

Institution: University of Sheffield
Unit of Assessment: 18 – Economics and Econometrics
Title of case study: Alcohol Minimum Pricing Policy: government and national debate
<p>1. Summary of the impact</p> <p>In 2007, as part of a major update of the national alcohol strategy, the UK Government announced that it would commission an independent national review of the evidence on the relationship between alcohol price, promotion and harm. Subsequently, in 2008, researchers from the University of Sheffield (UoS) were commissioned by the UK Department of Health (DoH) for an ‘Independent Review of the Effects of Alcohol Pricing and Promotion’.</p> <p>The UoS research has played a crucial role in informing the debate and deliberations on the available Government options for interventions on alcohol consumption in England and Wales, by providing a robust evidence base to underpin the debate. The UoS research findings have been used to inform policy by senior decision-making bodies e.g. the House of Commons Health Select Committee and the UK Chief Medical Officer to inform policy. The findings have also stimulated the potential for policy intervention beyond England and Wales, e.g. in Scotland and Australia.</p>
<p>2. Underpinning research</p> <p>The research was undertaken during 2008 and was the first empirical study intended to answer specific policy questions around pricing of alcohol and the related effects on harms in terms of health, crime and employment in England. It was these insights that underpinned the debate about policy interventions, particularly minimum pricing, to address alcohol consumption. The Sheffield research team comprised Karl Taylor (Department of Economics), together with Alan Brennan, Petra Meier and Robin Purshouse (all at the School of Health and Related Research in 2008).</p> <p>The analysis estimated how price changes affect alcohol consumption and how this in turn influences health outcomes. This was undertaken for the population as a whole and also for a range of subgroups: (i) young people under 18 who drink alcohol; (ii) 18-24 year old hazardous drinkers; and (iii) harmful drinkers whose patterns of drinking damage their physical and/or mental health or cause substantial harm to others. The analysis focused on four types of alcohol: beer; wine; spirits; and RTDs i.e. ready to drinks (e.g. alcopops), identifying whether alcohol was purchased on licensed premises (e.g. pubs), or off licensed premises (e.g. home consumption of alcohol purchased from supermarkets).</p> <p>Based on existing DoH guidelines in 2008 for alcohol consumption in England, drinkers were classified into three categories based on their mean alcohol intake per week: (i) ‘moderate drinkers’, up to 21 units per week (pw) for men and 14 units for women; (ii) ‘hazardous drinkers’, between 21 to 50 units pw for men and 14 to 35 units for women; and (iii) ‘harmful drinkers’, more than 50 units pw for men and more than 35 units per week for women.</p> <p>The analysis undertaken enabled a simulation of the effects of setting a minimum price for alcohol. To simulate the effects of policy changes in the pricing of alcohol, it was necessary to first establish the sensitivity of alcohol consumption to price changes (elasticity). The estimation of price elasticity was undertaken by Taylor in the Department for Economics, UoS. The empirical analysis was based on data from the Expenditure and Food Survey (EFS) providing purchasing transaction data for individuals over the five years 2001/02 to 2005/06, including detailed information on demographics, quantity purchased and prices paid. Econometric analysis on the EFS data was then undertaken to quantify the elasticity of demand for alcohol – the change to purchasing levels that can happen when prices change. This was undertaken for 16 different categories of alcohol: beers, wines, sprits and RTDs, split by on/off-trade purchase and further split into two price categories, using a cut-off for low quality alcohol (defined by the DoH) of less than 30p per unit of alcohol (off-trade) and less than 80p per unit of alcohol (on-trade).</p> <p>The results from econometric analyses (comprising 256 own and cross-price elasticities) undertaken by Taylor were then used to: (i) estimate the impact of policies on levels of alcohol</p>

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consumption; and (ii) assess the effect of consumption changes on mortality and disease prevalence for 47 health conditions. Minimum pricing interventions were found to be effective for reducing consumption and subsequent health-care costs and health-related quality of life losses (see 4a).

3. References to the research

Initial research grant from the DoH held by A. Booth, A. Brennan, P. Meier, D. O'Reilly and K. Taylor. Two reports to the DoH published in 2008:

- R1. Booth, A., Meier, P., Stockwell, T., Sutton, A., Wilkinson, A., Wong, R., Brennan, A., O'Reilly, D., Purshouse, R. and K. Taylor (2008). 'Independent Review of the Effects of Alcohol Pricing and Promotion: Modelling the Potential Impact of Pricing and Promotion Policies on Alcohol in England.' Department of Health Policy Research Programme Peer-Reviewed Report. (www.shef.ac.uk/polopoly_fs/1.95621!/file/PartB.pdf).
- R2. Brennan, A., Purshouse, R., Taylor, K., Rafia, R., Meier, P., Booth, A., O'Reilly, D., Stockwell, T., Sutton, A., Wilkinson, A. and R. Wong (2008). 'Independent Review of the Effects of Alcohol Pricing and Promotion: Systematic Reviews.' Department of Health Policy Research Programme Peer-Reviewed Report. (www.sheffield.ac.uk/polopoly_fs/1.95617!/file/PartA.pdf).

Academic peer reviewed article published in 2010:

- R3. Purshouse, R., Meier, P., Brennan, A., Taylor, K. and R. Rafia (2010) 'Estimated Effect of Alcohol Pricing Policies on Health and Health Economic Outcomes in England: An Epidemiological Model.' *The Lancet*, vol. 375, issue 9723, pp. 1355-64. doi: [10.1016/S0140-6736\(10\)60058-X](https://doi.org/10.1016/S0140-6736(10)60058-X) (Lancet impact factor: 39.06)
- R4. Purshouse, R., Meier, P., Brennan, A., Taylor, K. and R. Rafia (2010) 'Webappendix: Methods Used for the Derivation of Elasticity Estimates for Moderate Drinkers and Hazardous/Harmful Drinkers in England.' *The Lancet Supplementary Webappendix*.

4. Details of the impact

The impact on public policy has reached the highest levels of the UK and Scottish Governments, helping shape the political debate, and has also raised minimum pricing up the policy agenda overseas, e.g. in Australia and Canada, and helped to inform potential interventions in the EU (S4). The UoS research has been highly visible in the wider public arena, helping to inform public understanding of the issues around price interventions and subsequent benefits.

a) Impact under the Labour Government in England and Wales: 2008/9-2010

After the Sheffield team reported to the DoH in 2008, the Labour Government's Chief Medical Advisor Sir Liam Donaldson drew up plans in early 2009 to implement a minimum price on alcohol in England, where no drinks could be sold for less than 50p per unit of alcohol (as supported by the research of the UoS team). If introduced nationwide, he argued (using statistics directly from UoS research, see R1-R4) that alcohol consumption would be cut by 7%, deaths per annum would fall by just under 3,400 and there would be an estimated 97,900 fewer hospital admissions (S1). The UoS research published in *The Lancet* estimated that a minimum price set at this level would save up to 50,000 individuals from illness in a decade, where the largest harm reduction would be for those individuals aged 45 and over with chronic ill health. However, the then Prime Minister Gordon Brown refused to endorse the scheme on the grounds that it would also penalise 'moderate drinkers'.

b) Continuation of influence under Coalition Government: 2010 onwards

Under the Conservative-Liberal Democrat coalition Government the Chancellor in his June 2010 budget outlined the intention to review alcohol taxation and pricing to tackle problem drinking without unfairly penalising responsible drinkers, pubs and important local industries. Whilst the Home Office reports fed into the review of pricing, the Treasury led the review of taxation holding informal consultations during the summer of 2010 between industry players, considering in

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particular the rates and structure of duty on different products, the differential between rates on high and low strength products, and the interaction between tax and price. In the March 2011 budget the government announced a 2% above inflation rise on duties for beer, wine and spirits, over and above flat rate increases previously imposed.

In England and Wales a ten week consultation period was launched by the Home Office (28th November 2012 – 6th February 2013) on a plan to set a minimum price of 45p per unit of alcohol as part of a drive to tackle problem drinking. It also considered banning multi-buy promotions e.g. two-for-one offers. The consultation sought views on five key areas: (i) banning multi-buy promotions; (ii) review of mandatory licensing conditions; (iii) health as a new alcohol licensing objective; (iv) cutting red tape for businesses in order to reduce the burden of regulation; and (v) minimum unit pricing (MUP). Meetings and events were held with key stakeholders. The intended audience of the consultation were: (i) licensed premises; (ii) licensing authorities; (iii) other responsible authorities; (iv) health bodies; (v) the police; (vi) the public; (vii) professional bodies; and (viii) trade bodies (S9). However, on 17th July 2013, following analysis of the consultation's responses, the Home Office minister Jeremy Browne announced that the government would not be proceeding with minimum unit pricing, despite the previous commitment shown, but this would "remain under consideration." The Home Secretary Theresa May stated in a post consultation Home Office document (S10 page 3) "We are not rejecting MUP – merely delaying it until we have conclusive evidence that it will be effective". Instead a ban on the sale of alcohol below the level of alcohol duty plus VAT would be implemented, coming into effect no later than spring 2014.

c) Reach beyond England and Wales

The research undertaken by the UoS team has also influenced the public policy recommendations of the devolved Scottish Government, e.g., relating to the introduction of an Alcohol Bill as part of their 'Improving Health' programme (see <http://www.scotland.gov.uk/Topics/Health/Services/Alcohol/minimum-pricing>), where it is stated that 'The Chief Medical Officer believes that – like the smoking ban – minimum price would save lives within a year. Recent research by the University of Sheffield supports this – their model suggests a 40p minimum price would save about 70 lives in year one, rising to 365 lives per year by year ten.' In May 2012 the Scottish Health Secretary Nicola Sturgeon announced a minimum price of 50p per unit. The 'Alcohol Minimum Pricing Scotland Bill' (S6) was the final stage of the parliamentary process and it was anticipated that the policy would be implemented in April 2013. However, the Scottish Whisky Association (SWA) took legal action against the proposal which it believed contravened European Law. The SWA lodged a complaint to the European Commission and filed a petition for judicial review with the Scottish Court of Session. This was ultimately rejected in May 2013 although the SWA has since lodged an appeal which has delayed the implementation of a minimum unit price in Scotland.

In Northern Ireland the Health Minister Edwin Poots was joined by the Irish Republic's Health Minister Dr James Reilly and Minister of State for Health Róisín Shortall where a cross-border strategy on a minimum price for alcohol was decided in 2011. Plans for minimum pricing between 45p and 50p per unit of alcohol were favoured following a consultation plan announced by the Social Development and Health Ministers in March 2011 (S7). After a cabinet meeting in October 2013 it was announced that a new Public Health Bill would be introduced with measures to curb the advertising of alcohol and set a minimum unit price for drinks based on their alcohol content.

In 2012 The Australian National Preventive Health Agency (ANPHA) was tasked by the Commonwealth Government to examine the public interest case for a minimum price for alcohol, to discourage harmful alcohol consumption and promote safer consumption. A consultation document 'Exploring the public interest case for a minimum (floor) price for alcohol' was released for public consultation in June and a draft report (S8) produced in November 2012 which directly cites the UoS research. The ANPHA presented a final report to Government in early 2013 and subsequent policy action is currently under consideration.

d) Informing the public debate

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Members of the public are one of the groups the ten week consultation was aimed at. However, more generally, the exposure of the general public to the policy debate has been on-going since the UoS report was initially published. There has been extensive media coverage, e.g. The Financial Times, The Guardian, and The Daily Telegraph. Examples of public exposure to the issues around alcohol minimum pricing and its affects are evident from prime time television coverage, e.g. Question Time (26/05/2011) <http://www.bbc.co.uk/programmes/p00h7569>; and Panorama (28/09/2012) <http://www.bbc.co.uk/programmes/b01mrmfd>. Awareness of the Sheffield research has reached the retail sector, trade associations and advertising trade journals. For example, the Wine and Spirit Trade Association website, <http://www.wsta.co.uk>, where there is extensive discussion of the pricing debate, most recently in relation to MUP in Scotland and the on-going legal action by the SWA.

5. Sources to corroborate the impact

Listed below is a selection of documents, predominantly Governmental, which directly cite the research which was undertaken by the Sheffield team.

- S1. Donaldson, L. (2009). Passive Drinking: The Collateral Damage from Alcohol (http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/documents/digitalasset/dh_096229.pdf). Citation of UoS research: pp. 21-22.
- S2. House of Commons Health Committee (2009) Alcohol: First Report of Session 2009-10, Volume I, London: The Stationery Office (<http://www.publications.parliament.uk/pa/cm200910/cmselect/cmhealth/151/151i.pdf>). Citation of UoS research: pp. 12, 39, 66, 69, 76-77, 96-97, 101, 105, 108-109, 111, 113, 115 & 127.
- S3. National Institute for Health and Clinical Excellence (2010). *Alcohol Use Disorders: Preventing the Development of Hazardous and Harmful Drinking*, London: National Institute for Health and Clinical Excellence (<http://www.nice.org.uk/nicemedia/live/13001/48984/48984.pdf>). Citation of UoS research: pp. 57-8.
- S4. World Health Organisation (2009). Evidence for the Effectiveness and Cost-Effectiveness of Interventions to Reduce Alcohol-Related Harm. (<http://www.euro.who.int/document/e92823.pdf>). Citation of UoS research: pp. 77-79.
- S5. The Governments Alcohol Strategy (2012). Presented to Parliament by the Secretary of State for the Home Department by Command of Her Majesty. (<http://www.homeoffice.gov.uk/publications/alcohol-drugs/alcohol/alcohol-strategy>). Citation of UoS research: pp. 6-7.
- S6. Scottish Parliament (2012). Alcohol Minimum Pricing Scotland Bill. (http://www.scottish.parliament.uk/ResearchBriefingsAndFactsheets/S4/SB_12-01.pdf). Citation of UoS research: pp. 3, 6, 8, 12-14 & 16-17.
- S7. Department for Social Development Northern Ireland (2011). Consultation – Minimum Price of Alcohol (<http://www.dsdni.gov.uk/consultation-minimum-unit-pricing-of-alcohol.doc>). Citation of UoS research: pp.8-10, 13-14, 27 & 41-42.
- S8. The Australian National Preventive Health Agency (2012). Exploring the Public Interest Case for a Minimum (Floor) Price for Alcohol. (<http://www.anpha.gov.au/>). Citation of UoS research: pp.18, 20-21 & 26-27.
- S9. Home Office (2012). A consultation on delivering the Government's policies to cut alcohol-fuelled crime and anti-social behaviour. (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/157755/alcohol-consultation-document.pdf).
- S10. Home Office (2013). Next Steps following the Consultation on Delivering the Government's Alcohol Strategy. (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/223773/Alcohol_consultation_response_report_v3.pdf). Citation of UoS research: pp. 8.