

Vaughan Gething AC/AM
Ysgrifennydd y Cabinet dros Iechyd a Gwasanaethau
Cymdeithasol
Cabinet Secretary for Health and Social Services



Llywodraeth Cymru
Welsh Government

Ein cyf / Our ref MAL/VG/0242/18

Simon Thomas AM
Chair
Finance Committee

Dr Dai Lloyd AM
Chair
Health Social Care and Sport Committee

1 June 2018

Dear Chairs,

I am writing to inform you that a revised Explanatory Memorandum and Regulatory Impact Assessment will be laid before the National Assembly on 5 June, in respect of the Public Health (Minimum Price for Alcohol (Wales) Bill).

Stage 2 of the legislative process took place between 14 March and 3 May 2018. While no amendments were agreed to the Bill during that stage and there has been no change to the policy intent of the Bill since its introduction in October 2017, there have been a number of key developments in relation to the proposed introduction of a minimum price for alcohol in Wales – which have consequently been reflected in the revised EM. These include:

- The judgment of the Supreme Court in the matter of *Scotch Whisky Association and others v The Lord Advocate and another* [2017] UKSC 76 in which the Court ruled unanimously in favour of the Scottish Government, upholding the Scottish legislation and concluding that minimum pricing is a proportionate means of addressing alcohol-related harm. This is set out in Section 3 of the EM.
- Inspection and enforcement activity: The agreement to provide £300,000 to the Welsh Heads of Trading Standards to fund inspection and enforcement activity during the first three years of implementation. Estimates for this funding had been highlighted in Option Three of the RIA. However, at the time of introduction, discussions were still ongoing

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

with the Welsh Heads of Trading Standards regarding the total amount to be allocated and associated profiling. This has now been agreed. Welsh Government will allocate £200,000 during year 1 (currently anticipated to be 2019/20), £70,000 in year 2 (2020/2021) and £30,000 in year 3 (2021/2022).

- Updated Welsh Government costs: In light of the funding for inspection and enforcement activity, total Welsh Government costs have increased accordingly – to £0.8million over the first five years of implementation. Welsh Government administrative costs during the first five years of implementation include the following: £6,900 for developing guidance; £1,800 for the design of guidance; £100,000 for communications; £6,000 for training for enforcement officers; £350,000 for the evaluation; and £300,000 for inspection and enforcement activity.
- Updated country specific information: Section 3 of the EM (and information on specific countries) has also been updated, in order to highlight the latest evidence base on the impacts of increases (or decreases) in the price of alcohol on alcohol-related harm. Specifically, this has been updated to reflect any new relevant research and / or associated changes to policy.
- Wider policy developments: Again in Section 3, the EM has been updated to reflect wider Welsh Government policy developments in relation to reducing alcohol-related harm. These are highlighted in the EM and Options 1 and 2 of the RIA.
- New data on alcohol-related harm: In Section 3, data from Public Health Wales in relation to alcohol-related deaths and alcohol-related hospital admissions have also been updated. The EM now includes data for 2016.
- Updated analysis of the modelled impacts of minimum unit pricing in Wales: In addition to the above, the EM and RIA laid before the National Assembly in October included a 2014 analysis of the impacts of minimum unit pricing for Wales undertaken by the University of Sheffield's Alcohol Research Group. The Welsh Government commissioned an update of this analysis in July 2017 – informed by a range of new data (including data on alcohol consumption taken from the National Survey for Wales, published in June 2017). The interim report and final reports providing updated analysis for Wales were published in November 2017 and February 2018 respectively. The key findings from the modelling undertaken by the University of Sheffield remain the same. All figures in the EM and RIA that related to the modelling undertaken in 2014 have been updated to reflect the latest analysis.
- Taxation: The updated Sheffield analysis also included new analyses of the rise in alcohol taxation that would be required to achieve the same outcomes as a minimum unit price set at an example 50p level. The analysis was carried out with regards to achieving the same reductions in consumption among the target group, and the same reduction in alcohol-attributable deaths among the target group. These findings have also been included in the updated EM.

In addition to updating the figures for the 50p example used for the purposes of assessing impacts and the associated costs and benefits within them, a new Annex has been included

to the EM and RIA, which provides estimates of the impact of a minimum unit price specified at different example levels from 45p through to 60p, on a range of health outcomes, crime and workplace absence as well as impacts on retailer and exchequer revenue.

Impact on total societal costs are also included. As you know, the level of the minimum unit price for the purposes of the Bill has not yet been specified. However, as an illustrative example the RIA reflects the modelling undertaken by the University of Sheffield which estimates that if it were specified at 50p, it would be associated with a total societal reduction in health harms, crime and workplace absence of £783m (in 2016 prices) over the 20-year period modelled.¹ This figure includes reduced direct healthcare costs (£91m); savings from reduced crime (£188m); savings from reduced workplace absence (£14m); and a financial valuation of the health benefits (£490m), measured in terms of quality adjusted life years (QALYs).

The revised EM and RIA will be laid by Tuesday 5 June, ahead of Stage 3 proceedings which are scheduled to take place on 12 June.

Yours sincerely,

A handwritten signature in black ink that reads "Vaughan Gething". The signature is written in a cursive, slightly slanted style.

Vaughan Gething AC/AM

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Cabinet Secretary for Health and Social Services

¹ All costs and benefits in the Sheffield Model which relate to a 20 year period have been discounted at 3.5%.