

Report from the Assistant Director – Housing and Community Safety

**The Licensing Act 2003 (Mandatory Licensing Conditions) Order 2014**

**Summary**

1. This report informs members of the Licensing Act 2003 (Mandatory Licensing Conditions) Order 2014 which comes into force on 6<sup>th</sup> April 2014. The order relates to the banning of the sale of alcohol below the cost of duty plus VAT.

**Background**

2. On 23 March 2012 the Government launched its Alcohol Strategy, which aimed to radically reshape the approach to alcohol and reduce the number of people drinking to excess. The Alcohol Strategy is targeted at harmful and hazardous consumers and aims to limit the impact on responsible consumers.
3. In January 2013 the Home Office consulted on the Government's Alcohol Strategy. This consultation looked at five key points included in the Government's Alcohol Strategy one of these was:
  - The price level and mechanisms for a minimum unit price for alcohol;
4. The Government's response to the Alcohol Strategy consultation, published on 17 July 2013, set out Government's intention to ban below cost selling to tackle the availability of below cost alcohol.
5. The Government has established 'cost' as the amount of 'duty plus VAT', defined as the level of alcohol duty for a product plus value added tax payable on the duty element of the product price.
6. The Home Office has issued guidance on banning the sale of alcohol below the cost of duty plus VAT.

## **Consultation**

7. The council have not directly consulted with premises licence and club premises certificate holders given that this is a legislative change to the mandatory licensing conditions. However, as part of the national consultation the Home Office consulted a wide range of persons and organisations including premise licence with regards to their consultation on the Alcohol Strategy.
8. The City of York Council will inform all premises licence and club premises certificate holders, in writing, of the changes to the mandatory licence conditions before the implementation date of 6<sup>th</sup> April 2014.

## **Options**

9. Option 1 – that members note the change in legislation.

## **Analysis**

10. The ban is a new licensing condition of the Mandatory Code of Practice. The Mandatory Code of Practice relates to all licensed premises, including club premises certificates, in England and Wales.
11. The responsibility for ensuring compliance with the mandatory condition setting out the permitted price is the responsibility of a 'relevant person'. A 'relevant person' is defined as the premise licence holder, designated premises supervisor or personal licence holder (in relation to premises licences) and a member or officer of a club who is present and able to prevent a supply of alcohol (in relation to club premises certificates).
12. The level of duty plus VAT is calculated by taking the relevant excise duty figure for a particular product and then applying the current rate of VAT to this amount.
13. Duty rates differ in accordance with the type of alcohol and often the strength of the product. There are three categories for calculating the permitted price of duty plus VAT the three categories are:
  - Beer
  - Spirits, spirit-based ready-to-drink, wine and made-wine (exceeding 22% ABV)
  - Wine, made-wine and cider (not exceeding 22% ABV)

14. The following calculations to determine the permitted price for each product:

Beer permitted price = Duty + VAT

Where Duty (pence) = volume (litres) x strength (% ABV) x Duty rate

Spirits, spirit-based ready-to-drink, wine and made wine (exceeding 22%) permitted price = Duty + VAT

Where Duty (pence) = volume (litres) x strength (% ABV) x duty rate

Wine, made-wine and cider (not exceeding 22% ABV) permitted price = Duty + VAT

Where Duty (pence) = volume (litres) x duty rate

15. The Home Office guidance also covers:

- Multibuy promotions
- Multibuy promotions on non-alcoholic products
- Multipack products
- Inclusive drinks
- Complementary drinks
- Discount coupons
- Reward cards
- Staff discount
- Online internet sales

### **Council Priorities**

16. The Licensing Act 2003 has 4 objectives: the prevention of crime and disorder, public safety, prevention of public nuisance and the protection of children from harm.
17. The introduction of this new mandatory licence condition will assist in the promotion of the licensing objectives and will support the Council's priorities to protect vulnerable people and build strong communities.

### **Implications**

18. The implications arising from this report are:
- **Financial:** There are no direct financial implications associated with this report.

- **Human Resources:** There are no Human Resources implications associated with this report.
- **Equalities:** There are no equalities implications associated with this report.
- **Legal:** There are no legal implications arising directly from this report.
- **Crime and Disorder:** There are no crime and disorder implications associated with this report.
- **Information Technology (IT):** There are no IT implications associated with this report.
- **Other:** There are no other implications associated with this report.

### **Risk Management**

19. There are no known risks associated with this report.

### **Recommendations**

20. The Committee is asked to note the content of this report.

### **Contact Details**

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**Report  
Approved**



**Date** 7<sup>th</sup> March 2014

**Specialist Officer Implications:** None

**Wards Affected:**

All

**Background Papers (attached to report):**

Draft Statutory Instrument

Guidance on Banning the sale of alcohol below the cost of duty plus VAT