



Briefing paper on alcohol pricing policies

A January 2011 report for the Home Office¹ summarised the research evidence around the likely impact of policies designed to increase the price of alcoholic drinks. The report summarises its findings as follows (our emphasis):

- On balance **the evidence shows that increases in alcohol prices are linked to decreases in harms related to alcohol consumption.** However, alcohol price is only one factor affecting levels of alcohol consumption with individual, cultural, situational and social factors also influential.
- Available evidence suggests that **increases in alcohol prices tend to be associated with reductions in crime. However, this relationship is not straightforward and linear and the evidence base is not able to support a causal relationship** between alcohol pricing and crime.

This review uses ‘rapid evidence assessments’ based on work carried out in this area by (among others) Sheffield University. Sheffield also carried out an extensive modelling exercise in 2008 looking at the effects of a range of alcohol pricing policies on alcohol health harm, alcohol-related crime, and workplace effects of alcohol.²

The annex to this paper shows extracts from the Sheffield study relating to expected outcomes for implementing a minimum price per unit of alcohol of (a) 50p and (b) 45p. A 50p minimum price is Alcohol Concern’s preferred option, balancing affordability with reduction in harm. A 45p minimum price is the level selected by the Scottish Government as part of proposed legislation.

A paper published by the Institute of Fiscal Studies in September 2011³ looks at current policy developments in alcohol pricing, and compares a minimum pricing approach with a tax duty-based approach.

The author estimates that the ‘below cost’ sales ban to be introduced in the UK in 2012 is “a very small policy in terms of its likely overall impact” that he estimates will only affect 1% of off-licence alcohol units sold. He goes on to contrast the effect of Scotland’s proposed 45p minimum: “71% of all off-licence units retailed for less than this in 2010”.

Because a legal minimum price means that the additional cost of alcohol goes to the drinks and retail industries, the IFS report sets out an argument for the use of tax duty instead, as this will mean that the additional cost goes to the revenue. The report does state, however, that there would have to be considerable rationalisation of the existing alcohol duty rules to make them focused on alcohol content. The rules are currently inconsistent, as they are the result of piecemeal historical development in different sectors of the industry.

¹ Home Office (2011): *The likely impacts of increasing alcohol price: a summary review of the evidence base*. Home Office. <http://www.homeoffice.gov.uk/publications/alcohol-drugs/alcohol/impacts-alcohol-price-review>

² Brennan, A., Booth, A., Mejer, P., O’Reilly, Purshouse, R., D., Rafia, R., Stockwell, T., Sutton, A., Taylor, K., Wilkinson, A. and Wong, R. (2008): *Independent review of the effects of alcohol pricing and promotion: part b – modelling the potential impacts of pricing and promotion for alcohol in England: results from the Sheffield alcohol policy model version 2008 (1-1)*. SchARR: University of Sheffield. http://www.shef.ac.uk/polopoly_fs/1.95621!/file/PartB.pdf

³ Leicester, A (2011): *Alcohol pricing and taxation policies- IFS Briefing Note BN124* Institute of Fiscal Studies <http://www.ifs.org.uk/bns/bn124.pdf>

Annex - Effect of 50p and 45p minimum price per unit of alcohol

Figures taken from the modelling carried out by a team at Sheffield University:

Brennan, A. et al. (2008): *Independent review of the effects of alcohol pricing and promotion: part b*

Cumulative discounted value of harm reduction over ten years (tables 35 and 36, pp 133-134)

Cost centre	Value (£m) 50p	Value (£m) 45p	Percent change (50p)	Percent change (45p)
Healthcare	-1,373	-915	-9.0	-6.0
Crime	-413	-257	-2.4	-1.5
Absence	-238	-147	-3.3	-2.0
Unemployment	-5,402	-3,840	-25.3	-18.0
Total	-7,426	-5,159	-12.1	-8.4

Health outcomes per annum after ten years (tables 33 and 34, pp 126-127)

Alcohol attributable:	Instances (50p)	Instances (45p)	% change (50p)	% change (45p)
Deaths	-3,393	-2,288	-27.8	-18.8
Chronic disease	-43,200	-29,400	-13.3	-9.1
Acute disease	-8,600	-5,500	-5.8	-3.8
Hospital admissions	-97,900	-66,600	-12.4	-8.4

Crime outcomes per annum (tables 33 and 34, pp 126-127)

Alcohol attributable:	Instances (50p)	Instances (45p)	% change (50p)	% change (45p)
Violent crimes	-10,300	-6,200	-2.1	-1.3
Criminal Damage	-17,100	-10,300	-2.0	-1.2
Other crimes	-18,500	-12,400	-3.2	-2.1
Total crimes	-45,800	-28,900	-2.4	-1.5

Change in alcohol consumption (table 32, p 120 & tables 37-41 pp 138-142)

Group	50p - Mean annual consumption change per drinker (units)	45p - Mean annual consumption change per drinker (units)	50p - Mean annual consumption change per drinker (%)	45p - Mean annual consumption change per drinker (%)
All England	-56.8	-37.0	-6.9	-4.5
11-18-year-olds	-47.3	-36.0	-7.3	-5.5
Hazardous 18-24	-41.8	-23.0	-3.0	-1.6
Moderate	-10.4	-6.5	-3.5	-2.2
Hazardous	-82.0	-48.8	-5.9	-3.5
Harmful	-376.0	-259.4	-10.3	-7.1

Based on existing guidelines on alcohol consumption in England, drinkers are classified in three drinking categories based on their mean intake per week:

- moderate drinkers, i.e. drinkers with an intake of alcohol less likely to damage health and/or associated with negative consequences (up to 21 units per week for men and 14 units for women)
- hazardous drinkers, i.e., drinkers with an increased risk of psychological and physical consequences due to alcohol intake (more than 21 to 50 units per week for men and more than 14 to 35 units for women)
- harmful drinkers, i.e. drinkers with an intake that is likely to adversely affecting health and/or other negative consequences (more than 50 units per week for men and more than 35 units per week for women).

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