

Alcohol etc. (Scotland) Bill

Financial Memorandum

Finance Committee

January 2010

Introduction

The Federation of Small Businesses is Scotland's largest direct-member business organisation, representing around 20,000 members. The FSB campaigns for an economic and social environment which allows small businesses to grow and prosper.

We welcome the opportunity to submit our comments to the Finance Committee on the Financial Memorandum which accompanied the *Alcohol etc. (Scotland) Bill*.

Consultation

The FSB in Scotland did submit a response to the *Changing Scotland's Relationship with Alcohol* consultation in September 2008, as a significant minority of our membership are small independent retailers and could be affected by the proposals outlined in the Bill.

Promotions

The FSB has consistently supported the ending of irresponsible promotions that encourage binge drinking. However, such intervention has to be balanced against the risks of the government intervening in the market, by deciding the pricing structure for a particular product.

Many small retailers promote particular products as a means of increasing sales across their store. Given the economies of scale, a supermarket is able to negotiate a lower price on a product than a smaller retailer. Promotional activity is one of the few ways smaller retailers can contend with the supermarkets. The FSB has been campaigning over a number of years now to "Keep Trade Local", and we believe that small independent retailers provide a valuable resource to local communities. It is extremely important that these small local businesses remain able to compete in their communities.

There are many small retailers in areas of Scotland that are dependent on tourism for much of their turnover. The FSB sees a potential for small niche shops in these areas being disadvantaged if they are not able to promote local

brands such as whisky, liqueurs and real ales. We would like to see these important small businesses protected in any future legislation.

Anecdotal evidence suggests that most small shops are often not the main culprits associated with what might be deemed irresponsible pricing. The FSB has previously campaigned against the use of 'loss leaders' as a sales tactic by larger retailers.

Minimum Pricing

We also note at this stage that it may be difficult for a small retailer to accurately assess the impact on his business when the proposed minimum price and other restrictions remain unpublished.

Many small retailers are concerned about the potential cost associated with the introduction of a minimum price. For example, it has been widely suggested that the price on the product as well as shelf edges and computer data systems would have to be updated. For a small retailer with limited staff resources, making these changes could be a considerable undertaking.

Social Responsibility Levy

At present, there is uncertainty about the impact of the proposed social responsibility levy as there is no detail about who will pay the levy, how it would work and how much would be raised. Due to the lack of detail that exists at present, the FSB is not in a position to measure the potential impact this would have on small independent retailers.

While recognising that not all retailers operate within the law, the overwhelming majority of small independent retailers do, and they provide a valuable service to their local communities. The FSB has previously expressed its view that we oppose the introduction of a social responsibility levy as legislation already exists to punish retailers who break the law. This should be rigorously enforced before imposing additional costs on small businesses, the overwhelming majority of whom operate within the law.

The proposed levy would also affect the same group of businesses that have recently faced higher costs following the introduction of the new licensing regulations.

We have also previously expressed a view that it would set a precedent if those retailers who sell alcohol paid for the social costs of its effects. For example, should a fast food company pay for the effects of obesity?

Conclusion

The FSB is grateful for the opportunity to participate in this consultation and we hope that our comments are helpful in your scrutiny of the Bill.

Should you require any further information, please contact: Martyn McIntyre, Policy Officer on (0141) 221 0775 or martyn.mcintyre@fsb.org.uk