

# Small change: alcohol at pocket money prices

AHA pricing survey 2020



**alcohol**  
health alliance uk

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# Introduction

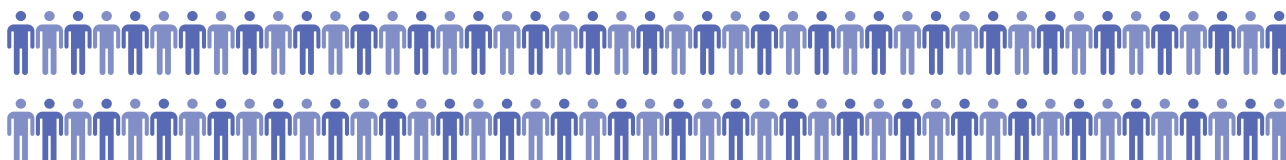
The cost of alcohol to our health and society is significant: alcohol is the leading cause of ill-health, early mortality, and disability among 15-49-year-olds in England.<sup>1</sup> The harmful use of alcohol is associated with more than 200 health conditions, including seven types of cancer and heart disease.<sup>2</sup>

Not only does alcohol harm the health of individuals, it also affects everything from families and relationships to the economy and our communities.

## Alcohol Harm

- ▶ Approximately 80 people die across the UK every day from alcohol-related causes<sup>3</sup>
- ▶ Alcohol is a significant driver of health inequalities
- ▶ Alcohol costs NHS England £3.5 billion a year<sup>4</sup>
- ▶ Alcohol-related crime is estimated to cost £11.4bn annually in England and Wales<sup>5</sup>

80 alcohol-related deaths  
in the UK each day



- 1 Public Health England (2016). [The public health burden of alcohol and the effectiveness and cost-effectiveness of alcohol control policies.](#)
- 2 World Health Organization (September 2018). [Fact sheets: alcohol.](#)
- 3 The UK-wide estimate comes from summing the most recent estimates from England, Scotland, Northern Ireland, and Wales: Public Health England (accessed March 2020). [Local Alcohol Profiles for England](#); Scottish Public Health Authority (2018). [Hospital admissions, deaths and overall burden of disease attributable to alcohol consumption in Scotland](#); Public Health Wales Observatory (accessed July 2020). [Alcohol in Wales](#); Northern Ireland Statistics and Research Agency (2019). [Alcohol-specific deaths registered in Northern Ireland \(2018\).](#)
- 4 Home Office (2012). [Impact assessment: a minimum unit price for alcohol.](#)
- 5 Association of Police and Crime Commissioners (2020). [PCCs making a difference. Alcohol and drugs in focus.](#)

Alcohol harm is closely linked to price: the cheaper alcohol is, the more alcohol is consumed and, therefore, more harm is caused. The affordability of alcohol has increased dramatically over the last thirty years, with alcohol now 74% more affordable in real terms in England than it was in 1987.<sup>6</sup> The rise in affordability has been particularly stark in the off-trade: the affordability of off-trade beer has more than tripled, and the affordability of off-trade wine and spirits has increased by 163%.<sup>7</sup>

To demonstrate how cheaply alcohol can be purchased in the different parts of Great Britain, members of the Alcohol Health Alliance UK (AHA) worked together to survey the price of alcohol in supermarkets and off-licences. As part of the survey, Alliance members visited a range of off-licence premises in England, Scotland and Wales and took note of the cheapest alcohol products in each shop.

The conclusion is clear: alcohol continues to be sold at pocket money prices in shops and supermarkets in England, but not in Scotland and Wales. Scotland and Wales both have implemented a minimum unit price (MUP) for alcohol, which stipulates that no alcohol can be sold for less than 50p per unit. Accordingly, in these nations, the cheapest alcohol was sold at 50p per unit – more than double the price of that in England.

## Key findings

- ▶ Alcohol continues to be sold at pocket money prices in England: it is possible to drink the weekly low-risk drinking guidelines of 14 units for just £2.68.
- ▶ Cider is the cheapest available product in England and is being sold for as little as 19p per unit of alcohol.
- ▶ A 2.5-litre bottle of cider, which contains significantly more alcohol in one bottle than the weekly low-risk drinking guidelines, can be purchased for £3.59 in England.
- ▶ One bottle of the cheapest cider contains more alcohol than eight pints of beer – and costs 8p less than a single pint in a pub.
- ▶ In Scotland and Wales, the cheapest products all cost 50p per unit – making them more than twice as expensive as in England.
- ▶ Following the introduction of MUP in Scotland and Wales, some brands reformulated products to sell them in smaller containers and at lower strength. Other products stopped being sold altogether.

With alcohol still being sold so cheaply across England, it is no wonder that alcohol harm remains very high. To reduce the myriad of harms alcohol causes, we need to address the price of cheap alcohol. The World Health Organization, Public Health England and others all recommend increasing the price of alcohol as one of the most effective and cost-effective policies to reduce alcohol harm.<sup>8</sup>

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6 NHS Digital (2020). [Statistics on Alcohol, England 2020](#).

7 The Institute of Alcohol Studies (2020). [Budget 2020 Analysis](#).

8 World Health Organisation (2017). [Tackling NCDs: “best buys” and other recommended interventions for the prevention and control of noncommunicable diseases](#); Public Health England (2016). [The public health burden of alcohol and the effectiveness and cost-effectiveness of alcohol control policies](#).

The best way to specifically target the cheapest alcohol is to introduce minimum unit pricing, as Scotland and Wales have shown. MUP works best in combination with tax increases, which address the fall in the real price of alcohol and raise vital revenue which is urgently needed for our public services. In addition, the overall alcohol tax system should be reformed to help improve the country's health and reduce alcohol harm.

## Recommendations:

To improve the health of our country and reduce alcohol harm, the UK Government needs to:

1. Implement a minimum unit price for alcoholic drinks in England.
2. Implement a new alcohol duty system which strengthens our health and reduces alcohol harm and is:
  - a. **Proportionate:** the overall level of alcohol tax should cover the cost of alcohol to society;
  - b. **Scaled:** stronger drinks should be taxed more, per unit of alcohol, than weaker drinks. Strong drinks are associated with a particular set of harms, and this system would also encourage reformulation;
  - c. **Consistent:** same-strength drinks should be charged the same level of tax; and
  - d. **Up-rated:** alcohol duty should automatically increase in line with inflation or earnings. A body similar to the Low Pay Commission could periodically review the rate and provide advice on the optimal level of alcohol duty.
3. Until a new duty system has been implemented that protects public health, alcohol duty should be increased by 2% above inflation (RPI) every year to reverse nearly a decade of cuts and freezes in alcohol duty.

# Methodology

In spring 2020, AHA members visited shops and supermarkets across England, Scotland and Wales to compare how cheaply alcohol is being sold in each country.<sup>9</sup> We looked for the cheapest products (including special offers) in major supermarkets and off-licences. In England, we collected prices in both London and the North East, to account for potential regional differences.

We looked at five different product categories – wine, beer, cider, vodka and perry – and noted location, brand, volume, strength (ABV) and price of each product. These product categories were chosen to look at products across all tax categories. Vodka was chosen for the spirits category as it is the best-selling spirit.<sup>10</sup> Perry was chosen in addition to cider, given its general low price: in 2018, 99% of perry was sold below 50p/unit in the off-trade in England and Wales (compared to 64% of all ciders).<sup>11</sup> For beer, in the analysis, we further differentiated between the three different duty rates: lower-strength (between 1.2% and 2.8% ABV), general, and high-strength (exceeding 7.5% ABV).<sup>12</sup>

In Wales, we also compared prices surveyed in November 2019 to those in March 2020 (when MUP had been implemented) to see how products had changed.

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9 Due to the COVID-19 pandemic, the publication of this report was delayed. Before publication, we re-checked prices in October 2020 and found the same or cheaper unit prices for all products, except perry. The cheapest perry was now 1p more per unit than in March. We used the updated October price for perry.

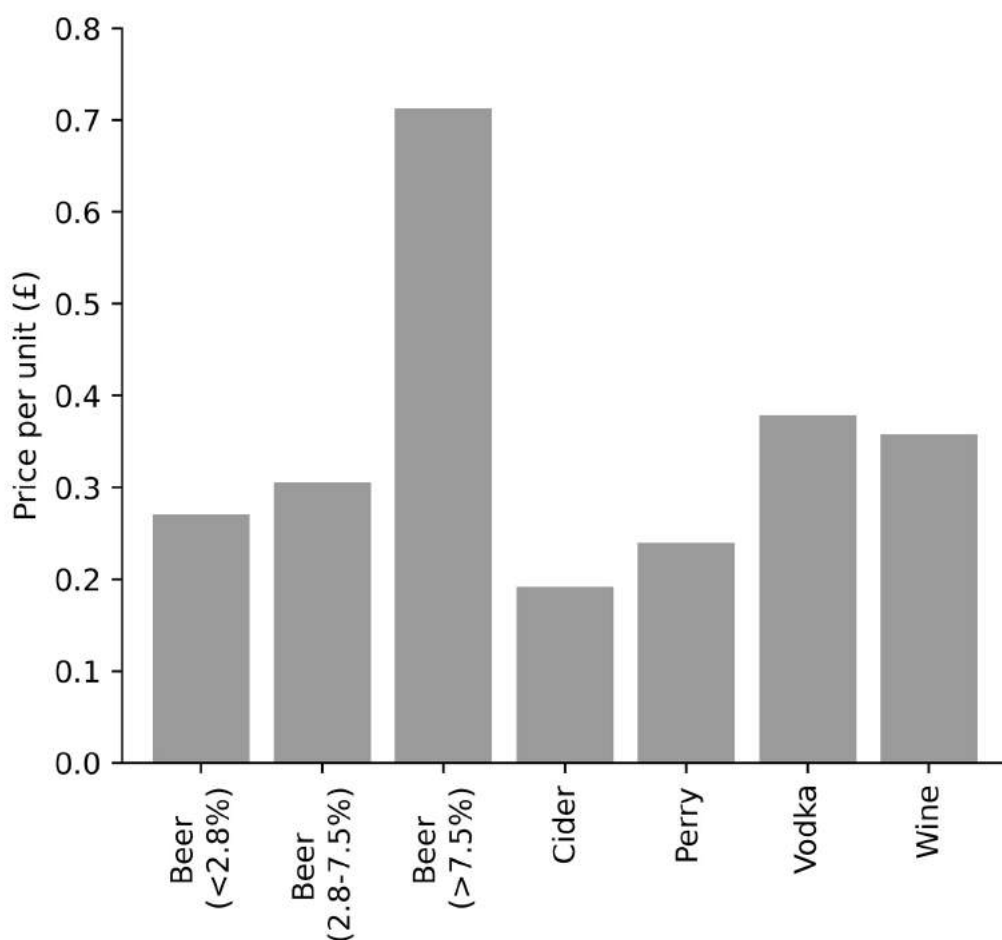
10 MESAS Monitoring Report (2019). [Alcohol price and affordability](#).

11 MESAS Monitoring Report (2019). [Alcohol price and affordability](#).

12 Lower and higher-strength beers were only recorded in England.

# Our findings: alcohol at pocket money prices

## The cheapest products in England



**Figure 1: Per unit price of the cheapest alcohol products in each category in England**

In England, the cheapest alcohol, in relation to its strength, that we found was cider, which cost just 19p per unit. This product was a 2.5-litre bottle of strong cider at 7.5% ABV, containing 18.8 units, which was sold for only £3.59.

Only a little more expensive was perry, at 24p per unit. Similar to the cider, we found a large 3-litre bottle at 6.5% ABV, containing 19.5 units, for £4.75.

For beer, the prices were broadly proportional to the strength. The cheapest beer was a lower-strength product: a 4 pack of 440ml at 2.1% ABV which was sold for just £1 – a unit price of 27p. This was followed by a normal-strength beer at 31p per unit: a 4 pack of 440ml at 4% ABV for £2.15. Finding high-strength beers proved more difficult, and the cheapest we found was a 330ml craft beer bottle at 8.5% for £2, which is a unit price of 71p.

Wine and vodka were a slightly more expensive than the other product categories, at unit prices of 36p and 38p respectively. The cheapest wine was a standard 750ml bottle at 13% ABV for £3.49, and the cheapest vodka was a 1-litre bottle at 37.5% ABV for £14.19.

	Volume	ABV	Units	Price	Price/unit
Beer, lower-strength	4 x 440ml	2.1%	3.7	£1.00	£0.27
Beer	4 x 440ml	4%	7	£2.15	£0.31
Beer, higher-strength	330ml	8.5%	2.8	£2	£0.71
Cider	2.5l	7.5%	18.8	£3.59	£0.19
Perry	3l	6.5%	19.5	£4.75	£0.24
Vodka	1l	37.5%	37.5	£14.19	£0.38
Wine	750ml	13%	9.75	£3.49	£0.36

*Figure 2: Examples of the cheapest alcohol products available in each category in England*

These prices show that alcohol is still being sold at pocket money prices in England. There was no marked difference between London and the North East.

To keep risks of alcohol consumption low, the UK Chief Medical Officers (CMOs) recommend not to regularly drink more than 14 units of alcohol a week. At the current prices, it is possible to drink significantly more than that (18.8 units) in a single bottle of cider – for just £3.59.

**In other words, it is possible to drink the weekly low-risk guidelines for just £2.68<sup>13</sup> – about the price of a large coffee in high street coffee chains.<sup>14</sup>**

For comparison, the average price of a pint of lager in a pub is £3.67.<sup>15</sup> One bottle of the cheapest cider contains more alcohol than eight pints of beer – and costs 8p less than a single pint in a pub.

One bottle of the cheapest cider contains more alcohol than eight pints of beer – and costs 8p less than a single pint in a pub.

13 This has been calculated using the per unit price prior to rounding.

14 For example, a large coffee latte or cappuccino costs £2.85 at Starbucks, £2.75 at Caffe Nero and £2.65 at Costa Coffee. Sources: Fast Food Menu Prices (2020). [Starbucks UK Menu Prices](#). Latest Menu Price List 2020 (2020). [Caffe Nero Menu & Caffe Nero Prices in United Kingdom](#). Menu With Price (2020). [Costa Coffee Prices in the UK](#).

15 The Morning Advertiser (2019). [Average price of a pint rises by 86p in 10 years](#).



## The Chief Medical Officers recommend not to regularly drink more than 14 units of alcohol a week to keep risks low.

- ▶ The average price of a pint of lager in the pub is £3.67.<sup>16</sup> That's eight pence more than a single 2.5-litre bottle of 7.5% cider, which contains more alcohol than eight pints of beer (4% ABV).
- ▶ The average weekly pocket money for 8-15-year-old children is £7.71.<sup>17</sup> This would buy two bottles of strong cider, containing 37.5 units of alcohol – more than two and a half times the adult weekly low-risk guidelines – and still leave 53p change.
- ▶ A standard cinema ticket costs £7.11.<sup>18</sup> This would buy two bottles of wine, containing 19.5 units, and leave 13p change.
- ▶ A 1-litre bottle of vodka, which contains 37.5 units, is cheaper than a large pizza at Dominos (£14.99).

Although children under the age of 18 may not purchase alcohol and adults aged 18 and over must not purchase alcohol for children, underage drinking remains high: 44% of 11-15-year-olds have ever drunk alcohol, while almost a quarter of 15-year-olds have done so in the last week.<sup>19</sup> With alcohol being sold so cheaply, it is very easy for children to afford: the average child's weekly pocket money is £7.71.<sup>20</sup> This could buy more than two and a half times the adult weekly recommended limits.

“There are shocking examples of vulnerable people, often the homeless community or youngsters, coming to harm after drinking cheap alcohol products. When I was on duty, I came across a group of 14-year-old girls who had been drinking cheap white cider. One of them was laid on a grass verge next to a busy road, her trousers were around her ankles.”

**Police Officer**

16 The Morning Advertiser (2019). [Average price of a pint rises by 86p in 10 years.](#)

17 Halifax (2019). [The big summer bribe – parents paying kids to stay off tech.](#)

18 Statista (2020). [Cinema ticket prices; average annual price in the United Kingdom \(UK\) 2000-2019.](#)

19 NHS Digital (2019). [Smoking, drinking and drug use among young people in England 2018.](#)

20 Halifax (2019). [The big summer bribe – parents paying kids to stay off tech.](#)

Cheap strong ciders – also called white ciders – have long been identified as some of the most harmful drinks. Due to their cheapness and high alcohol content, they are often consumed by harmful and vulnerable drinkers, including children and homeless people. Studies have indicated that 75-85% of white cider drinkers favour it for its low price, which enables them to drink large quantities even with limited funds.<sup>21</sup>

London-based homelessness charity Thames Reach estimates that 98% of its clients who drink at harmful levels drink high-strength ciders and beers.<sup>22</sup> Studies conducted before the introduction of MUP in Scotland found that a quarter of those in alcohol treatment services in Glasgow and Edinburgh were drinking white cider.<sup>23</sup> Another study found that drinkers in hospital or in treatment accounted for almost the entire Scottish market for the product.<sup>24</sup>

The white cider brand Frosty Jack's has also consistently been listed among the top five preferred drinks of children in treatment services.<sup>25</sup> The dangers of white cider to young people were tragically illustrated by the story of Megan, a 16-year-old teenager, who passed away after drinking half a bottle of white cider at a friend's New Year's Eve party. Joanne Good, Megan's mum, said:

*"The shock for the whole family was huge and it still is; my heart hurts every day. I struggle with what happened on a daily basis and it's had a huge impact on myself and my family.*

*No matter what we say to our children, they will always want to experiment. Cheap, strong cider will always appeal because it can easily be bought from their pocket money, and many parents just aren't aware of the risks."<sup>26</sup>*

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21 Black, H. et al. (2014). [White Cider Consumption and Heavy Drinkers: A Low-Cost Option but an Unknown Price](#). *Alcohol and Alcoholism* 49:6, pp. 675–80.

22 Institute of Alcohol Studies (2017). [Murder in a can](#).

23 Black, H. et al. (2014). [White Cider Consumption and Heavy Drinkers: A Low-Cost Option but an Unknown Price](#). *Alcohol and Alcoholism* 49:6, pp. 675–80.

24 Chick, J. et al. (2016). [Strong cider sold in Scotland appears to be almost exclusively for dependent drinkers](#). *Clinical Medicine* 16:4, p398.

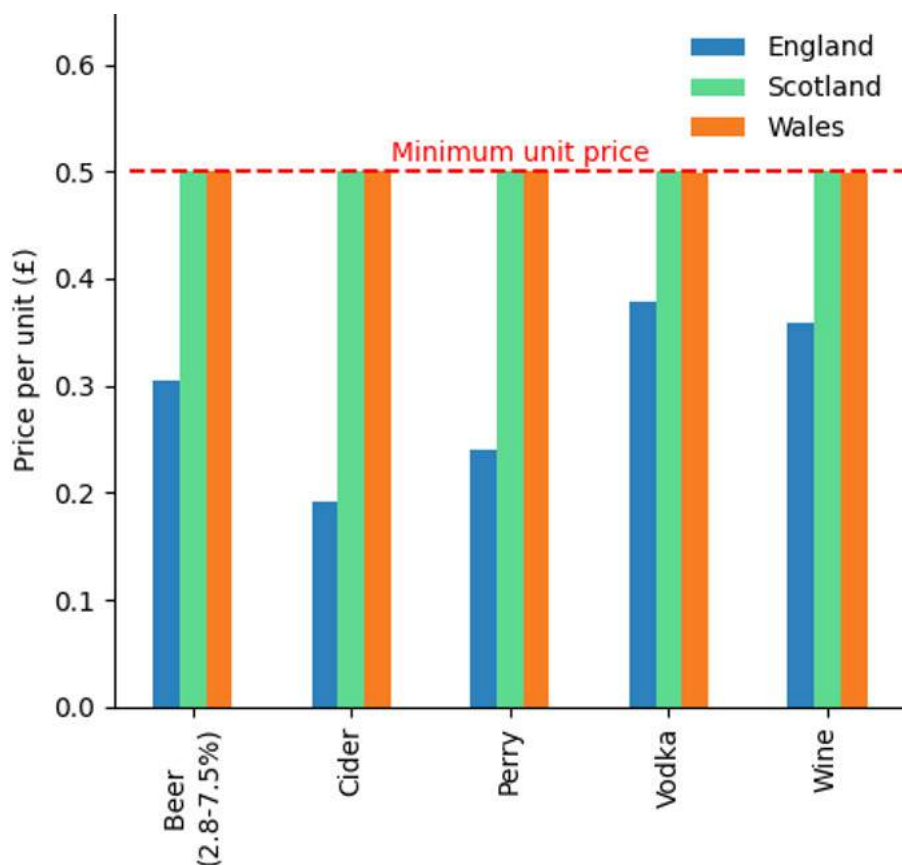
25 Alcohol Concern (2015). [Alcohol Brands Consumed by Young People in Treatment 2015](#).

26 Alcohol Health Alliance (2018). [Mum Joanne Good supports action on cheap alcohol](#).

## Prices across the borders

One of the survey's most significant findings was the difference between prices in England on one side and Scotland and Wales on the other.

While products in England were extremely cheap, in Scotland and Wales, the cheapest products were all sold at 50p per unit. This is the result of both countries implementing a minimum unit price (MUP) for alcohol. MUP stipulates that no alcohol can be sold for less than 50p per unit – which was confirmed in our survey.



**Figure 3: Cheapest products, by product type, in each region**

The price differences are stark: for example, the lowest price per unit for cider in England is just 40% of that in Scotland and Wales (19p/unit compared to 50p/unit). Beer and perry can be bought in England for around half the price per unit that they are sold at in Scotland and Wales. Even wine and vodka, where per unit prices were closer together, are sold in England for less than 80% of the price in Scotland and Wales.

Before the introduction of MUP in Wales, unit prices were similar to those found in England: the cheapest was cider at 21p, followed by perry at 23p, (normal-strength) beer at 31p, vodka at 38p and wine at 41p.

# Solutions: tackling cheap alcohol

The price of alcohol influences how much we drink: the cheaper it is, the more alcohol is consumed, and the higher the harms. With alcohol still being sold at pocket money prices in England, at 19p per unit, it is no wonder that alcohol harm remains very high.

To tackle the myriad of harms caused by alcohol, we need to urgently address its low price. The World Health Organization (WHO), Public Health England (PHE) and many others recommend increasing the price of alcohol as one of the most effective and cost-effective policies to reduce alcohol harm.<sup>27</sup>

## Introducing MUP in England

One way to specifically increase the price of the cheapest alcohol is through minimum unit pricing (MUP), which Scotland and Wales implemented in May 2018 and March 2020, respectively.

### What is MUP?

As the name suggests, minimum unit pricing sets a minimum price for a product, based on the amount of alcohol in it. In Scotland and Wales, this is currently 50p.

MUP is very targeted at the cheapest, strongest drinks consumed by the heaviest drinkers. It has little to no impact on many other products, including those sold in pubs and restaurants. Similarly, moderate drinkers would see little difference, as they tend not to buy much alcohol below the 50p threshold.

Introducing MUP in England would increase almost all of the cheapest products in our survey, with the exception of the high-strength beer. As illustrated in the table below, MUP would make the biggest difference to products containing the most alcohol: the price of the cheap cider would increase from £3.59 to £9.38 – more than 2.5 times the current price. Similarly, the perry would have to cost at least £9.75 – again more than doubling the current price.

With MUP, the price of the cheapest cider would have to increase more than 2.5 times.

27 World Health Organisation (2017). [Tackling NCDs: “best buys” and other recommended interventions for the prevention and control of noncommunicable diseases](#); Public Health England (2016). [The public health burden of alcohol and the effectiveness and cost-effectiveness of alcohol control policies. An evidence review.](#)

	Volume	ABV	Units	Current price	Min price with 50p MUP	Price difference
Beer, lower-strength	4x 440ml	2.1%	3.7	£1.00	£1.85	£0.85
Beer	4x 440ml	4%	7	£2.15	£3.50	£1.35
Beer, high-strength	330ml	8.5%	2.8	£2	£1.40	n/a
Cider	2.5l	7.5%	18.8	<b>£3.59</b>	<b>£9.38</b>	<b>£5.68</b>
Perry	3l	6.5%	19.5	<b>£4.75</b>	<b>£9.75</b>	<b>£5.00</b>
Vodka	1l	37.5%	37.5	£14.19	£18.75	£4.56
Wine	750ml	13%	9.8	£3.49	£4.88	£1.39

**Figure 4: The cheapest products in England with a 50p MUP**

In Scotland and Wales, MUP has eliminated the cheapest alcohol, as our survey demonstrated.

The official evaluation of MUP in Scotland (MESAS) further found that this has had an effect on consumption in Scotland: **in the first 12 months, MUP has led to a net reduction in alcohol sales of between 4% and 5%**, compared to England and Wales (where MUP had not yet been implemented).<sup>28</sup> The reduction in consumption appears to be greatest among the heaviest drinkers, suggesting that MUP is having a targeted effect as intended.<sup>29</sup> The official evaluation further found that the vast majority of small stores implemented the policy with little or no adverse effect; instead, small shopkeepers found that it allowed them to better compete with supermarkets.<sup>30</sup>

Another finding of the survey has been the reformulation of some products following MUP, while others were no longer stocked and sold.

A good example is the white cider Frosty Jack's. This was the cheapest cider we found in England, where it was sold in a 2.5-litre bottle at 7.5% ABV. However, in Scotland, Frosty Jack's was sold in a smaller 2-litre bottle at a lower strength of 6% ABV. This reduced the units in one bottle from 18.8 in England to 12 in Scotland, thus taking it below the weekly CMOs' drinking guidelines. With MUP, the larger higher-strength bottle would have to cost at least £9.38. However, the smaller lower-strength version we found in Scotland can be sold at £6.

28 Public Health Scotland (2020). [Evaluating the impact of Minimum Unit Pricing \(MUP\) on sales-based alcohol consumption in Scotland: controlled interrupted time series analyses.](#)

29 O'Donnell A. et al (2019). [Immediate impact of minimum unit pricing on alcohol purchases in Scotland: controlled interrupted time series analysis for 2015-18.](#) BMJ; 366: l5274.

30 MESAS (2020). [Evaluating the impact of alcohol minimum unit pricing \(MUP\) in Scotland: Observational study of small retailers.](#)

	Product	Volume	ABV	Price	Units	Price per unit	Minimum price with 50p MUP
England	Frosty Jack's	2.5l	7.5%	£3.59	18.75	£0.19	£9.38
Scotland	Frosty Jack's	2l	6%	£6	12	£0.5	£6

**Figure 5: Comparison of Frosty Jack's as found in England and Scotland**

Indeed, the 6% 2-litre bottle was introduced around the time of the introduction of MUP, in apparent expectation of falling sales of the larger bottle following the substantial price increase and presumably to meet a particular price point. Many retailers in Scotland stopped selling the larger bottles<sup>31</sup> post-MUP, as they did not think customers would be willing to pay the increased prices. Some stopped selling the brand altogether.<sup>32</sup>

“They’ve [Frosty Jack’s] done away with their three litres. You know, they’ve got two litres and we used to sell the three litres. People are going for the two litres because it’s cheaper. It’s £6.00 as opposed to £11.50 but a lot have switched to Strongbow.”

**Retailer, as quoted in MESAS study on MUP’s impact on small retailers<sup>33</sup>**

Despite reformulating to attract lower prices, IRI data shows that the sales of cheap white cider fell by more than 73% following the introduction of MUP.<sup>34</sup> Retailers also confirmed that sales of Frosty Jack’s had considerably reduced and that some customers had switched to other, lower percentage products after the price differential had reduced.<sup>35</sup> This is welcome from a harm reduction perspective, as it means people will be consuming fewer units of alcohol.

31 Before July 2019, even larger 3-litre bottles were also available, which were then replaced with the 2.5-litre bottles. Convenience Store (2019). [Frosty Jack's reduces size of large cider bottle](#).

32 MESAS (2020). [Evaluating the impact of alcohol minimum unit pricing \(MUP\) in Scotland: Observational study of small retailers](#).

33 MESAS (2020). [Evaluating the impact of alcohol minimum unit pricing \(MUP\) in Scotland: Observational study of small retailers](#).

34 Institute of Alcohol Studies (2019). [Cover story - MUP sees off white cider in Scotland](#).

35 MESAS (2020). [Evaluating the impact of alcohol minimum unit pricing \(MUP\) in Scotland: Observational study of small retailers](#).

“Obviously [for] 90 per cent of my cider drinkers it wasn't choice, it was mostly the price of the cheap cider ... And, now they are sticking to whatever is the next cheapest thing.”

**Retailer, as quoted in MESAS study on MUP's impact on small retailers<sup>36</sup>**

In Wales, we also found that products had been discontinued or were sold in a different form following the introduction of MUP. For example, Lidl Excelsior Lager, which used to be sold in a four pack for £2.45 (34p/unit), could only be found as single cans for £0.88 following the introduction of MUP. With MUP, the four pack would cost at least £3.52. This change significantly reduced the alcohol content in one sales item from 7 units to 1.8 units.

Similarly, Morrison's previously sold a 3-litre box of Country Manor perry (£4.75 in November 2019); however, we could not find it in March 2020. With MUP, it would have more than doubled in price to £10.20. The previous shelf space appeared to have been reallocated to higher-priced wine boxes. We also found no own-brand ciders in a large Sainsbury's in March 2020, even though they had been available in November 2019 (sold as a 2-litre bottle for £2.50, which would have doubled in price to £5).

We also noticed a shift at the cheapest end of the spirits market, with Sainsbury's, Morrisons and Tesco apparently having eliminated their 'Basics', 'Savers' and off-brand ranges. Several of the supermarkets' next cheapest spirits brands (generally, their standard own-brand offer) had to increase slightly in price with MUP and are now mostly sold at exactly 50p per unit. With such products on sale at the minimum price, there is likely to be little or no demand for 'Basics', 'Savers' and off-brand ranges. Moreover, Sainsbury's appears to be offering their cheapest spirits in a greater range of smaller bottles (350ml and 500ml). While this is likely intended to make the price more attractive to customers, it also reduces the number of units in a bottle, which is useful from a harm reduction perspective.

With Wales and Scotland both having implemented MUP, and the Northern Ireland Executive previously stating its intent to do so, it is only England that will be left with very cheap alcohol.

A 50p MUP in England is estimated to save 525 lives and prevent 22,000 hospital admissions every year (at full effect).<sup>37</sup> Moreover, it would help reduce health inequalities: 90% of the lives saved from a 50p MUP would come from low income groups.<sup>38</sup> **England cannot afford to be left behind: the sale of alcohol at pocket money prices needs to end.**

36 MESAS (2020). [Evaluating the impact of alcohol minimum unit pricing \(MUP\) in Scotland: Observational study of small retailers.](#)

37 University of Sheffield and Cancer Research UK (2016). [Alcohol and cancer trends: Intervention Scenarios.](#)

38 Meier, P.S. et al. (2016) [Estimated Effects of Different Alcohol Taxation and Price Policies on Health Inequalities: A Mathematical Modelling Study.](#) PLoS Medicine.

MUP is supported by leading medical, police, homelessness and children's organisations – as well as the majority of the general public.<sup>39</sup> Publicans support MUP by a ratio of two to one, seeing it as good for business.<sup>40</sup> It is also supported by brewers Greene King and the C&C Group (makers of Magners cider).<sup>41</sup>

“Between one in five and one in ten people who come to the Emergency Department will come as a result of drinking alcohol. On Friday or Saturday nights, it can be as many as three-quarters. We need a well-evidenced way to reduce the availability of alcohol. That's why I support minimum unit pricing.”

**Dr Adam Collins, A&E doctor<sup>42</sup>**

## Reforming the alcohol duty system

One of the reasons why cider is so much cheaper than beer and other drinks in England is due to the way it is taxed.

A good tax system can strengthen the country's health and reduce alcohol harm. It can, for example, ensure that stronger drinks are always more expensive, thereby incentivising the development of lower-strength products. Moreover, a regular increase in tax levels can ensure that alcohol does not become more affordable over time due to inflation.

However, the current alcohol duty structure is inconsistent, complex, and its irregularities encourage the production of particularly harmful products.

Overall, alcohol duty is currently too low to account for the societal costs of alcohol. PHE estimates that alcohol costs the UK at least £27 billion a year.<sup>43</sup> Over the past five years, alcohol duty has raised just £10.5-£12.1 billion annually.<sup>44</sup> Thus, at best, alcohol duty accounts for less than half of the societal costs of alcohol.

Moreover, the way drinks are taxed is inconsistent: while beer and spirits are taxed according to pure alcohol content (ie strength), wine and cider are taxed according to the volume of liquid.<sup>45</sup> This means that a litre of 8% ABV wine is taxed the same amount as a litre of 15% ABV wine – despite containing very different amounts of pure alcohol.

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39 Alcohol Health Alliance (2018). [How we drink, what we think](#).

40 Institute of Alcohol Studies (2017). [Pubs Quizzed](#).

41 BBC (2011). [Greene King brewery boss backs minimum unit pricing](#); Just Drinks (2017). [C&C Group backs minimum unit pricing in Ireland as legislation stalls](#).

42 Alcohol Health Alliance (2018). [Doctor Adam Collins supports action on cheap alcohol](#).

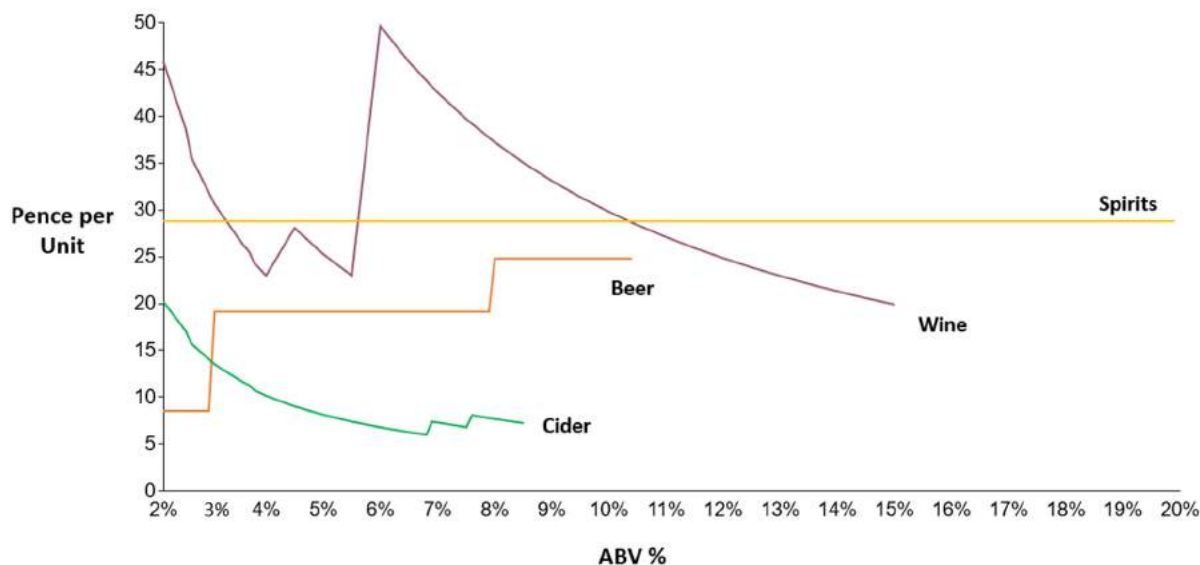
43 Burton, R. et al. (2016). [A rapid evidence review of the effectiveness and cost-effectiveness of alcohol control policies: an English perspective](#).

44 HM Revenue and Customs (2020). [UK alcohol duty statistics](#).

45 Taxation of wine and cider by volume is required under EU law. Brexit could provide opportunities to rationalise the alcohol tax system in the UK.



There are also significant differences in the amount of duty charged for same-strength products. For example, a 2.5l bottle of 7.5% ABV cider, which contains the equivalent of nearly 19 shots of vodka, is taxed less than £0.07 per unit. In contrast, a pint of 7.5% beer is taxed at £0.19 per unit, nearly three times more. Figure 6 shows the rates of duty per unit of different drinks.



**Figure 6: Duty per unit of alcohol by product type. From Institute of Alcohol Studies (2020). [March Budget Analysis](#).**

This system creates inconsistent incentives to produce lower-strength products. The beer duty structure encourages the production of lower-strength drinks, as duty is lower on lower-strength beers than higher-strength ones. In our survey this was reflected in price: the cheapest beer was a lower-strength one, while the most expensive one was a high-strength one. However, the same is not true for wine and cider. For example, ciders between 1.2% and 6.9% ABV are all charged the same rate of duty, which means stronger ciders attract a lower duty per unit. This creates incentives to produce cheap, high-strength cider, such as Frosty Jack’s.

The previous UK Government acknowledged the limitations of the current duty system and expressed a desire for reform, stating that “the Government believes that alcohol duties should be related to the alcoholic strength of drinks”.<sup>46</sup> More recently, the UK Government has acknowledged that the current duty system is “complex – and arguably outdated” and is formally reviewing the system.<sup>47</sup>

The alcohol duty review is a welcome opportunity to ensure our alcohol duty system works to help reduce alcohol harm. Based on recent work from the Social Market Foundation and other available evidence,<sup>48</sup> we believe that alcohol duty should be:

1. **Proportionate:** alcohol duty should cover, at a minimum, the health, crime and welfare costs of alcohol to wider society.
2. **Scaled:** stronger drinks should be charged more tax, per unit alcohol, than weaker drinks. Strong drinks are more harmful and should therefore always cost more.

46 HM Treasury (2017). [Alcohol Structures Consultation](#).

47 HM Treasury & HM Revenue & Customs (2020). [Alcohol duty review: Call for evidence](#).

48 Corfe, S. (2019). [Pour decisions? The case for reforming alcohol duty](#). Social Market Foundation.

The heaviest drinkers in the UK are more likely to consume higher-strength products, such as spirits and higher-strength beers and ciders.<sup>49</sup> Moreover, spirits are more likely to be consumed in excessive quantities. This is partly due to strength as drinkers need to consume a smaller volume of liquid to ingest the same quantity of alcohol. It is also because 'over-pouring' (mistakenly exceeding standard measures when drinking at home) is common for spirits.<sup>50</sup> As a result, fatal alcohol poisonings and aggressive behaviour are more strongly associated with spirits than with other types of alcoholic drinks.<sup>51</sup>

Such an approach would have additional benefits in that it creates incentives to produce lower-strength products, as these would pay less duty. There is some evidence that producers respond to duty changes: for example, it was reported that AB InBev reduced the strength of popular beer brands, including Stella Artois, Budweiser and Becks, to reduce costs associated with alcohol duty.<sup>52</sup>

This approach is also supported by the public: more than half believe that drinks containing a higher amount of alcohol should be taxed more than weaker drinks.<sup>53</sup>

- 3. Consistent:** duty rates across different products with the same amount of alcohol should be equalised, so that drinks of the same strength are charged the same amount of duty.

This simplifies the duty regime – helping to meet the UK Government's goal of simplifying the UK tax regime – and creates a level playing field across drink types. It would mean, for example, that a 4% beer is charged the same amount of tax as a 4% cider.

- 4. Updated:** alcohol duty should automatically increase in line with inflation or earnings. A body similar to the Low Pay Commission could periodically review the rate and provide advice on the optimal level of alcohol duty.

Taxes should be used to raise the real price of alcohol products, so that their affordability declines (or at a minimum stays constant) over time. This should be complemented with review periods every 5-10 years, which explore the latest evidence on alcohol related costs to ensure duty remains in line with these costs (as per principle 1 above).

The review could be conducted by an independent commission with experts from government, health care, academia and charities. It could follow a similar model to the Low Pay Commission, which advises the UK Government about the National Living Wage and the National Minimum Wage.

Such an approach would not only keep alcohol's affordability in check over time but would also provide an environment of relative certainty for drinks manufacturers. This is important to encourage investment and innovation in certain drink types, such as lower-strength drinks.

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49 The Institute for Fiscal Studies (2017). [Tax design in the alcohol market](#).

50 BBC News (2009). [Home drinkers 'over-pour spirits'](#).

51 Mäkelä, P. et al. (2007). [Does beverage type matter?](#), Nordic Studies on Alcohol and Drugs, 24, pp617-31.

52 Mail Online (22 January 2012). [Taxbeater! Stella and Budweiser cut alcohol levels in bid to save millions of pounds in duty hikes](#).

53 Public Opinion Polling carried out by YouGov online. Total sample size 1,846 adults. Fieldwork between 26-27 October 2020. Figures have been weighted and are representative of all GB adults (aged 18+).

When asked about the factors that the government should consider when setting alcohol taxes, 73% of the public included reducing harmful drinking in their top three considerations. This was followed by the costs of the negative impact of alcohol (70%) and by raising revenue to fund public services (56%).<sup>54</sup>

## Increasing alcohol tax rates

Until the system has been reformed, alcohol duty should be increased by 2% above inflation every year.

Currently, the individual rates of taxation are set by the Chancellor in the annual Budget. Since 2012, alcohol duty has been cut or frozen almost every year. In real terms, beer duty in 2020 is 19% lower than in 2012/13, cider and spirits duty are 12% lower, and wine duty is 3% lower.<sup>55</sup>

This has had a substantial impact on revenue: the estimated cost of the cuts and freezes in alcohol duty since 2012 was £1.3 billion in 2019/20 – enough to pay the salaries of over 41,000 nurses.<sup>56</sup> The impacts of cutting alcohol duty are beyond the simply financial: the changes in alcohol duty since 2012 are also estimated to have led to almost 2,250 additional deaths, as well as more than 122,000 additional crimes in England and Scotland.<sup>57</sup>

Cuts to alcohol duty can be portrayed as necessary to save pubs. However, alcohol duty also impacts supermarket prices, which, as our survey shows, are already very cheap and undercut pub prices. Indeed, 51% of publicans cite cheap supermarket or off-licence alcohol as a main cause of pub closures, compared to 4% who blame alcohol taxes.<sup>58</sup>

“I think that cuts in alcohol duty only benefit supermarkets. We are led to believe that this is a measure that helps pubs and landlords such as myself, but it is putting us at a greater disadvantage and enabling supermarkets to capitalise on cheaper alcohol to attract customers and drive their profit.”

**Ian McNaughton, a former publican in North Yorkshire**<sup>59</sup>

The data on pub closure rates further confirms that duty cuts have not slowed the closure of pubs: between 2008 and 2013 – when beer duty was increased by 2% above inflation every year – the net decline in the number of pubs was 1.5% a year.

54 Public Opinion Polling carried out by YouGov online. Total sample size 1,846 adults. Fieldwork between 26-27 October 2020. Figures have been weighted and are representative of all GB adults (aged 18+).

55 Institute of Alcohol Studies (2020). [March 2020 Budget analysis](#).

56 Institute of Alcohol Studies (2020). [March 2020 Budget analysis](#); Curtis, L. A. and Burns, A. (2019). [Unit Costs of Health and Social Care 2019. Unit Costs of Health and Social Care](#). PSSRU, Kent, UK.

57 Angus, C. & Henney, M. (2019). [Modelling the impact of alcohol duty policies since 2012 in England and Scotland](#). The University of Sheffield and IAS.

58 Balance (2018). [Views from behind the bar: North East landlord Survey 2018](#).

59 Balance (2018). [North East landlords blame cheap supermarket booze for closures](#).

Between 2013 and 2018 – when beer duty was frozen – the closure rate was 1.9% a year.<sup>60</sup> Alternative measures to better support the pub trade could include reducing business rates, increasing the price of supermarket alcohol or reducing VAT on food in pubs.

**To reverse nearly a decade of cuts and freezes, alcohol duty should be increased by 2% above inflation every year.** Such a move could save over 5,000 lives, prevent almost 300,000 crimes and save about £840 million health care costs in England and Scotland, from 2020-2032.<sup>61</sup>

The majority of the public (56%) support an increase in alcohol taxes to fund public services impacted by alcohol use, such as the health service and the police.<sup>62</sup>

## MUP and tax policies are a complementary package, which work best together.

MUP and duty are not alternatives but are complementary measures, and we need both. MUP and duty each go some way in addressing the most acute alcohol harms, but they work best together: combined, the policies have a greater effect on health outcomes than either policy alone.<sup>63</sup> While MUP is closely targeted at the most harmful alcohol consumption, tax rises address the fall in the real price of alcohol across all products. Moreover, tax increases raise vital revenue which is urgently needed for public services.

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60 Institute of Alcohol Studies (2020). [March 2020 Budget analysis](#).

61 Angus, C. & Henney, M. (2019). [Modelling the impact of alcohol duty policies since 2012 in England and Scotland](#). The University of Sheffield and IAS.

62 Public Opinion Polling carried out by YouGov online. Total sample size 1,846 adults. Fieldwork between 26-27 October 2020. Figures have been weighted and are representative of all GB adults (aged 18+).

63 Angus, C. and Ally, A. (2015). [Modelling the potential impact of duty policies using the Sheffield alcohol policy model version 3](#). University of Sheffield.

# Recommendations

To improve the health of our country and reduce alcohol harm, the UK Government needs to:

1. Implement a minimum unit price for alcoholic drinks in England.
2. Implement a new alcohol duty system which strengthens our health and reduces alcohol harm and is:
  - a. **Proportionate**: the overall level of alcohol tax should cover the cost of alcohol to society;
  - b. **Scaled**: stronger drinks should be taxed more, per unit of alcohol, than weaker drinks. Strong drinks are associated with a particular set of harms, and this system would also encourage reformulation;
  - c. **Consistent**: same-strength drinks should be charged the same level of tax; and
  - d. **Up-rated**: alcohol duty should automatically increase in line with inflation or earnings. A body similar to the Low Pay Commission could periodically review the rate and provide advice on the optimal level of alcohol duty.
3. Until a new duty system has been implemented that protects public health, alcohol duty should be increased by 2% above inflation (RPI) every year to reverse nearly a decade of cuts and freezes in alcohol duty.

The logo for Alcohol Health Alliance UK is contained within a white speech bubble with a grey border. The word "alcohol" is written in a large, bold, black sans-serif font. Below it, the words "health alliance uk" are written in a smaller, grey, lowercase sans-serif font.

**alcohol**  
health alliance uk

November 2020

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