We wish to submit a short summary of evidence from our University of Sheffield report, commissioned by the Scottish Government. The findings were published on the 28 September 2009 and are the results of an independent academic study carried out in the School of Health and Related Research at the University of Sheffield. As part of the study, we researchers examined the potential effects of different minimum pricing levels on patterns of alcohol consumption and the resulting impact on alcohol-related health, crime, and workplace problems in Scotland.

To compile the report, we analysed over 20 separate policy scenarios, including setting a range of minimum prices per unit of alcohol, a total discount ban in off-licences and supermarkets and combinations of the two strategies. The research examined how policies affect alcohol purchasing and consumption by different population groups, including moderate, hazardous and harmful drinkers both in the on-licence (such as pubs, clubs and restaurants) and the off-licence (such as supermarkets) sectors.

The terms moderate, hazardous and harmful drinkers relate to how much people drink, and are the standard definitions used by the Office for National Statistics and others. Moderate drinkers are those who drink within current UK guidelines (they do not regularly drink more than 4 units per day for men or 3 units per day for women). Hazardous drinkers are those who drink above these guidelines, but do not consume more than 50 units per week (men) or 35 units per week (women). These levels are associated with increased long-term risks for health and social harms, and many of these drinkers also put themselves and others at risk through severe intoxication. Harmful drinkers are those who drink more than 50 units per week (men) or more than 35 units per week (women) – a level of drinking which has been associated with a high risk of both acute and chronic harms.

**Data sources**

Most of the modelling is based on a fresh analysis of existing Scottish data sources on consumption and harms. For example – via the Scottish Health Survey – the model includes the patterns of consumption for over 11,500 people in Scotland; and – via the Expenditure and Food Survey – individual alcohol purchases in Scotland between 2001/02 and 2005/06. Scottish data on crime, alcohol attributable disease and hospitalisations, and workplace harms were used. Whilst we have checked that our findings are consistent with what is known about alcohol policy internationally, a lot of effort has gone into ensuring that wherever possible the data underpinning the model are both recent and Scotland-based.
The rationale for the introduction of minimum pricing and off-licence discount bans?

Minimum pricing is a policy that sets a minimum price at which a unit of alcohol can be sold. Price increases are targeted at alcohol that is sold cheaply.

Cheaper alcohol tends to be bought more by harmful drinkers than moderate drinkers. So a minimum price policy might be seen as beneficial as it targets the drinkers causing the most harm to both themselves and society, whilst having little effect on the spending of adult moderate drinkers.

The estimated effects of policies. Example a minimum price of 40p per unit of alcohol combined with a total ban on off-licence discounts

A 40p minimum price together with a total off-trade discount ban gives an estimated:

- reduction in consumption of alcohol of 5.4%
- reduction of around 6,300 hospital admissions per year.
- reductions in direct health (NHS) costs at £21m per year.
- financial value of avoided mortality and morbidity (valued using the quality-adjusted life years (QALY) measure) of £113m per year.
- reduction in numbers of crimes by 3,200 per annum of which 850 are violent offences.
- direct cost savings associated with crime of around £2.7m per annum.
- gains in quality of life associated with decreased crime is valued at £1.9m per annum.
- reduction of 29,000 days absence per annum in the workplace.

- 1,200 avoided unemployment cases per annum in the harmful drinker group (assuming jobs are available for those able to work).
- financial value for these estimated unemployment reductions of £29m per annum.

Variation of effects at different possible minimum price thresholds?

The general pattern here is that the more intensive the policy, the greater the harm reduction. Higher minimum prices lead to greater harm reductions, and this goes up steeply. There is relatively little effect for a 25p minimum price, but 40p, 50p and 60p have increasing effects.
Increasing levels of minimum pricing together with a ban on all off-trade discounting improves the effectiveness of minimum pricing. Overall reductions in consumption for 25p, 30p, 35p, 40p, 45p, 50p, 55p, 60p, 65p, 70p together with a total discount ban are: 3.2%, 3.5%, 4.1%, 5.4%, 7.1%, 9.2%, 11.7%, 14.3%, 17.1% and 20.0%.

The separate effect of a total discount ban

A total ban on off-trade discounting alone is estimated to reduce consumption by 3.0%, but this may only prove effective if retailers were also prevented from responding by simply lowering their non-promotional prices.

The effect of suggested policy strategies on moderate drinkers

Most policy options affect moderate drinkers in a minor way, simply because they consume only a small amount of alcohol and also because they do not tend to buy as much of the cheap alcohol that is targeted by minimum pricing and off-trade discount bans. Harmful drinkers buy more alcohol and also tend to choose cheap alcohol; therefore these would be most affected.

Would supermarkets and pubs lose out on revenue with minimum prices or discount bans? Would the Exchequer gain more from duty and VAT?

No, both off-trade and on-trade retail sectors are estimated to see increased revenue from minimum pricing or a total ban of off-trade discount. In general, retailers would sell less volume, but at higher prices, leading to an overall increase in sales value. This effect is seen in supermarkets and off-licences, and also in pubs, clubs and restaurants. For example, a 40p minimum price plus a total discount ban policy is estimated to result in increased revenues for the off-trade of £90m per annum and for the on-trade £40m per annum.

Assuming no change to duty and VAT rates, most price polices have relatively small effects on revenue for the Exchequer, as duty receipts fall (these are related to volume sold) but VAT receipts rise (related to sales value). For example, a 40p minimum price plus a total discount ban policy is estimated to result in a change in revenues to government of £12m.

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MODEL-BASED APPRAISAL OF ALCOHOL MINIMUM PRICING AND OFF-LICENSED TRADE DISCOUNT BANS IN SCOTLAND

A Scottish adaptation of the Sheffield Alcohol Policy Model version 2

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