

ALCOHOL FINDINGS **Your selected document**

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► [Model-based appraisal of alcohol minimum pricing and off-licensed trade discount bans in Scotland.](#)

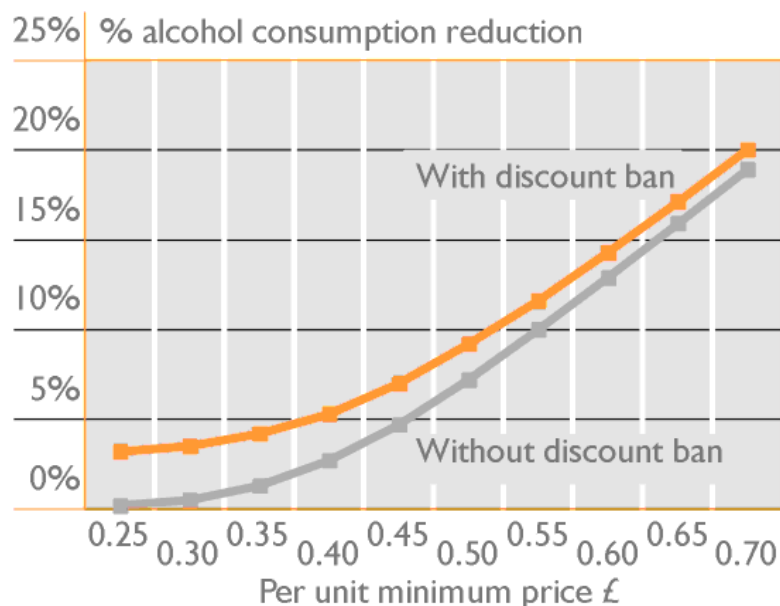
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Meier P. et al.

University of Sheffield, 2009.

A £0.40 minimum price per unit of alcohol plus a ban on discount promotions would cut drinking by 5.4% in Scotland, saving a life every day once the policy fully takes effect, and over the first ten years saving £millions in public and private sector costs.

Summary This study uses a simulation model developed to estimate the impacts of alcohol pricing and promotion policy options in England to estimate the impacts of [plans](#) in Scotland to prohibit discounting of alcohol and to introduce a minimum retail price per [unit](#) of alcohol. As well as focusing on these proposals, the simulation incorporated data on Scottish drinking levels, prices, purchasing preferences, and alcohol-related illness, crime and lost productivity. For more on the overall approach see the [Findings analysis](#) of the application of the model to England.



The calculations suggested that in Scotland a minimum per unit price of £0.25 would

reduce alcohol consumption by 0.2%, rising steeply to 18.9% at £0.70 ▶ *chart*. At prices below £0.45, there is expected to be some switching to wine, increasing the consumption of this type of drink. If instead there were a **total ban** on discounting off-licence sales of alcohol, consumption is estimated to fall by 3.0%, similar to the impact of a minimum price of £0.40 to £0.45. In terms of units of alcohol, wine sales would be reduced more than those of other beverages. Imposing a discount ban on top of minimum prices would further reduce consumption. The impact would be greatest at lower price levels, with diminishing returns at higher levels ▶ *chart*.

Next the analysis estimated what impact these consumption reductions might have on various forms of alcohol-related harm. Low minimum prices such as £0.25 per unit do little to reduce harm, but as price increases, alcohol-related hospital admissions and deaths rapidly diminish; for example, at £0.40, 3600 **fewer** admissions a year, at £0.50, 8900. Over a ten-year time frame, most lives are saved among the 7% of the population whose **heavy drinking** clearly risks harm rather than among less heavy drinkers, and due to the impact on chronic disease among middle-aged and older age groups.

Across the spectrum of violent and acquisitive crimes and criminal damage, alcohol-related offending too steeply reduces as price increases (for example, at £0.40, 1100 fewer offences a year; at £0.50, 4200), but **proportionately less so** than health-related harms. This differential impact is because the more crime-prone sections of the population tend to drink in on-licensed premises, whose sales are less affected by minimum pricing. Absenteeism from work also falls steeply as the minimum price increases as does unemployment due to harmful drinking, though these calculations are less well founded in evidence than some of the others and may be vulnerable to the changing economic climate.

Banning off-trade discounting would reduce health harms by about the same as a £0.39 minimum price; crime, £0.45; absenteeism, £0.44; and unemployment, £0.38.

In turn these reductions in harm result in cost savings for society. They also conserve healthy years of life and prevent lives being damaged by crime, results which themselves **have a value** for society. Expressed in financial terms, together these constitute the estimated social value of harm reductions due to alcohol policy changes. Over ten years the cumulative value of a £0.40 minimum price is estimated at £540 million, more than doubling to £1.3 billion at a £0.50 threshold. Value continues to increase steeply as price rises. A discount ban creates further value, for example, £950 million over ten years when combined with a £0.40 minimum price. Conserved healthy years of life is the largest component in the value calculations, constituting over half at a £0.40 minimum price, but there are also direct **savings** for health and social care services. Crime-related savings too steeply increase with price, though the amounts are smaller.

The financial impact of the policy changes in terms of **spending** on alcohol, and also the **health benefits**, are concentrated among the harmful drinkers who buy the most alcohol. Reductions in crime and absence from work are spread more evenly across the population of drinkers. Overall, most of the estimated value due to harm reduction comes from the reduction in harms associated with harmful drinkers.

Under all the policy scenarios, and despite consumption reductions, consumer spending on alcohol and retailer revenues are estimated to rise. The combined impact on national

VAT and duty receipts will however be relatively small, because duty is applied to the volume of sales (which reduces), but VAT is applied to the monetary value of sales (which increases).

In January 2012 an [update](#) to the featured report took in later data on consumption, distribution, mortality, crime and employment. This new data led estimates of the impact of various pricing and discount policies to be slightly reduced, but the changes did not substantially affect the policy implications of the findings.

FINDINGS The findings of this research will be used to determine the minimum price per unit of alcohol in Scotland. According to [press reports](#), £0.40 is the favoured option. The administration has been keen too on a discount ban. The featured report details the probable results: a 5.4% cut in consumption concentrated among harmful drinkers, who would cut back by nearly six units a week; lives saved, building to one a day in the tenth year of the policy, when hospitals will be relieved of nearly 6300 alcohol-related admissions a year; nearly 3300 fewer offences a year, including 851 violent crimes; 1200 fewer jobs lost due to harmful drinking and workplaces benefiting from 29,000 fewer days off sick per year; over the initial ten years, the health service will save nearly £116 million; plus criminal justice and work-related costs, the total will be nearly £406 million; and plus the value of lives saved and improved, nearly £950 million; all at a cost to the Treasury of around £120 million.

The analysis focused on the impacts of policy changes on illness and other adverse consequences of drinking. The other side of the equation is that in British society people value drinking and social activities based on drinking. To the extent that, for example, price rises impede these activities, some things people value are lost, even as another thing they value, health, improves. If the impact is greatest on low income groups – and the [parent review](#) was unable to determine this – then greater social inequality may be the result even as health inequality diminishes. As the report acknowledges, in the face of price rises drinkers do not generally cut back sufficiently to avoid spending more. Again, the impact of a greater proportion of the family budget being diverted to drinking is likely to be felt most sharply among the poorest in society. Economic impacts of this kind can of course be mitigated depending on how governments choose to disperse revenues from higher taxes and/or public sector cost savings. Acknowledging these issues, the report calls for further research to "consider equity issues, such as the overall impact of the policies on people of low incomes". However, the particular policies tested in the model – a minimum price applicable across on- and off-licensed sales, and a ban on off-license discounts – would it was estimated result in a shift to drinking in pubs and other on-licensed premises, particularly in respect of beer, tipping the market towards more traditional and social drinking patterns and possibly increasing social value.

Uniquely the report, and the [English version](#) on which it drew, joined up previously unlinked dots leading from the effect of pricing, taxation and promotion policies on alcohol consumption, through to the effect of these consumption changes on alcohol-related harm, and then through to the cost savings and value for society. It is unclear however to what degree the report took in to account the probable level of 'importation' from England if it does not set a minimum price for alcohol or ban discounts.

UK policy

The [major questions](#) are not over the validity of the findings, which broadly accord with

those of other analyses (1 2), but over whether governments mindful of the opinions of the drinking public, the social role of alcohol alluded to above, and the importance of drink-related industries, will do what research suggests is needed to significantly reduce alcohol-related harm.

Despite having a [version](#) of the featured report covering England, in 2011 the UK government's Home Office hedged its bets on the key tactic in both the English and the Scottish reports – an across-the-board and appreciable price rise – judging that "on balance" the evidence "suggests" that increasing the price of alcohol "may" reduce alcohol-related harms. It also pointed out that there were other influences on consumption and harm which operate at the level of the individual or of drinking cultures and environments rather than national taxation and availability restrictions.

Minimum per unit pricing is [still on the table](#), and [being considered](#) for inclusion in a national alcohol strategy later in 2012. But in its formally announced policy, so far the UK government has preferred to rely on measures targeted at what is perceived as particularly troublesome drinkers/drinking patterns (especially young 'binge' drinkers), while avoiding population-wide measures of the kind investigated by the featured report and later [advocated by NICE](#) and other public health and alcohol experts. A ban on 'below cost' sales of alcohol due to be implemented in England in April 2012 [is expected](#) neither to substantially affect price nor overall consumption.

However, things are different in Scotland where policy has been strongly influenced by the featured report. Scotland's [2009 alcohol strategy](#) committed the government to a minimum price per unit of alcohol and included plans to ban the sale of alcohol as a loss-leader. These plans faced [challenges](#) from within the Scottish parliament, which in November 2010 [rejected](#) the minimum pricing element of the Scottish National Party's Alcohol Bill. Following the May 2011 elections which left the Scottish National Party with an overall majority in the parliament, [another attempt](#) is being made in the form of the Alcohol (Minimum Pricing) Bill placed before the Scottish parliament in October 2011. This time it seems likely that the party will have the votes it needs, but it [remains possible](#) that UK devolution and European Union free trade laws may obstruct the plan.

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