



**GUIDANCE ON
MINIMUM UNIT PRICING
FOR RETAILERS**

WELCOME

One of the key aims of **SGF** is to promote responsible community retailing. This guide is very much in line with that aim: it is intended to enable retailers to fully understand and be fully compliant with the new Scottish government regulations on the Minimum Unit Pricing of Alcohol.

We are delighted that the guide has been produced in partnership with the Scottish government and are grateful to them for their support. As we have seen with our guide to Nicotine Vapour Products, this kind of partnership is the key to successful implementation of new policies and regulations – we hope this will continue in the future. We know that retailers will do everything they can to comply with the new regulations and continue their commitment to the responsible retailing of alcohol.



Pete Cheema
Chief Executive, Scottish Grocers Federation

Minimum Unit Pricing

From **1st May 2018** retailers will no longer be legally allowed to sell alcohol below 50 pence per unit*. There will be no sell through period. This is a Scottish Government policy targeted at low cost high strength alcohol.

For example, this will mean the minimum price for the following products will be:

Product Type	Strength: Alcohol by Volume (ABV)	Volume (millilitres)	Minimum Price
Whisky	40 %	700ml	£14.00
Vodka/Gin	37.5 %	700ml	£13.13
Wine	13 %	750ml	£4.88
Beer	5 %	4 x 440ml cans	£4.40
Cider	5 %	2000ml	£5.00

Go to: www.mygov.scot/minimum-unit-pricing

*Subject to approval by the Scottish Parliament

CONTENTS

Introduction	2
Overview: What is Minimum Unit Pricing?	2
Who does MUP apply to?	2
Section 1: Implementing MUP	3
Responsibility for ensuring compliance with MUP	3
How to calculate MUP	3
Worked examples:	3
Online Orders and Deliveries	4
Section 2: Getting MUP ready	5
What do I need to do?	5
Price Marked Packs.....	5
Staff training	5
Section 3: MUP and promotions	6
Special offers	6
Reward Scheme	6
Section 4: Frequently Asked Questions	7
Section 5: Enforcement	8
Responsibility for enforcement.....	8
Failure to comply with MUP	8
Section 6: Do's and Dont's	8
Appendix A: Staff training record	9

Introduction

Overview: What is Minimum Unit Pricing?

Minimum Unit Pricing (“MUP”) is a measure that sets a price below which alcohol cannot be sold. This is with the aim of tackling Scotland’s alcohol related problems. It is suggested that there is a link between a low price and high levels of consumption of alcohol which increases harm. It is therefore important to tackle the price and affordability of alcohol.

MUP will not necessarily increase the price of all alcoholic drinks. The Scottish Government’s aim is to reduce harm by affecting the price of cheap, strong alcohol. The Scottish Government has decided to set the price per unit at 50 pence per unit. It is important to note that this price may change in the future.

It is important to note that MUP will have effect from 1 May 2018.

Who does MUP apply to?

MUP is being implemented by way of a condition on all premises licences in Scotland. The condition requires all alcohol sold on the premises to meet the minimum price per unit. Failure to do so is a breach of a condition of your premises licence and constitutes a criminal offence.

Key terms

MUP	"Minimum Unit Price". This is the price below which alcohol cannot be sold.
Price per unit	This is price attributable to a single unit of alcohol.
Premises Licence	A licence issued under the Licensing (Scotland) Act 2005 that authorises a premises, e.g. a convenience store, to sell alcohol.
Condition	MUP is a condition of the premises licence. This means that failing to comply with this is a breach of condition of the premises licence and a criminal offence.
ABV	Alcohol by volume is a standard measure of how much alcohol (ethanol) is contained in a given volume of an alcoholic product. The ABV is usually printed on the rear label of the product.
DPM	"Designated Premises Manager". This is the person named on the premises licence and in the operating plan. Although they are not the licence holder they are responsible for the day to day operation of the premises and thus responsible for authorising the sale of alcohol.
LSO	"Licensing Standards Officer". They are responsible for making sure that the terms of your premises licence, including MUP, is complied with.

Section 1: Implementing MUP

Responsibility for ensuring compliance with MUP

MUP is a condition of the premises licence and therefore it is the licence holder and in turn the Designated Premises Manager's responsibility to make sure that all alcohol sold on the premises complies with MUP. In short, you MUST only sell an alcohol product at a price equal to or above the MUP.

How to calculate MUP

The price per unit (£0.50) x the strength of alcohol (ABV) x the volume in litres.

Always round up to the nearest whole number e.g. £13.121 is rounded up to £13.13

Worked examples:

Example 1

Vodka 1 Litre					
Price per unit		ABV		Volume	MUP
£0.50	x	37.5	x	1	£18.75

VODKA



Example 2

6 pack of beer (300ml bottles) NB simply calculate the price of one bottle and then multiply by 6					
Price per unit		ABV		Volume	MUP
£0.50	x	4.8%	x	0.3	£0.72
					X6 =
					£4.32

LAGER



Example 3

Wine (Merlot) 75CL					
Price per unit		ABV		Volume	MUP
£0.50	x	13.5%	x	0.75	£5.07

WINE



¹ Alcohol by Volume - i.e. the alcohol % shown on the product

Example 4

18 pack of beer (440ml cans) NB simply calculate the price of one can and then multiply by 18				
Price per unit		ABV	Volume	MUP
£0.50	x	5%	0.44	£1.10
				X18 =
				£19.80

LAGER



Example 5

White cider				
Price per unit		ABV	Volume	MUP
£0.50	x	7.5%	1000ml	£3.75

CIDER



Pre-mixed drinks

If a product is pre-mixed, such as vodka and cola, then the ABV that is printed on the can or bottle should be utilised. For example, a pre-mixed can of whiskey and cola would have a MUP as follows:

BLENDED WHISKY

RTD Whisky & cola (330ml can)				
Price per unit		ABV	Volume	MUP
£0.50	x	5%	330ml	£0.83



USE THE MUP CALCULATOR ON THE SGF WEBSITE

WWW.SCOTTISHSHOP.ORG.UK

ONLINE ORDERS AND DELIVERIES

It is important to note that online orders and deliveries if dispatched from premises in Scotland will be caught by MUP.

If a customer orders alcohol for example by phone, email or an app then the price that the alcohol is sold at must comply with MUP.

It is important to note that any delivery charge or the like is not to be taken into account when determining whether the price of the alcohol sold complies with MUP. For example, if a bottle of wine is ordered online and dispatched from premises in Scotland (750ml bottle of wine with an ABV of 12.5% therefore MUP of £4.69) it cannot be sold at £4 with a delivery charge of £2, this would give a total cost of £6. This total cost of £6 would not be MUP compliant. The minimum price the wine could be sold for is £4.69+ £2 delivery = £6.69. An exception to this rule is if the alcohol is dispatched directly to a customer from a premises out-with Scotland, for example England and Wales. As MUP is a condition only of Scottish premises licences then any alcohol dispatched from England and Wales would not be caught. Products ordered from a wine club in London would not be subject to minimum unit pricing.

Section 2: Getting MUP ready

What do I need to do?

You must carefully review the pricing of all your alcohol stock and make sure that the price at which it is sold is equal to or above the MUP. This means calculating the MUP of each alcoholic product and then making sure that it is not below the MUP. For example, if the MUP of a bottle of wine is £4.69 then it cannot be sold for less than this price. The minimum unit price for different types of wine may be different depending on their alcoholic strength.

Once you've repriced all your alcoholic products then it may be useful to print a list of these products and their price so that this can be produced to any Licensing Standards Officer who visits the store (**see Section 5: Enforcement**).

Price Marked Packs

Where licensed premises sell pre-price marked products / flash packs where the price is currently below the minimum price, they will need to decide how to deal with this stock before the implementation date.

If the price is changed on the pack (to be at least the minimum price), then it is essential that the price indicated to customers is clear and unambiguous and does not mislead consumers. Trading Standards advise that any price which no longer applies, including those on flash packs, is completely removed or covered. The retailer will also need to ensure that all prices are changed e.g. shelf price, till price, so the consumer is not misled as regards the price of a product.

Staff training

It is already mandatory condition of your premises licence that all staff involved in the sale of alcohol receive two hours training. It is vital that this training is supplemented with bespoke training in relation to the operation of MUP delivered by a personal licence holder or an accredited trainer. It is also important from a customer relations standpoint that your staff are able to answer any questions that your customers may have.

Having a written record of this training is good practice and will assist with any visits by Licensing Standards Officers as it demonstrates that you have taken steps to implement MUP (**see Appendix A: Staff training record**).

The training should cover the following points:

- **What is MUP?**
- **It is not optional but a matter of law - failure to comply is a breach of the premises licence and a criminal offence.**
- **How to calculate the MUP.**
- **Making sure that new stock is MUP complainant.**

Section 3: MUP and promotions

Special offers

It is vital that no special offer results in the price of the alcohol being reduced below the MUP.

When creating a new special offer the following steps should be followed:

Calculate the MUP of the alcoholic product



Assign a price to the alcoholic product/deal that is equal to or greater than the MUP

You are running a promotion whereby a 4 pack of beer (4% ABV / 440ml) is reduced from £3.75 to £3. This would be illegal as the MUP is £3.52. The lowest legal price is £3.52.



You are offering a bottle of champagne (12% ABV / 75cl) reduced from £25 to £20. This is a legal promotion as the MUP is £4.50.



A bottle of wine is offered in a package along with a selection of cheeses at £9.50. This package cannot be sold for less than the MUP of the bottle of wine - e.g. if the MUP of the wine is £4.50 then the package cannot be sold at a price less than £4.50. Therefore, this is a legal promotion.



A customer upon buying their shopping receives £10 off if they spend £30 or more. In their basket are four bottles of whiskey (40% ABV / 1ltr) which have a combined MUP of £80 (£20 x 4). The total shop comes to £85. The proposed reduction would mean the shop costs £75. This is under the MUP of the alcoholic products involved and is therefore an illegal promotion.



Reward Schemes

Where you operate a scheme - for example, reward points or vouchers that have a cash equivalent, then these points or vouchers can still be used to purchase alcohol provided the price attributable to the alcohol is MUP compliant. For example, the customer is buying a bottle of spirits (700ml bottle of vodka at 37.5% ABV therefore MUP of £13.13) priced at £13.50. The customer pays £9.50 cash and £4 worth of reward points. Such a transaction remains legal and the sale is MUP compliant.

A customer buys shopping worth £40 including a bottle of wine with a MUP of £5. The customer then produces a coupon stating that £2.50 is saved when spending £20 or more. The coupon cannot reduce the price of the overall shopping below £5 (as this is the MUP of the bottle of wine).

Section 4: Frequently Asked Questions

Q: What happens if I am caught selling alcohol below the MUP?

A: First and foremost, it is a criminal offence to breach a condition of your premises licence and you may be prosecuted. In licensing terms your local LSO will likely issue a "Section 14 notice" requiring you to resolve the matter within a specified period and failing to do so will result in your premises licence being reviewed. The Licensing Board have the power to issue a warning, suspend, or revoke your premises licence. It is a serious matter and you should make sure you comply.

Q: What is the price at which a unit of alcohol cannot be sold below?

A: 50 pence per unit.

Q: When does MUP take effect from?

A: 1 May 2018.

Q: What if the customer has a separate voucher for say 50p off a product?

A: Any voucher or discount cannot reduce the price of the alcoholic product below the MUP.

Q: Can this price per unit of 50 pence change?

A: Yes – however, it is unlikely to be done within the first year or so. the SGF will keep you updated should this price per unit change.

Q: Can I sell at a price higher than the MUP?

A: Yes, you are free to set your own price provided it is higher than the MUP.

Q: How do I convert cl into ml?

A: Multiply the volume in cl by 10.

Q: Will my wholesaler need to sell alcohol to me at a price that complies with MUP?

A: This depends on the approach taken by your wholesaler. We understand that a number of wholesalers will take the view that they will be able to sell to the trade at a price that does not comply with MUP.

Q: If I deliver alcohol products to my customers will I need to comply with MUP?

A: Yes, alcohol you sell irrespective of whether it is online, in person or by phone needs to comply with MUP.

Q: I run a staff discount scheme at the moment whereby staff enjoy a 10% discount on sprits and a 15% discount on beer, cider, and wines. This is scheme complaint with MUP?

A: Yes – provided that the price of the alcohol is not reduced below the MUP. For example:

1. If a staff member buys a bottle of rum with a retail price of £14 and the MUP is £12.50 then the discounted price is £12.60. Therefore, the discounted price is MUP compliant.
2. If a staff member buys a bottle of rum with a retail price of £13 and the MUP is £12.50 then the discounted price is £11.70. Therefore, the discounted price is not MUP compliant and lowest possible discounted price is £12.50.

Q: I am the designated premises manager of a wholesaler and we have a premises licence as we allow members of the public to shop in our store. I am concerned as to the impact of MUP as we would intend to sell to trade at a price not compliant with MUP, however, I understand that MUP is imposed via a condition of the premises licence. Can I sell alcohol to a customer when it for the purposes of their trade at a price less than MUP?

A: You are correct, MUP is imposed by a condition of the premises licence and therefore all sales authorised under the premises licence should comply with MUP. This is a complicated area of licensing law and the licence holder should seek their own independent legal advice in relation to this. A dual pricing structure, namely, a MUP compliant price is charged to members of the public who are being sold alcohol under authority of the premises licence and a lower price is charged to persons purchasing alcohol for the purposes of one's trade is an option. However, to effectively operate in accordance with the law demonstrable due diligence will be required with records of this kept and available to the authorities upon request. It will be for the licence holder to satisfy itself that their dual pricing structure is legal and their due diligence is robust.

Section 5: Enforcement

Responsibility for enforcement

The primary role in enforcing the MUP legislation will sit with Licensing Standards Officers whose role includes making sure that licence holders comply with their licence conditions. You can expect your local LSO to visit your store and check that all alcohol is being sold above the MUP. This is their job and you should make sure that you and your staff assist LSO with any visits.

As breaching the terms of the premises licence or its conditions constitutes a criminal offence, it is also possible that a police officer may look to take steps against a staff member, Manager, DPM or licence holder if alcohol is found to be below the minimum price.

Failure to comply with MUP

If a LSO discovers alcohol is being sold below the minimum unit price, the first likely interaction is an informal discussion with the licence holder or DPM to fix the pricing error. If the matter is not resolved, the LSO has the power to issue a formal warning notice requiring the condition to be met. If the condition is still not complied with, ultimately the LSO can request a review hearing at which you could be warned or have your premises licence suspended, varied, or revoked.

Section 6: Do's and Dont's

Do's	Dont's
Check that all your alcohol products are priced at or above the MUP.	Ignore MUP – your premises licence will be jeopardised!
Make sure that your current (and future!) promotions or special offers don't reduce an alcoholic product below the MUP.	Sell your alcoholic products at under the MUP – you may be prosecuted.
Train your staff so they know about MUP (use our helpful training declaration).	Discount a product below the MUP.

Appendix A:

STAFF TRAINING RECORD

Licensing (Scotland) Act 2005

Policy on Minimum Unit Pricing (MUP)

..... [insert name of licence holder]
takes compliance with the Licensing (Scotland) Act 2005 and the terms of the premises licence very seriously. We recognise that doing so allows us to operate our premises in a responsible manner. As licence holders, we require our staff to observe the terms of this Policy on Minimum Unit Pricing.

It is the responsibility of the named premises manager (DPM), or if he or she is not on shift, the person responsible for the management of the premises at that time, to ensure all staff are aware of this policy.

Failure to observe the terms of this policy could jeopardise the premises licence and the personal licence of individuals involved as your local LSO may issue warnings or call for a review of the licence. Allowing alcohol to be sold at less than the MUP ultimately is a criminal offence under the 2005 Act.

In order to comply with MUP the following points must be complied with at all times:

- The price per unit is 50 pence.
- All alcohol products must be sold at or above its MUP.
- All signage and promotions must be checked so that alcohol is not advertised or sold at a price below MUP.
- Neither discount coupons nor special offer may allow the price of an alcoholic product to be reduced below the MUP.
- Any licensing standards officers or police officers checking the pricing of alcoholic products should be provided with whatever reasonable assistance is required.
- Any questions should be raised with the DPM or other member of management.

DECLARATION

I confirm that I have received training on the above policy and have read and understood its terms:

Staff Member Name:.....

Signed:.....

Date:.....

A photograph of a grocery store aisle, likely a wine or spirits section, with shelves stocked with bottles. The lighting is warm and the image is slightly blurred, creating a sense of depth. A person is visible in the distance, walking down the aisle.

SGF

Scottish Grocers' Federation

Scottish Grocers Federation
222/224 Queensferry Road
Edinburgh
EH4 2BN

T: 0131 343 3300 F: 0131 343 6147
www.scottishshop.org.uk