Welsh Government Integrated Impact Assessment Summary

Title of proposal:
Public Health (Minimum Price for Alcohol) (Minimum Unit Price) (Wales) Regulations 2019

Department:
Health and Social Services

Cabinet Secretary/Minister responsible:
Minister for Health and Social Services, Vaughan Gething, AM

Start Date:
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What action is the Welsh Government considering and why?

**Background**

The Public Health (Minimum Price for Alcohol) (Wales) Act 2018 (the 2018 Act) was passed by the National Assembly for Wales in 2018. The 2018 Act makes provision for the minimum price for which alcohol is to be sold or supplied in Wales by certain persons and makes it an offence for alcohol to be sold or supplied by alcohol retailers from qualifying premises below that price. When it is brought into force, it will put in place a series of offences and penalties relating to the new system and provides additional powers and duties for local authorities to enable them to enforce the legislation.

The 2018 Act is targeted at protecting the health of hazardous and harmful drinkers who tend to consume greater amounts of low-cost and high-strength alcohol. It provides a formula for calculating the applicable minimum price for alcohol by multiplying the percentage strength of the alcohol, its volume and the minimum unit price, allowing us to specifically target the sale and supply of that low-cost and high-strength alcohol. The 2018 Act provides that the minimum unit price (MUP) for the purposes of the Act will be specified in regulations.

This Integrated Impact Assessment concerns the draft Public Health (Minimum Price for Alcohol) (Minimum Unit Price) Regulations 2019 – which specifies a 50p MUP for the purposes of the 2018 Act. These Regulations will be laid before the National Assembly for Wales.

**Development of policy**

Evidence suggests one of the most effective actions available to governments is to control the price and affordability of alcohol. The Welsh Government has long been clear that a pricing intervention must be a key component of any comprehensive strategy to tackle alcohol misuse, not least because the affordability of alcohol has increased significantly over the past two decades.

The Welsh Government has twice consulted about the principle of introducing a minimum price for alcohol in Wales – in 2014 as part of the Public Health White Paper and in 2015 on a draft Public Health (Minimum Price for Alcohol) (Wales) Bill. In 2018, the Welsh Government also consulted on its preferred level of the MUP for alcohol, draft regulations specifying a 50p MUP and an accompanying draft Explanatory Memorandum and Regulatory Impact Assessment. Taking these consultation responses into account alongside a range of other factors, the Welsh Government considers that setting the MUP at 50p will help us to target alcohol consumption among hazardous and harmful drinkers, with the aim of delivering greater health benefits to those most at risk, while taking account of impacts on moderate drinkers and interference in the market.

Since we first consulted on the policy of minimum pricing in 2014, some opponents of the policy have said that they would prefer alcohol tax to be used instead of a minimum unit price. Powers over the taxation of alcohol are not devolved to Wales. In any event, we consider that minimum pricing will enable us to target the health hazards of cheap alcohol and the groups most affected in a way that an increase in excise duty or VAT would not. When the UK’s Supreme Court recently considered Scottish minimum pricing legislation – that was its conclusion too. The University of Sheffield has analysed the modelled impacts of introducing a minimum unit price at various levels in Wales – the most recent report was published on 22 February 2018. The modelling undertaken by the University of Sheffield estimated that

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1 These terms have a specific meaning for the purposes of the Act, as set out in sections 3 and 4 of it.


large alcohol tax increases would be required to achieve the same effects as a 50p MUP. Importantly, it also estimated that the reduction in alcohol-attributable health inequalities would be lower under those equivalent tax increases.

The National Assembly showed its support for minimum pricing in June, when the Public Health (Minimum Price for Alcohol) (Wales) Bill was passed. The Bill received Royal Assent, becoming an Act, on 9 August 2018.

**Five ways of working: Well-being of Future Generations (Wales) Act 2015**

As a 50p MUP for alcohol is introduced, we will continue to apply the five ways of working of the Well-being of Future Generations (Wales) Act 2015 – and its focus on prevention, the long-term, collaboration, integration, and involvement.

Alcohol is a major cause of death and illness in Wales; it leads to a number of health and social harms, particularly for a significant minority of people who drink to excess. In 2017, there were 540 alcohol-specific deaths in Wales and in 2017-18, there were nearly 55,000 alcohol-related hospital admissions. All deaths and hospital admissions related to alcohol are preventable and minimum unit pricing for alcohol can make an important contribution to addressing this issue over the long-term. The damage that alcohol can cause not only affects the people concerned but their families, public services and the communities in which they live. By working in collaboration with our partners, the Welsh Government has put in place a series of actions and initiatives to tackle the many and varied problems associated with alcohol misuse, but it is clear more needs to be done. Evidence suggests one of the most effective actions available to governments is to control the price and affordability of alcohol. The Welsh Government has long been clear that a pricing intervention must be a key component of an integrated strategy to tackle alcohol misuse, not least because the affordability of alcohol has increased significantly over the past two decades.

Throughout the development of this policy, we have continued to work closely with a range of stakeholders in its development and will continue this involvement as the legislation is implemented. Discussions with stakeholders about the implementation of the legislation are ongoing and will continue over the coming months and once the Act comes into effect.

**Impact**

The policy rationale for introducing a MUP for alcohol was set out in the supporting documentation which accompanied the draft Public Health (Minimum Price for Alcohol) (Wales) Bill when this was issued for consultation in 2015 and when the Bill was subsequently introduced to the National Assembly for Wales in October 2017.

The legislation aims to use price as a lever to reduce the excessive consumption of alcohol. There is strong evidence to suggest that increasing the price of alcohol will contribute towards reducing levels of consumption (particularly amongst hazardous and harmful drinkers) which will then have a positive impact on reducing alcohol-related deaths and hospitalisations. According to the modelling undertaken by the University of Sheffield, a 50p MUP would lead to 66 fewer alcohol-attributable deaths and 1,281 fewer alcohol-attributable hospital admissions per year.

Some stakeholders have argued that there could be unintended consequences of introducing minimum pricing – and that the policy will have little or no impact on dependent drinkers and that there could be negative effects on vulnerable groups, including people who are homeless and are drinking at hazardous and harmful levels. These views were explored when the Welsh Government consulted on the draft Public Health (Minimum Price for Alcohol) (Wales) Bill – and also more recently, when the Welsh Government consulted on its preferred MUP of 50p. Recognising the importance of needing to look at the impacts of MUP, the 2018 Act includes a “sunset clause” whereby Welsh Ministers have to lay a report on the operation and effect of the legislation (five years after implementing minimum pricing for alcohol) and then bring forward Regulations, should they wish the provisions in the 2018 Act to continue. An evaluation of minimum pricing for alcohol is planned – and this will underpin the decision on whether minimum pricing should continue.
Financial impacts: Costs and savings
The costs and savings associated with introducing a 50p MUP for alcohol are set out in the Regulatory Impact Assessment for the draft regulations specifying the level of the MUP. To summarise: Introducing a minimum unit price of 50p is estimated to be worth £783m to the Welsh economy in terms of the reduction in alcohol-related illness, crime and workplace absence over 20 years.

Mechanism
A MUP for alcohol of 50p will be specified in Regulations – to be laid before the National Assembly for Wales. The Regulations are accompanied by an Explanatory Memorandum and a Regulatory Impact Assessment.
Conclusion

1. How have people most likely to be affected by the proposal been involved in developing it?

The Welsh Government issued a 12 week consultation on the preferred level of the MUP of 50p between 28 September and 21 December 2018. The consultation was published on the Welsh Government website. Information on the consultation documents and how to respond was widely distributed and shared via social media. Information was also shared with the NHS Equalities Leads, Welsh Government Equalities Networks, the Children’s Commissioner, the Older People’s Commissioner, the Future Generations’ Commissioner, the End Child Poverty Network, Alcohol Brief Intervention Practitioners and Public Health Wales Alcohol Leads. Articles were also included in the Chief Medical Officer’s Newsletter and the Department for Health and Social Services Newsletter. During the consultation period, meetings were also held with stakeholders, service providers, Area Planning Boards, local authorities, the Welsh Heads of Trading Standards, retailers and representatives from the alcohol industry (through the Welsh Government Alcohol Industry Network – WGAIN). Three engagement meetings were held with service users (in Gwent, Rhondda Cynon Taff and Cardiff and the Vale) and Children in Wales ran two workshops with children and young people (in north and south Wales).
2. What are the most significant impacts, positive and negative?

As highlighted in Section 1 of this Summary of the Integrated Impact Assessment, the University of Sheffield has analysed the modelled impacts of introducing a minimum unit price at various levels in Wales, the most recent report was published on 22 February 2018. This estimated that a 50p MUP would lead to 66 fewer alcohol-attributable deaths and 1,281 fewer alcohol-attributable hospital admissions per year. It also estimated that harmful drinkers would consume 269 fewer units per year (spending an extra £48 per year). Moderate drinkers would be impacted to a lesser degree – it is estimated that they would reduce their consumption by 2.4 units a year (increasing their spending by £3 per year). Introducing a MUP of 50p is estimated to be worth £783m to the Welsh economy in terms of the reduction in alcohol-related illness, crime and workplace absence over 20 years.

Some stakeholders have raised concerns over the impacts of introducing a MUP for alcohol. Most recently, these were highlighted in the Welsh Government’s consultation on the preferred level of the MUP of 50p. In particular, concerns were raised over the impacts of a 50p MUP on households living in poverty. A number of responses highlighted the impacts of introducing an MUP for alcohol on household budgets. Specific concerns were raised that introducing a MUP for alcohol will have unintended consequences for families with children, if parents choose to continue drinking and have to pay more for alcohol, and could therefore have less money for food and fuel and potential increases in debt.

The concept of being punished for being a moderate drinker was another particularly strong theme to emerge, with a number of respondents commenting on MUP being an example of the “nanny state”. Those not supportive of a 50p MUP also questioned the policy rationale and evidence base on using price as a lever to reduce hazardous and harmful drinking and raised particular concerns over whether dependent drinkers would reduce consumption following an increase in the price of alcohol.

A number of responses also expressed concern over the potential risk of people switching from alcohol to other substances as the price of alcohol increase under minimum pricing, particularly when alcohol is used to self-medicate in relation to mental health issues. It was noted that this could in turn increase demands on law enforcement and for other substance misuse services. Concern was expressed amongst some responses over the impacts of MUP on cross border shopping and the extent to which this would undermine the public health impacts of the legislation and have a negative effect on retailers based in Wales, particularly amongst areas in North East Wales and those with a close border with England. MUP could prompt customers to purchase their alcohol across the border in England which could then directly impact Welsh businesses. Some responses commented that these cross border impacts could be higher than those seen in Scotland. Responses also identified specific issues likely to impact on retailers. This included unintended consequences and business considerations.
3. In light of the impacts identified, how will the proposal:

- maximise contribution to our well-being objectives and the seven well-being goals; and/or,
- avoid, reduce or mitigate any negative impacts?

Welsh Government has noted the concerns raised by stakeholders regarding the potential unintended consequences of introducing a minimum unit price for alcohol. These concerns focused specifically on potential impacts on vulnerable groups, household budgets, the risk of switching and the potential increase in the number of people seeking support for services. Welsh Government will continue to consider these potential issues and has commissioned research to look at the risk of switching, which will report ahead of implementation.

Furthermore, in December 2018, an extra £2.4 million in funding was announced for 2019/20 for the seven Area Planning Boards who are responsible for commissioning local front line services. Welsh Government has always said that minimum pricing forms part of a wider strategy and approach to reducing substance misuse. We will continue to use all available levers to reduce the harms caused by the excessive consumption of alcohol, as we take forward a new Delivery Plan for Substance Misuse.
4. How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

The Act provides that the majority of its provisions will come into force on a day appointed by the Welsh Ministers. The current policy intention is that the substantive provisions of the Act be commenced in March 2020. This is intended to allow sufficient time for those affected to prepare accordingly.

In accordance with the Act’s provisions, the Welsh Ministers will as soon as practicable after five years from commencement of the minimum pricing regime, lay before the National Assembly and subsequently publish a report on the operation and effect of the Act. In preparing that report, they must consult with the National Assembly for Wales and with those persons they consider appropriate.

It is proposed that the effect of the Act and regulations made under it will be measured in a number of ways. Methods will include research and evaluation with stakeholders as well as routine health data, monitoring data, and a formal evaluation and review.

**Routine health data**

The National Survey for Wales collects and reports on alcohol consumption on an annual basis – new data are published during the summer and will be reported annually as part of ongoing monitoring for alcohol policy.

Data on alcohol-attributable mortality and alcohol-attributable hospital admissions are included in the annual profile for substance misuse produced and published by Public Health Wales each autumn.

**Monitoring data**

Monitoring data will be collected from local authorities about compliance with the legislation.

**Formal evaluation and review**

It is intended that the overarching evaluation of the Act will take the form of a contribution analysis.

Contribution analysis is a theory-based evaluation method, appropriate to the review of complex, multi-level programmes of work where direct causal attributions are not possible. The approach is applicable here as the introduction of a minimum price for alcohol is not the only factor which may impact on alcohol consumption and alcohol-related harm. The evaluation approach needs to take account of this and assess the contribution the policy has made to any observed changes in outcomes. Theoretically, it is considered reasonable to assess the contribution of the programme if:

- There is a theory of change illustrating links between actions and outcomes.
- Planned activities were implemented.
- Evidence is available to support the above.
- Other factors that could have an impact on outcomes have been considered.

This approach aims to make a reasonable assessment of the contribution of the policy to meeting its overall aim. There are a number of strands of work that will contribute to the generation and reviewing of evidence, including routine data and commissioned studies.

**Commissioned Studies**

A number of specific studies will be (and have been) commissioned to provide the evidence to feed into the contribution analysis. They include research into the impact of MUP on retailers; qualitative work with service providers and service users (looking at the potential risk of switching from alcohol to other substances) and an assessment of introducing an MUP on the wider population of drinkers.

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Internal Review of the Level of the MUP

Welsh Government officials will also carry out an internal review of the level of the initially-specified MUP after the first two years, following the date of the bringing into force of the minimum pricing regime.

To inform consideration of the level (and any decision on whether the initial level of the MUP specified in regulations should be changed and new regulations made), this review will consider compliance, as well as data on alcohol consumption, and key outcomes such as alcohol-related deaths and hospital admissions.

The internal review will be led by Welsh Government policy officials supported by Knowledge and Analytical Services. The internal review process will also be peer reviewed. The key findings and any recommendations from the internal review will be published.