environments and custom increases.

All businesses in relevant areas will be encouraged to sign up to the scheme. Initially, businesses which do not sign up will see a small financial gain over businesses which do. But local encouragement to sign up could mean that over time businesses which do not wish to sign up will find it hard to make a case not to do so. At this point the current risk of well-run businesses being undercut by others which are less well run should recede considerably.

It is important that, as part of the consultation process, potential cross-border effects are taken into account and appropriately addressed.

Impact on small firms

The scheme will be targeted at a range of alcohol retailers, including small businesses. As the operational details of the scheme are developed, it will be crucial that small businesses are consulted and that their views are fed into the policy-making process, in order to avoid any disproportionate impact.

Monitoring and enforcement

The scheme will be voluntary in the first instance and should be established in participating areas by Q1/2005. The success of the voluntary approach will be reviewed early in the next parliament.

Consultation

The concept of such a scheme has been discussed with colleagues inside Government. We intend to work closely with the industry and other stakeholders on drawing up details of the scheme and monitoring its implementation.

vi) Working with the alcohol industry

Section 6 of this RIA set out the responsibilities of alcohol retailers at the local level. The section that follows sets out the responsibilities of alcohol producers at the national level.

Rationale

The strategy highlights the need for shared responsibility in tackling the harms associated with alcohol misuse. Our analysis found that the industry needs to be at the heart of preventing and tackling alcohol misuse, and that solutions which involved the industry have proved to be successful and reach large numbers of people. Many of the factors which the industry can affect (ranging from the way in which alcohol is packaged and promoted, to the management of the pub or bar in which it is consumed) can help encourage a more responsible approach to alcohol.

Businesses that produce, promote and sell alcoholic drinks already have a complex set of statutory responsibilities and regulatory regimes – in relation to health and safety legislation, licensing law, fire-safety law and other areas. The industry's first responsibility is to ensure that it is complying with its legal requirements effectively. But we believe that the industry's responsibilities go beyond this, and that the industry has a wider social responsibility to promote and encourage best practice and to avoid practices that may increase the likelihood of alcohol-related harm resulting, such as irresponsible promotions and advertising targeting young drinkers. Moreover, there is an important business case – in terms of benefits such as enhanced reputation, improved competitiveness and strengthened risk-management – to adopting more socially responsible business practices, as businesses in other sectors, such as the energy sector, have already demonstrated.

The proposals in this area are therefore designed to build on existing examples of successful social responsibility initiatives and to ensure that best practice is both co-ordinated across the industry and strategically aligned with the efforts of government and the voluntary sector.

Proposal

Government will work with the industry at national level to introduce a new award scheme. This scheme will combine a code of good practice with a financial contribution from the industry towards efforts to tackle the harms caused by alcohol misuse.

Other options considered

- *Option 1: do nothing*

The industry would benefit from this option by avoiding expenditure, although they would lose in terms of wider social responsibility. Individuals would

continue to experience the harms identified by the analysis, and Government would continue to meet the costs. The risk of this option is that the existing impetus towards tackling the harms identified in the Interim Analytical Report will be lost with publication of the strategy.

- *Option 2: move to immediate regulation*

The risk of this option is that it prevents the industry taking the initiative in generating effective solutions and contradicts Government's de-regulatory approach.

Costs and benefits

Industry:

- The scheme would be self-financing: administration costs would be covered by a small charge on all those organisations that participate. This charge should be proportional to the size of the organisation, to avoid imposing excessive burdens on small businesses.
- *Code of practice*
 - Industry will be invited to consult with Government on the components of this scheme. The nature and scale of this cost will therefore depend upon the recommendations that emerge from the consultation process.
 - Since it is not possible to calculate costs with any degree of precision at this stage, a full RIA will be required once the details of this scheme have been agreed with industry and its likely impact can be more accurately anticipated.
 - Examples of code of practice components suggested in the strategy include an agreement not to manufacture irresponsibly, and conforming to the Portman Group's code on packaging, neither of which would be likely to incur significant costs. Agreeing to put the sensible drinking message on bottles alongside information about unit content may have greater impact. However, the extra cost of adding a message should be small and could be reduced by phasing in over two years, for example.
- *Financial contribution*
 - Again, the nature and scale of this cost will depend upon the recommendations that emerge from the consultation process.
 - For example, a fund of c.£20-25m would represent around 2% of pre-tax profits for the largest firms or 10% of advertising spend. This would represent a transfer with a double dividend: revenue would be raised to help meet the costs of alcohol misuse, and there would be a positive behavioural incentive to reduce misuse.

The firms affected will be a small number of large producers with considerable market share each, economies of scale and high barriers to entry. Some smaller firms will also be affected such as regional breweries, micro-breweries, and wine and cider

producers. Exemptions in particular cases would need to be considered as part of the industry consultation process.

Effects on businesses and competition

The effects will depend on the recommendations that emerge from the consultation process, and will be discussed with industry.

We do not envisage harmful effects on competition as assessed by the guidelines of the Office of Fair Trading. The market is characterised by a small number of large firms offering consumers a wide range of targeted brands plus other smaller producers such as regional breweries and microbreweries: although there is constant brand innovation there is little new technology. The barriers to new entrants are high: the proposals would have no impact on this. The financial impact of the proposals would not be disproportionate and would be in line with social responsibility initiatives already being undertaken. Although some firms would be more affected than others, the effect would be to raise their standards towards norms already widely accepted in the industry.

It will be important that, as part of the consultation process, potential cross-border effects are taken into account and appropriately addressed.

Impact on small firms

The scheme will be targeted at a range of alcohol producers, including smaller producers. As the operational details of the scheme are developed, it will be crucial that small businesses are consulted and that their views are fed into the policy-making process, in order to avoid any disproportionate impact.

Monitoring and enforcement

The scheme will be voluntary in the first instance and should be established by Q1/2005. The success of the voluntary approach will be reviewed early in the next parliament. The key criteria for success will be the number of large producers participating, the size of the fund created, the number and scope of projects funded, and the effectiveness of these projects in reducing alcohol-related harm.

Consultation

Within Government, proposals have been discussed with the Department for Culture, Media and Sport, the Department of Trade and Industry, the Department for Environment, Food, and Rural Affairs, the Treasury, and the Home Office as those with an immediate interest.

Following publication of the strategy, the Home Office and the Department of Health will take the lead in setting up a consultation with representatives of the industry. We expect this to include trade associations (such as the British Beer and Pubs

Association), representatives of the large producers, and the Portman Group - who hold the brief for industry social responsibility.