

Health Committee

Home Affairs Committee

Oral evidence: Alcohol minimum unit pricing, HC 678

Monday 22 January 2018

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Members present:

Health Committee: Dr Sarah Wollaston (Chair); Mr Ben Bradshaw; Rosie Cooper; Andrew Selous; Dr Paul Williams.

Home Affairs Committee: Tim Loughton; Stuart C. McDonald; Douglas Ross.

Questions 1 - 228

Witnesses

I: Rosanna O'Connor, Director of Alcohol, Drugs and Tobacco, Public Health England; Professor Nick Sheron, Academic Clinical Alcohol Adviser, Public Health England; Sgt Mick Urwin, Durham Constabulary's Harm Reduction Unit and Co-Chair of the National Police Chiefs Council Licensing Sub-group; Professor Sir Ian Gilmore, Chair, Alcohol Health Alliance; and Professor Amandine Garde, Director of Law and NCD Unit, School of Law and Social Justice, University of Liverpool.

II: Miles Beale, Chief Executive, Wine and Spirits Trade Association; Brigid Simmonds, Chief Executive, British Beer and Pub Association; and Kate Smith, Senior Economist, Institute for Fiscal Studies.

Written evidence from witnesses:

- [Public Health England](#)
- [National Police Chiefs Council](#)
- [Alcohol Health Alliance](#)
- [Wine and Spirits Trade Association](#)
- [British Beer and Pub Association](#)
- [Institute for Fiscal Studies](#)



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Examination of witnesses

Witnesses: Rosanna O'Connor, Professor Sheron, Sgt Urwin, Professor Gilmore and Professor Garde.

Q1 **Chair:** Good afternoon. Thank you all for attending our panel for the examination of minimum unit pricing. For those who are following from outside the room, it would help if you could start by introducing yourselves and whom you represent. First, Tim Loughton would like to make a statement.

Tim Loughton: It is a declaration of interests. Although I have no remunerated interests, I am chair of the all-party parliamentary group on wine and spirits, for which the WSTA is the secretariat.

Q2 **Chair:** Thank you. Can we start with Professor Sir Ian Gilmore?

Professor Gilmore: I am Ian Gilmore. I am a physician and liver specialist from the University of Liverpool. I came to this from the point that 80% of my patients with cirrhosis were dying because of alcohol. I helped to set up the Alcohol Health Alliance 10 years ago. We now have more than 50 organisations, all concerned about the impact of alcohol on health. They include nurses, midwives and every other group you can think of. Our primary principle has been to produce evidence-based policy, so minimum unit pricing became a very early priority of ours. We had the roller-coaster of 2012, when we thought that it was coming, and then it was not. Another key priority has been harm to third parties—to victims of violence and children. I hope that we will get a chance to discuss both of those.

Q3 **Chair:** You are here representing the Alcohol Health Alliance.

Professor Gilmore: Yes.

Q4 **Chair:** Professor Garde?

Professor Garde: I am Amandine Garde. I am from the University of Liverpool, where I am professor of law. I set up the law and non-communicable diseases unit, which looks at how evidence-based policies can best be framed to withstand potential challenges by the alcohol, food and tobacco industries. In particular, I have worked a lot with the World Health Organisation and UNICEF on children's rights-based approaches to marketing to children.

Sgt Urwin: I am Sgt Mick Urwin, from Durham Constabulary's harm reduction unit. I am here in my capacity as the co-chair of the National Police Chiefs Council licensing group. Therefore, I am representing the National Police Chiefs Council.

Rosanna O'Connor: Good afternoon. I am Rosanna O'Connor. I am Public Health England's director for alcohol, drugs and tobacco.



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Professor Sheron: I am Nick Sheron. I am a liver doctor in Southampton. I am also a clinical adviser to Public Health England.

Q5 **Chair:** Thank you. Can I start by asking you to set out where you see the key benefits of introducing minimum pricing would be, both for health and for the criminal justice system?

Professor Gilmore: I am sorry if in my introduction I gave rather more than you wished about where the Alcohol Health Alliance is coming from. As I said, it is very much an evidence-based group. What has become evident over the years is that price is the biggest single driver of how much a society drinks and how much harm it gets from alcohol. Price is absolutely key. Within price, the evidence has become very strong—even stronger than it was in 2012—that, unlike taxation, it is targeted at those who are most vulnerable: the heaviest drinkers, the lowest socioeconomic groups and children. They are the ones who gravitate to the cheapest alcohol, which is hit by minimum unit pricing, whereas there is virtually no impact whatsoever on the on-trade, on the price of a pint of a beer in a pub. It is really about going for the drinks that we know are favoured by those who are most vulnerable, particularly white ciders and very cheap own-label spirits like vodka.

Q6 **Chair:** How will that translate into public health benefit? Rosanna O'Connor and Nick Sheron may want to comment on that.

Rosanna O'Connor: On the public health benefits of MUP?

Chair: Yes.

Rosanna O'Connor: Every year, 16,000 people die from alcohol-related harm. It costs the country a minimum of £21 billion annually. The evidence shows very clearly the link between price, consumption and harm, and that reducing the price is the most effective way of reducing harm. Minimum unit price targets the cheapest, high-strength alcohol. Therefore, it is specifically aimed at having the greatest impact on the heaviest daily drinkers.

Evidence shows that, if you put up the price, it is the most cost-effective way of reducing harm. Obviously, there are two ways you can increase price; one is through taxation, and the other is through minimum unit price. The benefit of minimum unit price is that it is exquisitely targeted at the heaviest daily drinkers, who are drinking cheap, strong alcohol. Let's not forget that, beyond the individual drinker to whom cheap, strong alcohol causes so much harm, there is a significant impact on the people around that drinker—on the family and children of dependent drinkers. There is a massive burden on the NHS, with something like 1 million alcohol-related admissions a year. While we sit here, during the hour you have allotted for us, there will be something like 114 alcohol-related admissions to the NHS. There is also the impact on the criminal justice system and the enormous cost to the economy.

Q7 **Chair:** Professor Sheron, could you talk a bit more about the impact on



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emergency departments and the departments you have been involved with in your clinical profession?

Professor Sheron: I am a liver specialist. Pretty much all liver-related admissions come through emergency departments, because people do not realise that they have liver disease until they are admitted as an emergency, with bleeding oesophageal varices or because they are bright yellow or have a big yellow tummy. Eighty per cent of those deaths are alcohol-related. If you go into our emergency department in Southampton on a Friday or Saturday night, you will find that the vast majority of people there are suffering as a result of over-misuse of alcohol.

The mortality from alcohol splits into four categories. There are people who run into trouble because they get too drunk. Those tend to be young people. They tend to be the ones who suffer from traffic accidents and violence, and who end up in emergency departments.

About a quarter of the deaths are due to liver disease. They occur in middle-aged people. I did a ward round a couple of weeks ago. It took me five hours. A third of my patients were under the age of 40. The average age of death from liver disease is the early 50s. If you die at 30, that is 35 years of working life lost. For years and years, the leading cause of death has been ischemic heart disease—heart attacks. The likelihood is that liver disease will overtake that in the next two or three years, because liver disease mortality has been rising so much.

The third category is hypertension, which tends to affect older people, while a quarter is due to cancer. Alcohol has its fingers in many pies. The workload on emergency departments is the visible side of that, but a lot of the harm is invisible harm.

Q8 Chair: Sgt Urwin, could you talk in your role about where you see the benefits of minimum pricing would be in the criminal justice system and the work of frontline officers?

Sgt Urwin: Obviously, the impact of alcohol is a significant demand on policing per se. Around half a million violent crime offences committed in the last year—40% of violent crime—were alcohol-related. We see minimum unit pricing as affecting three main areas that concern us.

One is preloading. We now see as a regular occurrence on Friday and Saturday nights young people coming out having had too much to drink already, because they have drunk cheap alcohol that they have purchased from off-licences before going on a night out. They turn up at bars already drunk, so they are refused entry. That can be a flashpoint with door staff. They are then separated from their group of friends and either left to fend for themselves and get themselves home or to wander off into the darkness. That creates its own vulnerability issues. Likewise, we are seeing our night-time economies become quieter. Licensed premises are closing, because they cannot compete with the off-licences.



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Secondly, we see it from an under-age drinking point of view. Regularly, week in, week out, we take alcohol off young people who are under the age of 18. We take large quantities of cheap cider of young people; it costs them about £3.70 for 3 litres that contain 20-plus units. They are having one of those each. That causes tremendous issues around vulnerability and safeguarding. Because we are very proactive, young people find more ways of hiding and go to more secluded, vulnerable areas—by rivers, by woods—out of the way. They are not causing particular antisocial behaviour issues, because they cannot be seen, but they are putting themselves in very vulnerable positions, especially around sexploitation. They are being exploited as a result of that.

The third issue is around street drinking. Our street-drinking population tend to cause lower-level crime and antisocial behaviour. They drink very similar products to the under-age drinkers—high-volume ciders, in large quantities. We do not see minimum unit price as a way of eliminating that, because it is not a silver bullet. It will not stop under-age drinking, street drinking or preloading, but it might reduce the quantities that are involved when people go on a night out or that under-age drinkers are consuming.

Q9 Chair: What about the impact on your frontline staff in terms of assaults or the behaviour of people they are trying to assist?

Sgt Urwin: Forty per cent of officers say that they have experienced sexual assault or harassment while dealing with alcohol-related issues, certainly in the night-time economy. Having to police and deal with those incidents puts pressures on the service, bearing in mind austerity and reduced resources. The number of incidents we deal with may be a small proportion, percentage-wise, of all incidents we deal with, but the issue is the amount of time it takes up. If you are dealing with someone who is drunk, you cannot investigate the offence they have committed until eight or 12 hours later. That is time in custody and time of the investigating officer. The issues around safeguarding and vulnerability put a lot of pressure on existing case loads. You are unable to investigate effectively because people have had too much to drink.

Q10 Chair: What about the impact in other areas, such as domestic violence? How big an impact does alcohol have in that area?

Sgt Urwin: The statistics will tell you that about 40% to 50% of domestic violence is alcohol-related. As a frontline officer, I would say that it was nearly double that—nearer 90%. Either you have an offender who uses it, and it is a mechanism to start the abuse, or you have a victim who is using it as a coping mechanism. We see alcohol in vast numbers of our domestic violence cases.

Q11 Chair: Professor Garde, one area that is of interest to the Committee is how much more evidence we have now, either way, since 2013, when the policy was dropped after it had been proposed that the Government take it up?



Professor Garde: We have had the Sheffield study. Some colleagues on the panel will be best placed to analyse that evidence and its quality. We know that the introduction of minimum unit pricing in Scotland has been held compatible with European Union law, so we have quite a lot of certainty that, although the introduction of minimum unit pricing may cause some European trade discussions, it does not constitute an unjustified barrier to trade. We have plenty of evidence both from the judgment of the Court of Justice of the European Union of 23 December 2015 and from decisions in the UK, particularly the decision of the UK Supreme Court of 15 November 2017.

I can expand on the various tests, but one thing I would like to mention is that there has been clear confirmation at European level that member states, or parts of a member state, are responsible for the protection of the health of their citizens and can set the level of protection they want to achieve, as well as the means they choose to use to achieve those objectives. Interestingly, the Court of Justice, as well as the Supreme Court, has been very clear that member states can experiment. If you have a measure that is reasonably likely to contribute to an alcohol strategy and a specific objective of reducing the consumption of alcohol by hazardous drinkers, member states can experiment with that measure.

Chair: We will now explore the evidence around this in some detail, starting with Paul.

Q12 **Dr Williams:** Professor Gilmore, I would like to explore the evidence on exactly what effect minimum unit pricing would have, first, on harmful drinkers. I would also like to look at the evidence around what effect it would have on moderate drinkers.

Professor Gilmore: That is a really important question, because there is a myth out there that heavy drinkers are dependent and, therefore, are immune to the influence of price, and would continue to drink the same amount if the price went up, but would take to crime to feed their habit. The evidence is actually to the contrary. The evidence that has been worked out in great detail, particularly by the Sheffield group, and by others, is that heavy drinkers are more price sensitive than moderate drinkers. They spend so much anyway that they gravitate to the cheapest forms of alcohol.

We are not looking to stop people drinking. Clearly, if someone is alcohol dependent, many psychiatrists would wish to move to a situation where they were not drinking at all. We know that someone who is drinking heavily—perhaps two, three or four bottles of wine or a couple of bottles of spirits a day—is significantly improved by cutting that down. Improvements in health do not come just from total abstinence; getting a heavy drinker to cut down from 4 litres to 2 litres of wine a day will bring about very significant health gains. That is setting aside the situation for heavy drinkers. They are price sensitive; they are probably more price



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sensitive, because they are counting their pennies to feed their addiction, if they are alcohol dependent.

Q13 **Dr Williams:** That evidence comes from modelling. Is that right?

Professor Gilmore: First, modelling is based on real-life figures. They have access to all sorts of data—sales data, health data, ONS data and so on—which can be split by socioeconomic group. There are many instances where price has changed for various reasons, or come down. When its neighbour, Estonia, was coming into the EU, Finland cut duty and saw harm increase. There are situations like the minimum floor price in provinces in Canada that are very much analogous to minimum unit price and where they have seen an impact on heavy drinkers. It is not just abstract modelling. There has been a tendency to paint the Sheffield data as being an entirely hypothetical situation. It is not. It is looking at real-life changes over the years in consumption and harm. Modelling inevitably looks forward and predicts what will happen with something like minimum unit price in this country, in various communities where it has not been before.

Q14 **Dr Williams:** I am sorry, I interrupted you. You were about to talk about the impact on moderate drinkers.

Professor Gilmore: Yes. That is really important. As has been said already, there is virtually no impact whatsoever on the price of drinks in bars, clubs and the on-trade. That is important, because we do not want to see pubs close. They have a social value, particularly in rural communities, but, with the differential between the on-trade and the off-trade widening hugely over the last 20 years, we have turned from a country of people drinking in pubs and bars into a country that drinks 80% of everything except beer at home. The majority of beer is now drunk at home, whereas 20 years ago it was probably about 10 pints of beer in a pub for one pint at home. That has been a big change, but the change is all in what people buy in the off-licence. We know that moderate drinkers do not buy as much cheap alcohol as heavy drinkers. It has been calculated that the financial impact of a minimum unit price for a moderate drinker who is not well off would be something like £1.32 a year.

Q15 **Dr Williams:** What about if I buy a couple of bottles of wine a week from Aldi or Lidl? Will minimum unit pricing not increase the cost of those bottles of wine?

Professor Gilmore: It depends on which wine you choose from Aldi. They do not just sell things at £3.50 a bottle. The change would come in at about £4.70 a bottle. A bottle costing less than £4.70 would rise in price, but even at supermarkets that may attract people looking for cheap alcohol more, that is still in the minority of their products.

Q16 **Dr Williams:** Rosanna O'Connor, is there anything you would like to add about the impact of minimum unit pricing either on harmful drinkers or on moderate drinkers?



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Rosanna O'Connor: I would like to echo some of what Ian said. The thing about minimum unit price is that it is exquisitely targeted at people who are drinking the strongest, cheapest alcohol. That is a staggeringly small group of people. About 4% of the population drink just under a third of the alcohol consumed in the country. It is about 2 million people.

Dr Paul Williams: Wow.

Rosanna O'Connor: I thought wow as well, when that emerged from our evidence review. We are talking about a small—

Q17 **Chair:** Four per cent of the population are drinking a third of the alcohol.

Rosanna O'Connor: Yes.

Professor Sheron: It is 4.4%.

Rosanna O'Connor: Yes. I am rounding the figures. The third is 30-something per cent.

Q18 **Chair:** It is quite a staggering figure. It would be nice to be clear about that.

Rosanna O'Connor: It is a staggering figure. It is in the evidence. It is just over 4% of the population drinking just under a third of the alcohol. We are talking about a small group of people, whose daily heavy drinking of these very cheap, strong ciders, mostly, is doing them so much harm. If on your way home you stop and have a pint in a pub—

Dr Williams: Dry January, I am afraid.

Rosanna O'Connor: Okay. I will need a drink as I go home from here tonight. If I stop for a £6 bottle of wine, it will cost exactly the same the other side of a 50p MUP, as will a drink in a pub in February. What will change is the very low-priced alcohol. A very low-priced bottle of cider, for example, that costs around £3.60 now for 22.5 units of alcohol would cost just over £11 on the implementation of a 50p MUP. The result would be a significant impact on a small group of people. That is why it is such a targeted policy, for such great health gains.

Q19 **Dr Williams:** I can see the impact on own-label spirits, for preloading, and on cider, for street drinking, but what about the effect on a low-income, moderate drinker? There will be some benefits from this for heavy drinkers; hopefully, their behaviour will change. We do not want them to spend more money; we want them to change their behaviour, but the criticism is that the cost will be borne by low-income, moderate drinkers.

Rosanna O'Connor: The cost—other than a minimal cost—will not be borne by low-income, moderate drinkers. I think I am right that the modelling shows that, for a moderate drinker, the increase is likely to be about 20p a month, at 50p minimum unit pricing. At 60p, it is likely to be about 61p a month, or £7 a year.



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Q20 Dr Williams: Is that because moderate drinkers are not drinking these cheap brands—the own labels and ciders?

Rosanna O'Connor: They are certainly not drinking them at the rate at which the heavy daily drinkers are drinking them. Nick may be better on this. The number of units that people who come into his services are drinking is quite staggering.

Professor Sheron: This has been modelled by the Sheffield group. The very low figures are because people from low-income groups do not drink much alcohol in the first place. When they do, they drink some of their alcohol in pubs and some at home. Later you will speak to the IFS, which has modelled this. If you look at the cost to someone drinking exactly 14 units—in other words, at the borderline of the safe guidelines—and buying alcohol below the minimum unit price, the average impact for a wine drinker would be £1.26 a week. For a spirits drinker, it would be the same. For a lager drinker, it would be almost £2.

Q21 Dr Williams: A week.

Professor Sheron: Yes, per week. For a cider drinker, it would be about £3 a week. These are people drinking 14 units, which is the maximum. The absolute maximum impact is for somebody like my patients with alcohol-related cirrhosis, whose average consumption is 120 units a week. That is the median. The mean is higher; it is 150. A typical Frosty Jack's drinker drinks 16 litres of that and pays about £20 for it. That would go up threefold. Instead of paying £20, they would pay nearly £70.

Q22 Dr Williams: Or, on the other side, they would still spend £20, but they would get fewer units of alcohol.

Professor Sheron: In fact, rather than drink 7.5%-by-volume cider, they are likely to drink cider that is 3% or 4% by volume. If they go down to 3%, they can drink 13 litres. It is not that they are not drinking at all. They do not have to stop completely, but they have to cut their alcohol intake substantially.

Q23 Dr Williams: If you are a moderate drinker and are drinking 14 units a week, on average, the cost of this to you will be just over £1 a week.

Professor Sheron: It is somewhere between £1 and £2—about the same as a Costa coffee a week—if you are drinking 14 units. It is not that it does not have an impact on low drinkers; of course it does. The IFS data suggest that it will impact on about 70% of alcohol sold in the off-trade. The average price of beer sold in the off-trade is 48p, and it will go up to 50p. It has an impact, but a very small one. However, it has a very significant impact on my patients with cirrhosis. Bear in mind that there is a threefold to fivefold excess of people in the lowest socioeconomic group among those patients. That harm is felt overwhelmingly in poor communities. As a result of that, MUP has a much greater effect, in terms of harm reduction, in lower socioeconomic groups. It reduces the social



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gradient and health inequalities much more than other mechanisms. That is really important.

Q24 **Chair:** Ian, is there anything you want to add about the health inequalities aspect of the policy?

Professor Gilmore: I just want to emphasise that it is really important. I woke up to this when I was lucky enough to be a commissioner on Michael Marmot's review for the Prime Minister about five or six years ago. It really came home to me how the impact of alcohol harm is disproportionately focused on the poorest in society.

Chair: We will come on to some challenge now from Ben.

Q25 **Mr Bradshaw:** We all want to reduce alcohol-related harm; the question this Committee has to answer is whether minimum unit pricing is the best way of doing so. Do you accept the official statistics that alcohol consumption in Britain has fallen by a fifth in the last 15 years, even more dramatically among young people, and that alcohol-related crime has fallen by 40%? I assume that was a yes, because you did not challenge it.

Professor Gilmore: No. We would like to—

Q26 **Mr Bradshaw:** Do you want to challenge the official alcohol consumption figures?

Professor Gilmore: Those are the overall figures. What I would like to challenge is who is doing the drinking and the harm that is seen.

Q27 **Mr Bradshaw:** That was not my question. Thank you for—

Professor Gilmore: There have been different falls for different populations within that.

Rosanna O'Connor: I was going to say, because you invited us, that the last survey of young people smoking, drinking and taking drugs showed a slight upturn in their use, but that is not a trend.

Q28 **Mr Bradshaw:** No, not on alcohol, where the figures have fallen very dramatically over the last 15 years. The reason why I put the question is that in some of the evidence we have seen people were claiming that alcohol consumption as a whole has gone up. That is simply wrong; it has fallen dramatically. Could you also confirm that the real price of alcohol has not fallen, as some of the evidence presented to us claimed? It has actually risen by 23% more than RPI since 1980, and the UK pays 40% of all the alcohol duty in the European Union. Do you want to challenge that? No; that is fine.

Rosanna O'Connor: Hang on.

Professor Sheron: Are you talking about the affordability of alcohol?

Q29 **Mr Bradshaw:** No, the real price of alcohol, compared with the retail



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price index.

Professor Sheron: The real price of alcohol is its affordability. You have to take into account the price of alcohol, the retail price index and people's incomes.

Q30 **Mr Bradshaw:** And wages.

Professor Sheron: And wages.

Q31 **Mr Bradshaw:** Based on that, you would like to claim that the real cost of alcohol has fallen since 1980.

Professor Sheron: The affordability of alcohol has increased since 1980. The data were submitted in our written submission. You see the different lines here as the affordability of different types of alcohol. That increased until 2008. I do not know whether you can see it. I have copies.

Q32 **Mr Bradshaw:** What has happened since 2008?

Professor Sheron: In 2008, the then Chancellor introduced the duty escalator, and we had the economic downturn. The affordability of alcohol fell, and liver and alcohol-related mortality fell with it. Those duty changes were reversed in 2013, and the affordability of alcohol started to increase again. Alongside that, alcohol-related mortality has increased. I can circulate that graph.

Rosanna O'Connor: It is in the submission.

Q33 **Chair:** Nick, can I point out to you that, when you show us a chart like that, it does not appear on the official record? If you are quoting from a paper, could you give us your reference for the paper?

Professor Sheron: I am sorry. This is in the Public Health England *Lancet* paper of last year and the Public Health England *Lancet* report. It is peer-reviewed evidence.

Rosanna O'Connor: From 16 December.

Q34 **Mr Bradshaw:** It was not in our dossier of evidence. If you would like to submit it to the Committee, we can compare it with the other data we have been given, which completely contradict it.

Professor Sheron: The *Lancet* paper was submitted as an attachment to the PHE written evidence.

Q35 **Mr Bradshaw:** I beg your pardon; I did not see that.

Professor Sheron: You have this paper.

Q36 **Mr Bradshaw:** Okay. It was not in the version that I was sent, but there we are.

Rosanna O'Connor: We can recirculate it.

Q37 **Mr Bradshaw:** Thank you. Do you accept that minimum unit pricing will



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affect all drinkers, including moderate drinkers, and those on low incomes most? The IFS is quite clear in its evidence to the Committee. It says that most off-trade will be affected by minimum unit pricing. That means that all drinkers, in essence, will be affected. If you are on a low income, your real income has fallen dramatically since 2008, so you are the ones who will feel it most.

Professor Sheron: That is the question that I just answered. I said that the impact on somebody drinking 14 units a week would, on average, be between one and two quid a week—about the price of a cup of coffee.

Q38 **Mr Bradshaw:** Are you quoting the Sheffield study?

Professor Sheron: I am quoting the IFS study. My extreme drinkers—my patients with cirrhosis—are 1.3% of the population. By the way, people drinking more than 75 units drink 14% of all the alcohol. The impact on them is very considerable. It is absolutely correct to say that there is a small impact on low-risk drinkers. Because they are not drinking very much, it is a very small impact. If you are drinking at the much higher levels that are typical of my patients in hospital—the ones who have seen a fourfold increase in mortality—the impact is much greater. It impacts only on alcohol in the off-trade. It does not affect the price of a pint in a pub anywhere.

Q39 **Mr Bradshaw:** We know that. I raised the issue because I was slightly concerned that the Sheffield study, which you often and repeatedly refer to, defined moderate drinkers as those consuming 5.5 units a week. I do not think that is many people's idea of a moderate drinker.

Professor Sheron: Can I come back to that? That is the average consumption of people in that socioeconomic group, from survey data. The data that I am giving you from the IFS is for people consuming 14 units a week—people who are absolutely on the cusp. They are representative of the people you are talking about, who are not drinking five units a week, but are drinking the very most that they should, within safe guidelines.

Q40 **Mr Bradshaw:** I do not think 5.5 units is most people's idea of a moderate drinker, but there we are. We will have to agree to disagree.

Professor Sheron: That is from the surveys.

Q41 **Mr Bradshaw:** Professor Gilmore, a moment or two ago, you said that you thought that the best and most powerful effect would be on dependent alcoholics, essentially. Again, you based that on the Sheffield study, as I understand it, not on real life. If you talk to people who are involved in alcohol treatment programmes, they tell you that, if the most alcohol-dependent people cannot afford alcohol, they will do anything to get a drink; they will do drugs, steal or go without food. Do you not think that there is evidence that would support their argument that a far better thing to do, if you want to tackle problem drinking, is to tax it, where the revenue comes to the Government, and to spend that money on alcohol



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treatment programmes, which have been cut dramatically under this Government?

Professor Gilmore: You may be surprised to know that I, too, have experience of real life. I have looked after patients with alcohol problems for 40 years. I have worked hand in hand with alcohol treatment centres for those 40 years, and I dispute that what you are saying is the normal experience of those people.

One of the problems that we have with alcohol is the mindset that people are incurable and are revolving-door patients in A&E. Of course, you only see the ones who come back, not the ones who respond to treatment. Treatment is very successful at all levels of dependency. It is more cost-effective than many of the things we do; I could talk about the treatment of cholesterol, blood pressure and other things, so I refute your basic premise.

Q42 **Mr Bradshaw:** You deny it. You do not refute it.

Professor Gilmore: I am sorry; I deny it.

Q43 **Mr Bradshaw:** Thank you. You did not answer my question about minimum unit pricing. One of the questions that I have about this is that with minimum unit pricing, unlike alcohol duty, the money goes straight to the retailers and the producers. The Treasury does not get any of it to spend on alcohol treatment. Would it not be far better to use duty and taxation than to use minimum unit pricing, both in terms of its effects, which I will come to in a second with Rosanna, and in terms of its revenue-raising potential to do some good in alcohol treatment?

Professor Sheron: That is not correct. MUP raises income to the Treasury, through VAT. I had a discussion with the Treasury lead on excise duty, Chris Evans, about it this morning. It has a neutral impact on revenue. You are absolutely correct to say that, if you increase taxation, it increases revenue. The Government have given away £4.695 billion in tax cuts to the drinks industry since 2013 by reducing tax on alcohol, but MUP is tax-neutral. A combination of MUP and, for example, a duty escalator would raise a considerable amount of revenue. That is what we would recommend.

Professor Gilmore: Yes. They are not mutually exclusive. If they had the same health impact, we would recommend duty. As you well know, Scotland looked hard at this, and whether they could have some form of windfall tax on industry to bring the money back. I fully agree about the woeful state of treatment services.

Q44 **Mr Bradshaw:** It would be very helpful if we could see the data you have just referred to, Professor Sheron, about MUP raising as much money for the Treasury as taxation and duty. I am slightly sceptical about that.



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Professor Sheron: I am sorry, but that is not what I said. I said that MUP is tax-neutral, because of the increase in VAT. That is in the Sheffield modelling data.

Mr Bradshaw: Ah, Sheffield again.

Professor Sheron: A combination—

Mr Bradshaw: I will come on to the Sheffield data in a minute.

Professor Gilmore: The Treasury itself looked at this in 2011-12. Their opinion was that it would not be disadvantageous.

Q45 **Mr Bradshaw:** Rosanna, I was very interested in what you said earlier. You used the term “exquisite” twice to refer to minimum unit pricing. In Public Health England’s review of evidence for this Committee, you make it quite clear in paragraph 113 that “taxation or duty is the best way to reduce alcohol-related harm.” That is a direct quote from your evidence. You say that that is where the evidence is “strong and consistent” and that minimum unit pricing has only moderate evidence backing it. As you yourself say, that is based entirely on Canada, which, as I am sure you know, has a completely different system, and the evidence from Canada is very strongly contested. I do not quite understand why your evidence to the Committee orally has been so different from your written evidence, which made quite clear that duty and taxation were by far the most effective way of tackling alcohol-related harm.

Rosanna O'Connor: In our evidence review, we found that price is one of the strongest measures that will impact on consumption and harm. If we were to suggest two ways forward, we would recognise that MUP was not a silver bullet and that a combination of taxation and minimum unit price was probably best. Your session this afternoon is on minimum unit price. I referred to that as exquisitely targeted, because it is targeted just at those people who are drinking a large amount of strong, cheap alcohol, and doing so—

Q46 **Mr Bradshaw:** You have made that point before. We are discussing minimum unit pricing—not just the arguments for it, but the potential arguments against it. That is why I quoted from the evidence that you yourself submitted to this Committee.

Professor Sheron: Can I—

Q47 **Mr Bradshaw:** Please do not interrupt me. Your own evidence says quite clearly that using taxation and duty is a far better way of tackling alcohol-related harm than using MUP. That is the case. That is what you put in your evidence, isn't it?

Rosanna O'Connor: Yes. Your quotation of it is interesting. I want to ask Nick to come back on the differences between the ways in which different pieces of evidence were used in the report.



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Professor Sheron: I was the lead author of the report. It is absolutely correct that there is a mass of evidence for the impact of fiscal policy—taxation—on alcohol-related harm. MUP is a relatively new concept. It originated as a workaround to the fact that Scotland did not have powers to levy duty; I was actually on the committee that came up with it as an idea. The evidence behind MUP specifically is considerably less well developed than the evidence for taxation.

The specific question of taxation versus MUP was the key point that was discussed by the Supreme Court verdict. Their unanimous verdict, looking at the evidence, was that there was no doubt in their mind that, even though MUP is a relatively recent thing—you are absolutely correct; there is modelling evidence and evidence from Canada, and that is about it—it is far more likely to be effective in reducing alcohol-related harm, because it does not put up the price of alcohol across the board, it does not increase the price of alcohol in pubs and clubs, and it is targeted at cheap alcohol. Time will tell whether or not that is the case.

In terms of the overall mass of evidence, what you say is correct. The quality of evidence for taxation is higher than it is for MUP. That is why we rated that evidence only as moderate in the evidence review.

Professor Garde: Can I add something on this specific point? When you assess the proportionality of a measure, which is exactly what was at the heart of the litigation, both at European Union level and at UK level, the question is whether the measure is necessary. The necessity review requires that you compare policy alternatives. There was quite a lot of discussion in the cases about whether or not taxation and MUP were alternatives. As Nick started to discuss, the UK Supreme Court was convinced by the evidence put forward by Scotland that taxation was not an alternative to MUP, which was a more specific and targeted measure. It is very difficult to compare and present two options that should be complementary in an overall alcohol reduction strategy. They are not alternatives; they are different.

Mr Bradshaw: That is fine. Courts rule on law; we decide on policy efficacy, which is not necessarily always the same. You have all referred to the Sheffield study, in one way or another. I have two short questions.

Chair: Andrew was going to explore the Sheffield study.

Q48 **Mr Bradshaw:** Yes. I have an initial question on that, if you do not mind. Do you accept that the Sheffield study has been challenged, and that it has not been replicated or reviewed by anybody else?

Professor Gilmore: When you say that it has not been reviewed, do you mean—

Q49 **Mr Bradshaw:** I mean that it has not been replicated or reviewed by anybody else.



Professor Gilmore: To my knowledge, all its publications have been peer-reviewed by independent experts.

Q50 **Mr Bradshaw:** But it has not been replicated by anybody else. It is a single study.

Professor Gilmore: They have done many studies, in many countries. For example, they have looked at how their modelling measures up to what actually happened in Canada, to see whether there is an opportunity to compare their prospective modelling with what actually happened. There was very close correlation, and it is being reviewed.

Q51 **Mr Bradshaw:** Do you accept that what has happened in some provinces in Canada is not the same as what is being proposed here, in that it is not based on alcohol levels and the industry in Canada is state-run? The claims made for the Canadian findings are also very strongly contested.

Professor Gilmore: Yes, I know. They are particularly contested by the drinks industry.

Q52 **Mr Bradshaw:** Not just by the drinks industry, actually.

Rosanna O'Connor: The evidence in our evidence review, which was published in December 2016, was the most rigorously peer-reviewed publication that PHE has published, just because we knew that it would be contested. The work that Sheffield did for us in modelling MUP at different levels, because we needed the best available advice to give Government, was heavily peer-reviewed: internationally, then at national level, and then again by *The Lancet*, before they published. We must not dismiss modelling as just modelling, as if it is something inferior. It is the way in which the Treasury develops fiscal policy. In fact, the evidence from Canada suggests that the Sheffield modelling has been very conservative.

Mr Bradshaw: That is one claim that has been made about the Canada experience.

Chair: Andrew has some other points about the Sheffield studies.

Q53 **Andrew Selous:** We have obviously had some challenge on the basis of the evidence. The three academics on the panel have quoted the evidence from Canada and Sheffield in favour of minimum unit pricing. Is there more evidence that you think is needed? Are there more studies that should be undertaken? Obviously, you are using what is out there. As academics, you have come to a conclusion on that. In your normal practice for reviewing evidence, would you typically expect to have more or better evidence to come to that type of conclusion?

Professor Gilmore: Different levels of evidence are used in different contexts. Quite often, Government policy is made in an evidence vacuum. It is not always possible to get evidence. We certainly support the principle that Scotland will look at it again after five years, with a so-called sunset clause. Whatever is done, in any country, must be very



carefully evaluated. We would encourage England and Westminster to adopt a minimum unit price now. We think it is timely and would fit very well with Wales and Scotland, but we would want to see it evaluated. If we wait five years to see what happens in Scotland, the best evidence we have is that more than 1,000 extra people will die.

Q54 Andrew Selous: I will come to what else we may see from Scotland in a second, but I want to press you again on that point. I am probably looking at the three academics on the panel; I will come to Professor Sheron first, perhaps. Is it your opinion as independent academics that, based on the quality, the robustness and the amount of data that we have from Canada and from the Sheffield study, there is enough sound evidence to come to a conclusion in favour of MUP?

Professor Sheron: There is absolutely enough evidence, in my opinion. The key thing is that the principle that if you put up the price you reduce alcohol-related harm has been proven beyond doubt, in thousands of studies. The specific question of the Sheffield modelling is, how many deaths do you prevent by putting MUP up by a certain amount?

That is modelling; it is an estimate. I spoke to Sheffield about it this morning. They have taken the most conservative figures. There is a range of elasticities. By elasticity, I mean the amount that alcohol consumption falls in response to an increase in price. Those are figures released by the Treasury. Sheffield has taken the lower elasticities in the range. For the connection between consumption and alcohol-related harm, they have taken conservative figures.

In my opinion, they are probably under-calling the impact of MUP. Look at the impact of the 2% duty escalator. Alcohol-related deaths were going up by 8% until 2008. When the duty escalator was introduced, there was an immediate downturn in alcohol-related deaths. When the duty escalator was repealed, there was an immediate upturn. The overall difference in those deaths per year was about 300 in England and Wales, for a 2% increase in price. Sheffield models about that for total deaths, so it is probably quite conservative.

I absolutely agree with you that, in terms of the precise impact on economics, crime and deaths, we do not know the answer; Sheffield is an estimate. Will it reduce deaths, crime and the rest of it? Yes, undoubtedly. There is absolutely no doubt about that. More and more data will come in. It will be introduced in Scotland before England and Wales, so we will see a fascinating natural experiment, where things diverge, and the data will get better. At the moment, it is beyond doubt that it is going to work. The question is, how well will it work?

Q55 Andrew Selous: I understand from the clinicians on the panel that you see the urgency week by week in your consulting rooms, and in the number of deaths, and so on, which you have referred to. If we are able to suspend that for a moment, which I know we are not, is there any further evidence, from an academic perspective, that you would like to



see come out of minimum unit pricing in Scotland before you would advise that it be taken forward in England?

Professor Sheron: I would not advise delaying, because the human cost is considerable. As an academic, I will be absolutely fascinated to see those data when they come through. It will take a little while. If MUP is introduced in Scotland in May, we expect it to start having an impact on deaths within 12 months. In Canada, with a 10% increase in MUP, there was a 32% fall in directly attributable mortality within a year. However, the deaths figures are delayed by at least 12 to 18 months. That is now two and a half years.

Also, the number of deaths in Scotland is relatively low. In terms of directly attributable mortality, you are probably looking at a change of 30 or so deaths a year, which is within noise. Just as we did with the duty escalator, we will need to wait for three or four years to see the impact of those successive reductions, until there is a statistically important change. Realistically, it will be five or six years from now before we are able to calculate the full impact, with hindsight. When we have that hindsight, we will see that it started to impact on deaths almost immediately.

Andrew Selous: That is very helpful.

Professor Sheron: It becomes a political decision at that point.

Q56 **Andrew Selous:** Ms O'Connor may want to lead on my next question. Are there any other measures that you think might be more effective for public health than minimum unit pricing and that should be prioritised by the Government ahead of, or alongside, minimum unit pricing?

Rosanna O'Connor: As I said earlier, we do not see minimum unit price as the silver bullet. Our evidence review found a number of policy areas where changes or tweaks to policy would be helpful: pricing—taxation and MUP—investment in treatment, and drink-driving. There is a range of measures, all of which impact on alcohol harms. If we were to pursue one now, we would probably say, "Let's do this."

Q57 **Andrew Selous:** It would be minimum unit pricing.

Rosanna O'Connor: Yes, and we should do it in tandem with Wales and Scotland.

Q58 **Andrew Selous:** You have given us these figures in written evidence, but could you say for the public record, on the transcript, what you estimate to be the opportunity cost over one year of delaying the implementation of minimum unit pricing in England, if that is what the Government decide to do, pending the impact in Scotland? Could you summarise the opportunity cost in terms of harm to health, for the benefit of those listening and people looking at the transcript?



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Rosanna O'Connor: I will talk to a 60p minimum unit price, because I do not have the 50p figures to hand. At a 60p MUP, we would see something like 3,000 alcohol-related deaths—

Q59 **Andrew Selous:** Three thousand fewer deaths per year, if you had MUP.

Rosanna O'Connor: Over five years.

Q60 **Andrew Selous:** Over a five-year period.

Rosanna O'Connor: There would be 88,000 fewer alcohol-related hospital admissions, over five years. There would be a reduction of something like 350,000 alcohol-related crimes and in the region of 1,068,000 fewer alcohol-related days off work. There would be very significant gains.

Chair: We now come to Tim.

Q61 **Tim Loughton:** Professor Sheron, can I query one stat you used earlier? You said that moderate drinkers consume 5.5 units a week, and that is based on an average. What is it an average of?

Professor Sheron: I said that the Sheffield model models the impact on low-risk drinkers and that the average intake in that group, from the survey data they used in the modelling, was about five units. Then I gave you the figures for 14 units. It was not actually my figure of five, but Ben's.

Mr Bradshaw: It is 5.5. It is the Sheffield figure.

Q62 **Tim Loughton:** It says 5.5 in the Sheffield study. That is based on the whole adult population.

Professor Sheron: It is based on surveys.

Q63 **Tim Loughton:** Of whom?

Professor Sheron: Of the English population. It is English modelling. There is the Health Survey for England, for example.

Q64 **Tim Loughton:** It is the whole population.

Professor Sheron: No, it is a survey. The Health Survey for England asks questions of 20,000 people every year. That modelling is then used to calculate the figures for alcohol intake.

Q65 **Tim Loughton:** That 20,000 includes teetotallers.

Professor Sheron: It will include teetotallers. The survey sample is the survey sample.

Q66 **Tim Loughton:** Is that perhaps where this rather low-sounding unit figure for moderate drinking comes out, because it is an average for drinkers and teetotallers, of which there are quite a few?



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Professor Sheron: Yes. It is an average for low-risk drinkers, who include abstainers. That is correct.

Professor Gilmore: We would have to get into the weeds of the Sheffield model to establish whether it is mean or median data. It has certainly been very carefully peer-reviewed.

Q67 **Tim Loughton:** I am sure that it has been very carefully peer-reviewed, but what it shows is that the average for a moderate drinker will be more than 5.5 units a week, if you exclude non-drinkers. Yes?

Professor Sheron: Yes.

Q68 **Tim Loughton:** There seems to be some confusion around the impact on moderate drinkers. Ms O'Connor, you said that it would affect them by only 20p a month.

Rosanna O'Connor: Yes.

Q69 **Tim Loughton:** Professor Sheron said that it would affect them by £1.26 a week, based on 14 units. That seems to be quite a big difference. Let us take wine. The biggest volume users of wine are those who tend to buy the cheaper end of supermarket wines. Typically, the biggest increases, as you see before Christmas, are for three bottles of Californian wine for £10, for example, with an average strength of 13% to 14%. On that basis, a bottle costs £3.33. A 50p minimum unit price would take it to £4.15, which is not 20p a month—it is a 25% increase. Do you agree with those figures? That is quite a big impact for moderate drinkers, not just a few pennies.

Rosanna O'Connor: Yes.

Professor Sheron: You are conflating two completely different sets of data. The data I gave you were the IFS data. I am taking the intake of somebody drinking 14 units a week—someone on the division between low-risk and increased-risk drinking. If you take the IFS figures and ask what that means in terms of the actual amount per week, the average is about £1.68 per week, for someone drinking 14 units. You are interviewing the IFS next, so you can ask them.

Q70 **Tim Loughton:** We are. You are now saying £1.68 a week.

Professor Sheron: That is what I said previously.

Q71 **Tim Loughton:** You said £1.26 a week.

Professor Sheron: I said £1.26 for wine, £1.26 for spirits, £1.96 for lager, £2.94 for cider and £0.98 for beer. The average is £1.68. I said that it was less than the cost of a cup of coffee.

Q72 **Tim Loughton:** It would be misleading to suggest that the impact on moderate drinkers would be around 20p a month, as was suggested.



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Professor Sheron: That is why I said that you were conflating two completely different questions.

Q73 **Tim Loughton:** It was not my question; it was the claim made by Ms O'Connor about the impact on moderate drinkers, without any justification for who those moderate drinkers were. We now know that moderate drinkers include non-drinkers.

Professor Sheron: She was quoting from the Sheffield data. The Sheffield modelling of that group gives you that figure.

Q74 **Tim Loughton:** Okay. I am not really concerned about Sheffield's modelling; I am concerned about the actual impact it will have on real-life people. The real-life people on whom it has been modelled include non-drinkers, on whom the impact will clearly be zero.

Ms O'Connor, as Mr Bradshaw said, you used the phrase "exquisitely targeted." So far, we seem to have focused on the alarming figure, if it is correct, that 4.4% of the population are responsible for over a third—a large chunk—of the drinking. They are the real problem. The real problem is in the lower socioeconomic bands of people, particularly people who go for high-strength cider, where there is an anomaly in the taxation system. Why don't you concentrate on them, rather than on the whole population, including moderate drinkers, who will be impacted by this?

Rosanna O'Connor: Clearly, taxation would impact on everybody.

Q75 **Tim Loughton:** You just said that it would not.

Rosanna O'Connor: A rise in duty would.

Q76 **Tim Loughton:** Whereas MUP would not.

Rosanna O'Connor: MUP is targeted, whereas an increase in duty would be across the board. We would all be affected.

Q77 **Chair:** Professor Gilmore wants to comment.

Professor Gilmore: I have not brought with me the data for the percentage of the population that is teetotal, but it is pretty low. It is less than 20% of the population.

Q78 **Tim Loughton:** That is quite big.

Professor Gilmore: It would change the figure from six units to seven units, on average. You would change the denominator by a relatively small amount. It would have very little impact on the figure you are quoting.

Q79 **Tim Loughton:** That also depends on whether you count only complete teetotallers or non-teetotallers who have a sherry at Christmas.

Professor Gilmore: Believe it or not, there are lots of people out there who do not drink up to 14 units a week.



Tim Loughton: Sure.

Professor Gilmore: There are lots of people who genuinely drink three, four or five units a week, or less.

Q80 **Tim Loughton:** But what might slightly confuse people is when, apparently, a figure based on the average consumption of a moderate drinker—obviously, we are trying to get more people to be moderate drinkers—is factoring in a large chunk of the population who drink nothing at all. It is rather disingenuous to use that 5.5 figure.

Professor Gilmore: I am saying that, statistically speaking, it will make very little difference. It might put it up from five units to six or seven, but nowhere near your 14, by changing the denominator by 20%.

Q81 **Tim Loughton:** On your figures, without knowing what qualifies as a teetotaler, it is at least 20%, so it is still significant. You have defined where the real problem is, which is a substantially smaller part of the population apparently than teetotalers, so why are we not just concentrating measures on them, which may not be just fiscal ones? Why do these people drink to harm themselves? Why, Professor?

Professor Sheron: About 80% of the tendency to become an alcohol misuser is inherited.¹ We have a number of twin studies that show that. Only about 20% or 30% of the population have the genes that mean they will get liver disease, so 60% or 70% of people can drink as much as they like, for as long as they like, and they will never get liver cirrhosis. Alcohol-related liver cirrhosis is much like diabetes or heart disease. There is a combination of underlying genetics and environment.

It would be lovely, wouldn't it, to have a perfect policy that affected only people who would get alcohol-related harm, but in a pragmatic, real world those policies do not exist. What we have is evidence of which policies are effective and cost-effective, and those are fiscal policies. They are dramatically more effective and cost-effective, just as they are with tobacco, than anything else, so, if you are serious about reducing alcohol-related harm, this is the way to do it.

All policies have a collateral impact. The collateral impact of MUP on the low-risk drinker who will be most affected—in other words, the one drinking 14 units a week—is less than the price of a cup of coffee. It is £1 or £2 a week. It is not 20p a week; it is £1 or £2 a week. Let's be honest about it. It will have an impact on those people.

Q82 **Tim Loughton:** Those are very useful points. There will be collateral damage, whether we have more collateral damage because people are abusing coffee and it is wrecking their system in another way, or collateral damage because Ms O'Connor needs a drink when she gets home in order to relieve the stress caused by this Committee. If she is

¹ Professor Nick Sheron provided this correction to the transcript: About 60% of the tendency to become an alcohol misuser is inherited.



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not able to afford it, one could say it might have some collateral damage to her mental health.

We know all that, but what you have defined even more in those figures is a small and explicit part of the population on whom we need to focus in the most preventive way. My contention is: are there ways we can do it without the broad brush of a fiscal measure across the piece? You admitted when challenged by Mr Bradshaw that the amount people are drinking has fallen over the last 20 years or so, over which time the real price of alcohol had gone up. What evidence is there in this wonderful Sheffield study, or others, to show what proportion of those reduced drinkers were drink abusers—the sort of patients you are dealing with? On the basis that there is a fiscal link, surely the number of heavy abusers of drink should have come down proportionately because they are affected by what it costs, according to what everybody on the panel has said. What is the evidence for that?

Professor Sheron: That is exactly what we have seen. I do not know about the distribution of the alcohol consumption population. The data are there in surveys. What I can tell you is that if you look at directly attributable alcohol-related mortality, of which 80% is liver disease, you can track the increase in that mortality as the affordability of alcohol has increased. You can see the inflection in that mortality as alcohol affordability came down with the duty escalator. Then you can see it go up again as the duty escalator was repealed. That shows you the behaviour of that population of very heavy drinkers.

Q83 **Tim Loughton:** But that is contrary to the evidence you just gave us.

Professor Sheron: It is not contrary at all.

Q84 **Tim Loughton:** Let me explain why. If you accept that the amount being drunk by a nation has fallen over the last 20 years at the same time as the cost of alcohol has gone up, surely you should be able to show, if what you are saying is correct, that, of the whole of the population who are drinking less, drink abusers should have reduced as well. You told us earlier, Professor Sheron, that liver cirrhosis is about to overtake heart-related diseases as a major killer.

Professor Sheron: As the cause of working years of life lost.

Q85 **Tim Loughton:** Has this problem reduced or is it quite high, as you have suggested to the Committee—because you cannot have it both ways?

Professor Sheron: Here are the overall alcohol consumption figures, which again are in your evidence; it has been submitted to you as an attachment. You can see that since 1980 alcohol consumption overall has increased. Recently, it has decreased a little bit. This is slightly out of date; it has gone up a little bit since.

The other thing that has happened is a real change in the alcohol market, to which Professor Gilmore referred. Twenty years ago, we were buying 70% of our alcohol in pubs; now we buy 70% of our alcohol in



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supermarkets. What has happened is a very significant reduction in the amount of alcohol that is drunk as relatively weak beer. A typical bitter in pubs is 3.4% to 3.8%. There has been a dramatic increase in the proportion of alcohol as wine, an increase in the proportion of alcohol as spirits and an increase in the proportion of alcohol as strong cider. That is the overall alcohol consumption.

When you are looking at alcohol-related mortality, you are looking very specifically at the behaviour of that 4%. By the way, if you look at the overall alcohol market—this figure is also in your evidence; it is the distribution of drinkers and consumption—increasing risk drinkers drink about 70% of all the alcohol. For the 4% of harmful drinkers, it is 30% of the alcohol; the extreme drinkers, my patients, account for 14% of the alcohol. The majority of the alcohol consumed in the UK is drunk by people who are drinking a little bit too much, and some much too much, but you have to look at the overall change in the alcohol market to explain the increase in alcohol-related mortality. It is not a direct correlation with overall alcohol consumption; that is too simplistic.

Professor Gilmore: It is also worth pointing out that there are harms from alcohol in people who are drinking at lower levels. Many of the common cancers, like breast cancer, are known to be related to alcohol consumption, even within so-called safe limits. If a woman drinks 14 units a week, she is at greater risk than if she drinks seven units a week, so if the whole population consumption is eased down, there will be health gains.

Q86 **Tim Loughton:** I and I think everybody else on this Committee would like to see this nation drinking less and better in terms of both quality and pacing yourself, or whatever. That is not in contention. What is in contention is whether this measure is going to achieve that, and whether there is evidence to show that in the past price has had a direct impact on those who abuse alcohol most of all, not the higher impact it might have on breast cancer and things like that, which I entirely understand, but the impact on those who are being treated directly for alcohol-related problems in accident and emergency, such as liver disease and so on. The Sheffield study does not appear to me to make that case unequivocally.

Professor Sheron: You have to look at that evidence in the round. The evidence for the link between the price of alcohol and alcohol-related harm has been reviewed by the World Health Organisation, the Academy of Medical Sciences—Ian was on that committee—the Royal College of Physicians and the OECD in a report last year. All those august bodies come to the same conclusion, which is the same conclusion reached with tobacco: the most effective and cost-effective way to reduce alcohol-related harm is to reduce the affordability of alcohol. Minimum unit price has much less evidence behind it because it is a relatively new kid on the block. The attraction is that it affects only cheap alcohol and does not put up the price of a pint in a pub. As far as I am concerned, pubs are not the



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problem. Fewer than 5% of my patients buy their alcohol in pubs. I am talking about people who buy the cheapest booze and drink it at home in huge quantities. I would love to have a policy that is even more targeted, but that is just wishful thinking. The policy that we know will work, which has a cost but a small one, is MUP.

Q87 **Chair:** Your preference is to have the duty escalator and MUP.

Professor Sheron: Absolutely, because, apart from anything else, that will claw back money for the Exchequer, and we cannot afford to give away money in tax cuts.

Q88 **Chair:** We have concentrated very much on the medical side of things. Is there anything you would like to add from your point of view, Sgt Urwin?

Sgt Urwin: From my point of view, minimum unit price targets the drink we are taking off young people week in, week out. It is a very targeted harm-reduction measure. I do not claim to be an academic; I look at it from a very practical point of view. On a Friday or Saturday night, when we are taking home young people who cannot stand up, or have to be admitted to hospital, because of how much cheap cider they have drunk—Frosty Jack, which has been mentioned, is the most popular one with young people—and when we have to sit with the mother of a 16-year-old girl who has died overnight from drinking that type of cider, we struggle to explain why they can get their hands on it at that particular price.

The expression “pocket-money prices” is bandied about a lot, but that is exactly what it is. For instance, the cost of Frosty Jack, £3.69, will go up to about £11 because of its 22-unit content. Young people will go for the cheapest they can get, as will most people who want a bargain. They do not spend a lot of money on alcohol. How they get it is a different issue, but they have to shell out however much it is. If it is £3.69, they will have a bottle each. If that goes to £11, maybe they will not have a bottle each but will share it with somebody else, so it reduces their consumption.

I fully agree with what was said earlier that under-age drinking has reduced. It has, but the line quoted time and time again is about the ones who are drinking too much and too often. That is what we see week in, week out, not only with under-age drinkers but with street drinkers as well. Street drinkers tend to pool their money, and they buy as much as they can for the money they have. If prices go up, they will have less to share among themselves.

I come back to the point that treatment services need to be geared up to deal with that. There may need to be some discussion about minimum unit price and the amount of money that comes back into the industry and how they fund certain programmes going forward. Our aim is to look at vulnerability and safeguarding in a policing context. If we continue to allow young people access to cheap alcohol that costs less than their



school dinner money, we need to look at it seriously. It is causing a lot of harm, and we need to deal with that.

- Q89 **Douglas Ross:** Can I go back to some of the studies? Then I would like to follow up some points with Sgt Urwin. How would you defend a case, if it was made to you, that you all agree with minimum unit pricing and the Sheffield study agrees with you, in that it is also supportive of MUP, and therefore you cannot see any flaws in that study? How do you defend that argument?

Professor Sheron: I don't think we did defend that argument. What we said was—

- Q90 **Douglas Ross:** Where are the flaws in the Sheffield study?

Professor Sheron: You are trying to twist my words.

- Q91 **Douglas Ross:** We do not have a lot of time. If you are saying that is not your argument, what are the problems of the Sheffield study that you can highlight to this Committee?

Professor Sheron: What I said was that the Sheffield study takes a series of measurements and elasticities and puts them all together, and the aim of the modelling is to calculate the number of deaths per policy: 50p gives you so many deaths, so many crimes and so many admissions, and 60p gives so many and so on. Those are not precise figures; they are conservative estimates. In my opinion, the actual figures will be higher. We will not know what the actual figures are.

If you want to pick a hole in the Sheffield study, it is perfectly reasonable to say, "How do you know it is going to be 3,000 deaths? Couldn't it be 2,000 or 4,000?" The answer is, "Yes, it could." We do not know. This is a best estimate, but we think that is about what it is going to be. In my opinion, it will probably be more, because they are very conservative. That is the issue with modelling. It is not a question of flaws. That is the nature of the beast. These are estimates. It is the same as Treasury modelling.

- Q92 **Douglas Ross:** There are lots of factors, estimates and assumptions, yet that is built into the study that resulted in the Scottish Government's policy on minimum unit pricing. As academics, how often would you use one study and base all progress thereafter on that study, which you yourself have said could be wildly inaccurate?

Professor Sheron: It is not one study; it is a whole series of studies, but I accept that it is done by only one group. There is only one natural experiment, from Canada. We do not know how exact the figures are. In terms of the overall—

- Q93 **Douglas Ross:** Before you move away from Canada, since you mention it, do you also accept that the figures quoted were from 2002 when some aspects of MUP had already been introduced, so we are not looking at a new baseline, as in Scotland, or as in England if it was introduced?



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Professor Sheron: Minimum price, not minimum unit price, was introduced in certain states in Canada 20 years ago. What has happened is that the prices of different beverages were changed at different times. In British Columbia, in one year the prices of all different beverages were put up at one time. There is a wonderful graph, which we can submit to you, showing the change in MUP. You can see within a year a 30% fall in directly attributable mortality, which stays at that level. That is very convincing evidence. We are about to get more evidence from Scotland. There is no doubt that, if you put the price of alcohol up and the affordability of alcohol down, it has an impact on harm. The question is that we do not know the exact size of that impact.

Q94 **Douglas Ross:** Sgt Urwin, what is your knowledge of Buckfast?

Sgt Urwin: Very little, apart from knowing that it is something heavy drinkers like.

Q95 **Douglas Ross:** Buckfast is a very high volume tonic wine that is certainly found in a number of parts of Scotland and, I assume, the rest of the UK, but maybe you have been saved from this particular product.

Mr Bradshaw: It is a Scottish affliction.

Douglas Ross: Maybe. Buckfast is a very strong tonic wine.

Mr Bradshaw: It is made in Devon.

Q96 **Douglas Ross:** My wife is a police officer. When she finds under-age drinkers, their drink of choice is Buckfast. Buckfast does not change in price with minimum unit pricing. How are we dealing with the problem of under-age drinkers, when people are getting started on very high levels of alcohol at a young age if Buckfast is not impacted by this legislation?

Rosanna O'Connor: I think we would have to go away and look at Buckfast and see whether you are right.

Q97 **Douglas Ross:** It is already above the MUP level—the 50p level.

Rosanna O'Connor: Minimum unit price is not the answer to everything. We are suggesting, because the evidence suggests, that it is a solution to reduce some of the very problematic drinking that takes place.

Q98 **Douglas Ross:** If I asked my constituents in Moray to pick one drink that causes most trouble among youths in Moray, they would all pick Buckfast, yet the legislation that has been introduced in Scotland and will affect people in Moray does not cover Buckfast.

Professor Sheron: It will not have very much effect on most alcopops either. As Rosanna said, no policy is perfect. If you want to target the behaviour of young people, the next most effective thing after putting up the price is to tackle marketing. The introduction of alcopops is a very good example. Before they were introduced in 1992, children on average were drinking one unit of spirits a week; after their introduction, they were drinking five units of spirits a week. The really interesting thing is



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that, if you look at population-level consumption of vodka, when they got to the age of 18 it doubled, which is the power of marketing, so there are other things you can do.

Professor Gilmore: Mr Bradshaw is right. Buckfast is made in an abbey in the south-west of England. I think £6 million went to the abbey in the last 12 months from the proceeds. Fortunately, it is a Scottish and Northern Ireland thing, but a recently published study by Jonathan Chick and others at Edinburgh showed that the consumption of cheap white cider by dependent drinkers accounted for the total sales of white cider in Scotland. White cider is a major problem in Scotland, as well as Buckfast.

Q99 **Douglas Ross:** We are dealing with one drink and not the other.

Professor Gilmore: In terms of volume taken, white cider is well ahead of Bucky.

Rosanna O'Connor: But maybe not among the population that you are particularly talking about.

Q100 **Douglas Ross:** I am amazed that Professor Gilmore knows so much about it five minutes after saying he knew nothing about it.

Rosanna O'Connor: He is very modest.

Professor Gilmore: I was trying to attract your attention to say that I know all about Buckfast. It is known in Northern Ireland as Lurgan champagne, and it is full of caffeine.

Q101 **Douglas Ross:** That is part of it.

Professor Gilmore: Part of its attraction is that it keeps drinkers going when they would otherwise fall asleep.

Q102 **Douglas Ross:** Perhaps you could get the figures for white cider you are quoting, because they would be quite useful to the Committee. Sgt Urwin, you were saying that in terms of dealing with youngsters and new drinkers the example in Scotland will not deal with it, so perhaps we could get your response.

Sgt Urwin: That is why we are saying it is not the silver bullet; it is about making it part of a harm-reduction toolbox. Young drinkers in my locality will not drink Frosty Jack; they drink Smirnoff vodka, which is at the top end the market. It is about making it part of a harm-reduction package around education and awareness. I have officers who go into schools and give education awareness. We have seen a big drop in under-age drinking in our area because of the package of measures we have put in place, but we are not seeing a reduction in the cohorts of young people who are drinking the Frosty Jacks of the world because they can still get it very cheaply. Bear in mind that Buckfast will not be touched by minimum unit pricing in Scotland. There need to be bigger and wider measures than just the minimum unit price aspect. Other



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things have to be put in place around education and awareness that get across the message how damaging those types of drinks are.

Professor Garde: The courts, legality, policy and advocacy are not so far apart. I see them as a continuum. If you thought about legality from the very outset, policy and advocacy sometimes would be of even better quality. The courts have recognised that there is no silver bullet and that we need to consider things as a whole and as a strategy. The Health Committee clearly recognised it in its March 2017 report on obesity prevention. The same logic applies to alcohol. Taxation and minimum unit pricing are not alternative measures; increasing price and making alcohol less affordable will not tackle the entire problem. This needs to be emphasised very strongly. We need to target marketing, and that has not been done so much here. Scotland is trying it, and Ireland is trying to do more. The point is that we cannot see things in a very isolated way, as if price will cure all the problems and Buckfast should not be marketed. I do not know whether it is.

Q103 **Douglas Ross:** From what I have picked up, I think the panel would say that England should go ahead with this now and not wait for the five-year sunset clause in Scotland, which I will come to in a minute. If NHS England and the Government here do not go down that route, what should they be doing, while it is implemented in Scotland, to look at the unintended consequences that may arise from MUP in Scotland when it is not in place south of the border?

Sgt Urwin: From an enforcement agency point of view, we have to recognise the cross-border issue. Booze cruisers, for want of a better expression, could be a possibility, however slim it might actually be. The cost of the petrol to come all the way from the top of Scotland down to England to get your booze and then go back again would negate that from a financial point of view.

We have a minuscule black market at the moment in alcohol, counterfeit and illicit goods and non-payment of duty, but I am very confident that we have the right mechanism in place in England in our enforcement agents—customs, trading standards and so on—and our information-sharing protocols. I am not unduly concerned by the threat of people in white vans coming and trying to flog counterfeit alcohol. We have a very small market at the moment, and we have the mechanism in place to cope with that.

Rosanna O'Connor: It is an unknown, isn't it? It has not happened previously. Obviously, we would want to keep a close eye on it. If MUP is not introduced in England while Scotland and Wales go ahead, there will be significant learning for us from both those natural experiments.

Q104 **Douglas Ross:** A sunset clause will be introduced in Scotland, five years from when it is implemented. The whole legislation could fall the following year if the Parliament does not approve it. MSPs in Scotland have to see something in the sunset clause that proves it works. What should they be



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looking for in five years' time as a measure of success? Professor Sheron, I think you are suggesting a reduction in the first year of 30 deaths as a result of drink. On average, at the moment in Scotland there are 3,000 a year, so that is a 1% reduction in the number of deaths in Scotland as a result of alcohol in the first year. Is that the success they should be looking at? I do not mean it to be funny; I was asking, based on what you said earlier, whether that would be a success, or where would success be in terms of a sunset clause?

Professor Sheron: I said at the very beginning that there are four main causes of alcohol deaths: people dying as a result of being drunk, who tend to be young people; those dying as a result of liver disease, who tend to be middle-aged people; people dying from hypertensive strokes; and people dying from cancer—about 10% are cancers. In the case of death from liver disease, the death certificate will say "alcohol-related cirrhosis"; for deaths from alcohol dependency it says "alcohol dependency." If you die of breast cancer as a result of drinking it does not say "alcohol-related breast cancer." There are 100% attributable diseases and there are partially attributable diseases. The 100% attributable diseases are a fraction of about a quarter to a third of the total deaths. They are the only ones you can track. When I am talking about 30 deaths, I mean 30 deaths from alcohol-related liver disease.

Q105 **Douglas Ross:** Those are within the 3,000 deaths.

Professor Sheron: They fall within the 3,000. You are able to track only a small proportion of those overall deaths, and you will need to see deaths reducing year on year; you will need to see those trends. We anticipate that that change will be highly significant. I anticipate that it will be considerably more than 30 deaths a year. The duty escalator reduced deaths in Scotland by 70 deaths a year, again alcohol-related liver disease. I do not think there is any doubt that we will have sufficient data to show that it is effective, but there is a lag in the pipeline. All those data will be delayed by a year or two, and we will probably need the full five years. There are all the other measurables as well. MESAS is collecting data on alcohol-related admissions, crimes and all the rest, and you will see changes in all those things. For me, mortality will be the most important one.

Rosanna O'Connor: If I were you, I would widen it and expect to see an impact in areas other than the ones Nick talked about, particularly a reduction in alcohol-related crime and in alcohol appearing in whatever the Scottish equivalent is of serious case reviews, and an increase in the number of people coming into treatment. Alcohol treatment is very effective. In England, there is a successful completion rate of about 61% for those leaving alcohol treatment. You want a broader set of measures than the ones Nick talked about, however useful and important those are.

Professor Gilmore: We are very honest, balanced people, and we have said several times this is not a magic bullet; we would like to see a whole range of policies, but we have to say that the evidence round those other



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policies like education, information, labelling and availability is weaker. If we wanted only one thing, we would say it should be minimum unit price, not just on the strength of the evidence but on the size of the impact, which is much bigger than things like labelling, information and education.

Q106 **Chair:** Are you confident that we will be able to count the effect on health inequality, which is a key point about this as well?

Professor Gilmore: Yes.

Rosanna O'Connor: Yes.

Q107 **Stuart C. McDonald:** I want to follow up some of the questions you have had to respond to in relation to how well targeted minimum unit pricing is. Thinking of an alternative scheme—for example, increases in duty—could you explain for the record how that works? How effective is that in targeting at-risk drinkers, and what would the equivalent impact be on non-at-risk drinkers or moderate drinkers?

Professor Sheron: Increasing taxation works. We have seen that it works. The policy we had between 2008 and 2013 reduced alcohol-related mortality. The problem is that, if you increase tax, it puts up the price of a pint of beer every year. Then pubs complain because they are shutting down. Pubs are not the problem. It is not that it does not work; it is much more diffuse. The Sheffield modelling says that, to have the same impact as a 60p MUP, you would have to put up tax by 28%. That is a cracking increase in tax on the price of a pint in a struggling pub. It is not that you cannot make tax as effective; you can, but there would have to be swingeing tax increases. By saying it is targeted, we mean that it is affecting cheap, strong alcohol, not cheap alcohol. The solution for the 7.5% cider drinker is to drink 3% cider—13 litres at 3%, not 16 litres at 7.5%.

Q108 **Stuart C. McDonald:** To be clear, there would have to be a 28% increase in duty to achieve the same effect in what terms?

Professor Sheron: Now you've got me.

Professor Gilmore: Harm reduction.

Professor Sheron: But I don't know what specific harm.

Chair: I think it is in our evidence.

Q109 **Stuart C. McDonald:** The next question might sound flippant, but it is not meant to be. It is a serious question. We have heard questions about the Sheffield modelling that has been done. Has anyone produced any alternative models that undermine the conclusions that the Sheffield studies reached?

Rosanna O'Connor: Not that I am aware of.



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Q110 **Stuart C. McDonald:** Should we read anything into that? Is it just that people have not got round to it?

Professor Gilmore: I think they were very early into this, and they have been very refined. They have done lots of studies looking at different variables; they have not done just one study. There is huge interest. It has been endorsed by the OECD and the WHO, and other modellers and statisticians. Those interested in public health visit them, and their papers are sent out to independent critical reviewers. Although I have not seen all the literature, I do not remember seeing any serious academic criticism. Clearly, we would like to see other units working on it and going into the area. They are almost a victim of their own success, because they have become so good at the modelling and can handle large amounts of data that they tend to be the go-to academics when a new country wants to look at this.

You are absolutely right. We would like to see others moving into the area. At the moment, they are the victims of their own success, but I would say again and again that internationally they are under very close scrutiny for their methodology. Their methodology is described in great detail and will say whether, for example, teetotallers are or are not taken into account. I have as much confidence as I have in other forms of basic research in the data they are producing.

Q111 **Stuart C. McDonald:** There have been a lot of questions about what is happening in Scotland, and there is an argument that Westminster should wait to see what happens there. Is there a danger that the fact it does not go ahead in England might undermine some of the results we get from Scotland, principally because of the possibility of cross-border trade?

Professor Gilmore: As an academic, I would love to see a control group and a group that implemented it. As a doctor treating patients, I would love to see it implemented in England, because I know that the best estimate of the lives lost in England during that time by not implementing it would be over 1,000. You are right; there is a danger that not implementing it in England will muddy the waters.

Q112 **Stuart C. McDonald:** Has that been modelled at all? Do we have any idea about the extent to which it could become a problem, and on what does it depend? I assume that factors like how big the price differential is will be important.

Chair: Can we bring in Professor Garde since this is her area as well?

Professor Garde: What we know is largely about the international cross-border impact between European countries. A very strong argument put forward in the Scotch whisky litigation was that the increase in Scotland would make it more difficult for cheap Bulgarian wine to be sold on the Scottish market. It was not so much the internal issues that were touched upon. Questions about those types of differential were not discussed in any great depth at all by the Court of Justice or the UK



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Supreme Court, so we do not know exactly, despite the point being raised, whether or not there were cross-border issues of significance. None the less, the differential could still be justified by the lives saved and the public health impact that MUP could have.

The answer to the question is that I am not aware of studies that looked specifically at the internal cross-border impact. As Sgt Urwin said earlier, they are likely to be minimal, but I do not have the figures. We know that in any event there may be very strong arguments in favour of imposing MUP sooner rather than later.

Professor Sheron: I asked the Sheffield group that specific question this morning and they did not have data on that.

Q113 **Rosie Cooper:** As someone who is in favour of minimum unit pricing, I have been listening to the debate very carefully. There is a big elephant, which is this question, and there is probably a good reason for it, so I am hoping you might explain. I understand that if you increase taxation it affects all drinkers, but why is it not possible to have, as Ben suggested earlier, a minimum unit price but that the increase goes to the Treasury and is actually used for drinking programmes? It could be ring-fenced or hypothecated. Why is that too hard?

Professor Sheron: The preferred PHE option is a combination of MUP and a duty escalator, which would achieve that. To go a little into the future, it is possible to achieve an MUP and have all the revenue go to the Exchequer. It depends on Brexit. We have to get rid of the EU law, because at the moment we are not allowed to zero-rate alcohol for VAT. If we zero-rated alcohol for VAT, we would increase the alcohol duty to compensate for that and increase it so that the minimum unit price was 50p. Then there would be a situation where, because pubs and clubs pay more tax because they pay VAT on top of duty, their price would stay the same and the price in supermarkets and off-licences would go up. You can set that wherever you like. You can set an MUP at 50p and all the revenue would go to the Treasury. That is something we could look at in the future.

Rosie Cooper: It seems like a very simple, sensible idea where everybody wins.

Q114 **Chair:** But not possible under current arrangements.

Professor Sheron: It depends on your views about Brexit, but let's not go there.

Rosanna O'Connor: Obviously, depending on the circumstances, it is something we would explore.

Rosie Cooper: Everybody needs to win in this equation for it to work.

Q115 **Mr Bradshaw:** The impression was given a little earlier, Rosanna, that you could not vary duty. As I understand it, in the Budget, the



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Government put up duty on high-strength cider more than on beer, so there is already a differential the Government can play with. That is the case, isn't it?

Rosanna O'Connor: They recently consulted on the cider banding.

Q116 **Mr Bradshaw:** You kindly suggested you might look at Buckfast. When you are in the south-west, could you also look at the cider industry, because that would be the industry most seriously affected by MUP, not just white ciders but farm-gate ciders? The cider industry in our region has had a fantastic renaissance in recent years, including planting new cider orchards, which is great for biodiversity and the rural economy. I would ask that, as well as proselytising this measure, you talk to small-scale cider producers about the devastating impact it would have on their businesses.

Rosanna O'Connor: I quite understand why you would be particularly worried about that group of producers, but it is unlikely that small independent craft-type producers would be affected by a minimum unit price, because their prices will already be higher than a minimum unit price.

Q117 **Mr Bradshaw:** Not at the farm gate. The last time they were one of the strongest opponents to this proposal.

Sgt Urwin: That is not what we are taking off young people and street drinkers.

Q118 **Mr Bradshaw:** I know, but this would hit it; it is a blunt instrument.

Professor Sheron: A lot of farm-gate ciders do not pay tax anyway because they are below the threshold, and we certainly would not want to change that.

Q119 **Stuart C. McDonald:** Can I go back to the alternative of increasing duty? One of the problems of increasing duty, as I understand it, is that you will not necessarily see an increase in price in the problematic products being sold in some shops, because they can absorb the cost.

Rosanna O'Connor: It can be absorbed elsewhere, so the market is retained and cheap cider remains cheap strong cider for the same people who were purchasing it previously.

Chair: We have had some very detailed questions and answers. Thank you very much.

Examination of witnesses

Witnesses: Miles Beale, Brigid Simmonds and Kate Smith.

Q120 **Chair:** We thank the second panel very much for their patience. For those following from outside the room, could you introduce yourselves and who you represent?



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Miles Beale: My name is Miles Beale. I am chief executive of the Wine and Spirits Trade Association.

Kate Smith: My name is Kate Smith. I am a senior research economist at the Institute for Fiscal Studies.

Brigid Simmonds: My name is Brigid Simmonds. I am the chief executive of the British Beer and Pub Association. We represent 90% of the beer produced in this country, and our members own 20,000-plus pubs.

Q121 **Chair:** One of the key issues at the heart of this is the balance between preventing harm and the impact on low-income moderate drinkers. Could each of you set out for the Committee where you feel the evidence on this lies?

Brigid Simmonds: I think the Sheffield study very much shows that the impact will be on moderate drinkers. I am concerned because I do not think it shows that it will have a real impact on those who are less price sensitive and drink more alcohol.

Q122 **Chair:** You have not been convinced by the evidence they have shown that looks at the amount drunk by various groups and how much price influences them.

Brigid Simmonds: I have not. There has been quite a lot of discussion about the duty escalator. When we had a beer duty escalator for five years, we closed 8,000 pubs and lost thousands of jobs in this country. Without doubt, everyone drank less as a result because it became more expensive. I do not think there was evidence that those who really had a harmful problem were affected by that price increase. What has worked much more effectively is the partnership work we have done with Government, for example, under the public health responsibility deal and in other areas, and education and the 9,400 people who visited the Drinkaware website in the last year.² That has made the difference. I do not think it has been made by price.

Q123 **Chair:** What evidence can you produce for this Committee to show that the increase in price has not influenced the heaviest drinkers?

Brigid Simmonds: I just do not think that the reading of the Sheffield model brings you to that conclusion. I was quite surprised that the previous panel thought that the conclusion of the Sheffield model was that it would affect those who really have a harmful problem with alcohol. Looking at the overall statistics, alcohol consumption has come down 18% since 2004. All the indicators have fallen, whether it be under-age or people who drink harmfully, so we are drinking less as a nation. We

² Brigid Simmonds submitted this correction to the transcript: What has worked much more effectively is the partnership work we have done with Government, for example, under the public health responsibility deal and in other areas, and education and the 9.4million people who visited the Drinkaware website in the last year.



would have to conclude that some of the work that has been done by the industry, which is very key—

- Q124 **Chair:** But the point was made very clearly by the previous panel that we are talking about the volume of alcohol consumed by a small minority drinking at harmful levels. What evidence do you have that you can produce to this Committee that there has not been any impact on that group as a result of pricing?

Brigid Simmonds: I do not think there has been.

- Q125 **Chair:** You are saying you do not think there has been. What evidence can you produce for us? They produced some pretty credible evidence, not just from the Sheffield modelling, about how price influences consumption in various groups. What evidence can you show the Committee to the contrary?

Brigid Simmonds: I do not think we would be having this discussion about imposing minimum unit pricing as a health measure if people thought that there would be an effect on those who really have a harmful—

- Q126 **Chair:** That was not my question. I was asking you what evidence you can produce for this Committee to show there has not been an impact and that price does not influence consumption.

Brigid Simmonds: Price does influence consumption. The question is: does it influence all consumption or disproportionately influence those who drink at harmful levels?

- Q127 **Chair:** That is the evidence they have shown us.

Brigid Simmonds: Their reading of the Sheffield model is that it affects harmful consumption.

Miles Beale: It is important to go back to Sheffield, but the evidence that price does not have a direct effect is everywhere, in that we have some of the highest taxation in Europe. Forty per cent of all alcohol taxation across 28 member states is paid by UK taxpayers to the Treasury. If high price was going to work in changing our behaviour, it would have happened already. If you look at recent statistics, the 18% fall in alcohol consumption—far greater among those under 26—has all happened in the last decade.

Professor Sheron offered some comments on what has happened since 2008. There was quite a big financial crisis followed by an economic one in 2008, so people were poorer. That is irrefutable evidence for me for a drop in demand, and it is not specific to alcohol. Funnily enough, the thing on which I do agree with the previous panel is that there is no evidence. Canada is absolutely not a good model for minimum unit pricing. It is very different. First, it is a floor price; secondly, it is introduced by basically monopoly suppliers where they decide on each and every product before it is introduced in the market; and, thirdly—a



point they will not have mentioned—Alberta is a state where there are no price controls and consumption behaviour there is just below the Canadian average. That is good, real-world evidence that minimum pricing, even of a different type, has not had an effect.

The last thing on the Sheffield model is that I think you need some modelling. We took the position that we thought minimum unit pricing was not legal. That argument has now gone, because it has been proven as a point of law, but that does not mean we think it will be effective or, indeed, that it is fair. The Sheffield model has been run a number of times; it is the only model out there, as many of you have pointed out. In 2012 when it was run, they said it would stop 1,600 alcohol-related admissions to hospital in year one and 6,500 by year 10. In 2016, they ran the model again and it moved to 1,299 and 2,033, so that is a drop of 69% in alcohol admissions to hospital. In 2017, they produced it again and it goes from 2,033 to 2,000, but the end of the modelling has gone to 20 years away rather than 10. All that tells me, if I am brutally frank about it, is that the modelling is not credible. It might well be the best out there, but it is definitely not credible.

What is extraordinary is that it is going to be introduced in Scotland, and—again, we agree with them—Scotland has a different relationship with alcohol from the rest of the UK. You can look at lots of figures. The one we would probably point to is the roughly 17% difference in alcohol-related harm. You have a test case in Scotland, which is the best place for it. Why would you not wait five years to see what happens before you decide what to do next?

Q128 **Dr Williams:** With the loss of 1,000 lives.

Miles Beale: I would argue strongly that your question, Chair, if you forgive me, is slightly the wrong way round. What is the evidence for introducing a price-related intervention by Government in the market? We do have to think about Brexit here. That kind of intervention is not going to be helpful when you come to do trade deals.

Q129 **Chair:** The price-related issues are what I want to explore. Perhaps Kate Smith could come in on my original question about how good that evidence is. Do you agree with what we heard from Nick Sheron about the heaviest drinkers targeting the cheapest alcohol and therefore being most affected, so it is something that also addresses health inequalities?

Kate Smith: You are right to focus on the fact that this is not a policy without costs. It is a policy that might have benefits, but it also has costs. The work we did showed that 70% of units were bought off-trade in the UK and it appeared we would see a substantial increase of 35%. This will have an impact on alcohol prices. The question is what the benefits will be in reducing alcohol-related harm. That is something we are all interested in.



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In terms of how effective this policy is going to be in reducing that, you need to think about two things. First, what products does minimum unit pricing target? By construction, it is designed to target the cheapest products. We know from the data that the heaviest drinkers disproportionately buy cheaper alcohol. That is something we can show. However, that is only one half of the equation. You also need to know to what extent the heaviest drinkers respond to the price increases they are facing.

It is not enough to say that all these people buy white cider and, therefore, they will immediately reduce their consumption to zero, half or whatever, because the price of white cider has increased. It is also important to think about how the heaviest drinkers will respond to those price increases. In some of the work that I and my colleagues at the IFS have done, we looked specifically at modelling choices for different alcohol products at a very disaggregate level. We were very interested in the switch between otherwise quite similar products to try to get at how people switch between high and low strength and different pack sizes of particular products.

We were also very interested in how there was variation in people's responsiveness in terms of how much they drank. Heavier drinkers respond differently to price changes from the lightest drinkers. One thing we found was that the heaviest drinkers were much more willing to switch between alcohol products when the price was increased; they were quite willing to switch from a bottle of vodka to a bottle of gin, but, overall, because they had, not unsurprisingly, a strong preference for alcohol, when the average price of alcohol increased, they reduced their consumption by a lot less than the light drinkers.

The point is not to take any one of those numbers as the thing to hang your hat on. It is rather to say that it is important to look not just at the products people are buying, but at how they will respond to the price increases that a policy might affect.

Q130 **Chair:** You are talking about average price. Minimum unit pricing is different in that it just moves up the floor price, so it does not work in the same way.

Kate Smith: I was using that more to illustrate the point that, because they have a strong preference for alcohol, heavy drinkers are more likely to switch to buying another alcohol product than not to buy alcohol at all. That is not to say they might not reduce their alcohol consumption.

Q131 **Chair:** But they would not be able to buy some things; there would not be an alternative alcohol product that was under the minimum price. That is the point, isn't it?

Kate Smith: But they could continue to buy the product at the more expensive price. We do not know. I agree that the evidence on the likely effect of a minimum unit price on the consumption of different groups of



drinkers is limited. As people on the earlier panel said, it is a relatively new policy; there have not been many cases. For many reasons, Canada is not a great comparator; indeed, the studies that have been done have been contested. I am not going to sit here and argue that minimum unit price would not reduce a lot of health harms. I am saying that it is also important to focus on the fact that, in thinking about how they might respond, it is not enough just to say, "They buy lots of cheap alcohol and, therefore, necessarily the amount of alcohol they are going to buy is defined."

One thing I want to add, which has been touched upon, is that it is important to think about where the transfer is going if you have a minimum unit price. There are numbers bandied around—for example, £1.20 a week. There is a whole range of figures, depending on what people buy, but that will be a transfer from light and moderate drinkers to the alcohol industry. At least in part, that will mitigate the current competitive environment in alcohol pricing and put up prices, and it will be a direct transfer from people paying higher prices now. There are other ways to achieve reductions in the alcohol consumption of the heaviest drinkers; it does not need to be done through a minimum unit price. That might be part of a package, but it does not have to be; there are disadvantages.

Chair: We can probably come back later to the whole equation about VAT and how much it does and does not bring in.

Q132 **Dr Williams:** Miles, do we drink too much alcohol in this country?

Miles Beale: No. There is certainly a very small proportion of the population who have a problem with alcohol, but, if you look at our statistics compared with almost every other nation with similar socioeconomics, no. We drink less than half the European Union average. That would be a really good example. I genuinely do not think we do. What we have a problem with is a very small part of the population who drink an enormous amount of alcohol hazardously. Dr Sheron referred to that earlier. I do not know the basis of those statistics. I do not disagree with them.

To go back to the point Kate just made, I hope it is not refuted. Minimum unit pricing is not targeted; it cannot be. It is absolutely a blanket measure. There is no targeting available whatsoever. It is certainly not targeted on people, unless you count the poorest. You might be able to claim that it is targeting poor people. It is possibly targeted on products, but it is done in exactly the way Kate suggested. How do people behave? That is definitely the other point to pick up. The heaviest drinkers are least responsive to price. Everyone knows that. Dr Sheron knows that; everyone else on the panel before us knows it very well. You do not get the same effect in behaviour by putting up price for those very hazardous drinkers. That is not the answer.

Q133 **Dr Williams:** You do not think we drink too much alcohol in this country.



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Would you like to see us drinking more alcohol in this country?

Miles Beale: Genuinely, I would like to see a continuation of the trend going on now, which is that people are prepared to spend the same amount, or more, on the same amount of alcohol, or less. Consumption has been falling steadily for over a decade; it is fully a fifth, as a general rule, over the last decade, and that is extraordinary. I imagine that a Committee sitting down to discuss this 10 years ago would have given their eye teeth for that sort of result a decade later.

Q134 **Dr Williams:** Would you like to see the small amount of people—we heard it is about 4.4%—who are drinking about 30% of all the alcohol targeted in some way, if that is possible?

Miles Beale: They should be targeted, but what they need is help. Mr Bradshaw referred to it before. How do you help people out of a cycle of addiction? There are quite a lot of responses to the favourite tipples you drink far too much of going up. The most obvious one is not to drink less if you have a real problem with alcohol.

Q135 **Dr Williams:** If there were a measure that would prevent them from drinking so much alcohol, you would welcome that.

Miles Beale: I would like to see a suggestion that targeted that very small proportion of the population and did not harm the vast majority of us who are responsible drinkers.

Q136 **Dr Williams:** You would accept that. If there were a preventive measure that encouraged that particular group of people to drink less, you would favour it.

Miles Beale: Not necessarily a preventive measure, but a measure. It might be a support measure. The point was made that you could hypothecate some taxation. We are incredibly highly taxed in the UK as consumers of alcohol. Why is that money not going to provide support?

Q137 **Dr Williams:** I would rather be spending money on prevention than cure.

Miles Beale: So would I.

Q138 **Dr Williams:** Let's say there was a chance that minimum unit pricing might help that group of people. Is there a price worth paying for minimum unit pricing if it helped those people?

Miles Beale: In a way, that is probably not as relevant as it was before 23 December. Minimum pricing is going to be introduced in Scotland. I hasten to add that we represent over 300 alcohol producers, retailers, logistics firms, law firms, marketers and so on. We are committed to supporting the Scottish Government introducing something smoothly. We put to them a list of 47 questions, approved by our members, so that they understood them, but, exactly as Kate said, this is not cost-free. One of our retailers has been on the public record as saying that the changes they had to make just to their pricing system, IT and so on, cost them £1 million. That is just for Scotland. They have gone out and done



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it. We are keen to help them implement it. We will see what happens, irrespective of whether or not we want it.

Q139 **Dr Williams:** The prize, as we have heard, is potentially lives saved, isn't it?

Miles Beale: Yes, but exactly as Brigid said earlier, a number of things we have been involved in, until recently with heavy Government support, such as the responsibility deal, are initiatives that definitely work. Community alcohol partnerships, Best Bar None and the proof of age standards scheme have had a definite impact in driving down drinking by 18%, and a lot faster and further for those under 26. If you want to make a significant dent, that is the place to target, because those are obviously the consumers, or not consumers, of the future. There are different problems for my industry, given the fact that young people are drinking less than their peers of even a decade ago.

Q140 **Dr Williams:** Except for the groups of young people the police were referring to earlier—the young people who are preloading with a cheap bottle of vodka that they buy at pocket-money prices.

Miles Beale: We have some quite interesting evidence on preloading. The number of people who are arrested where the police conclude they are preloading is under 10%. The other one is alcopops. Alcopops are now less than 1% of the UK market. They had an extraordinary reputation, some of it justified, perhaps back in 2004, but now that they are less than 1% of the market they are not an issue.

Q141 **Dr Williams:** Moving on to the impact on moderate drinkers, how will minimum unit pricing change the cost of a pint in a pub?

Brigid Simmonds: At the moment, the cost of a pint in Scotland is £1.22 in the off-trade and £3.56 in a pub. The answer to your question is that it will not affect the pub at all. Even if it went up to £1.50 under minimum unit pricing, it would still be far cheaper to buy alcohol in the off-trade in Scotland than it would be in a pub. While we do not know what the effect will be, there is an argument that by the time you have done your weekly supermarket shop you will not have any money left to go to the pub.

It was good to hear that everyone on the earlier panel was very supportive of the pub. While 70% of all alcohol is sold in the off-trade, for beer it is still 51%:49%. We are still selling a considerable amount of alcohol in a pub and we want to keep pubs going. They are important for mental health. I have just written to the new Minister for Loneliness, because of the part pubs play in that particular agenda. Of course, we now serve 1 billion meals a year in pubs; they are much more food-led.

³ Brigid Simmonds submitted the following correction to the transcript: We serve less alcohol, and they are much more part of the hospitality and tourism industry than they are of other sectors.



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We serve more alcohol, and they are much more part of the hospitality and tourism industry than they are of other sectors.³

Q142 **Dr Williams:** There is even a chance that minimum unit pricing might boost pubs.

Brigid Simmonds: There is a chance, but I think you have to be very careful in claiming that it will still be cheaper to buy alcohol in a supermarket as a result of minimum unit pricing.

Miles Beale: The Scottish Government think that the impact will be negative on the on-trade, and those are their figures. I do not think we know, in truth, and that is why it is so important to monitor it.

Q143 **Dr Williams:** Kate, we are saying that minimum unit pricing is likely to affect those on lower incomes more than people on higher incomes because they are more likely to be price sensitive. Do you think that is an advantage or a disadvantage?

Kate Smith: It depends what behaviour you are trying to affect. You could take two people both on low incomes, one of whom drinks—I don't know—a glass of wine a week or she has a bottle of wine with her family. It is really not clear that we want to reduce the consumption of those drinkers. On the other hand, you might also have a low-income individual who is consuming vast quantities of white cider, spirits, or whatever else might be targeted by the minimum unit price, and in some sense their greater price sensitivity could increase the efficacy of the policy in that situation.

So, focusing on the income gradient is possibly a little bit of a red herring in this situation, because the purpose of intervention in the alcohol market should be to deal with problem drinking and hazardous drinking. We have a tax and benefit system that is designed to redistribute. We have progressive income taxes and benefits that should do that kind of redistribution.

It may be interesting to look at how a particular policy affects different income groups to know how, possibly, to adjust the tax and benefit system to offset that, but in this case the distinction is between those people whose drinking causes themselves and wider society significant harms and the people whose drinking causes no harm. The challenge here is that there is no policy that exists that is going to perfectly reduce the problem drinking. There might be things that help; there might be policies of community intervention. There might be all those things and they might be great, and that is a good thing.

Depending on the cost, those should be implemented, but it might also be that price-based policies such as the tax system play an important role in adjusting the price to reflect the fact that there are some social costs. I have said that heavy drinkers might be less price responsive. I have not said that they are not price responsive. There is a gradient here about what you think. My view much more is that we have a tax system; it is



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currently a bit of a mess. If you take a litre of 7.5% cider, it is taxed a third of the amount that is taxed on beer. There is no economic rationale for that, unless you think that drinking a pint of cider causes three times as much harm as drinking a pint of beer.

Q144 Andrew Selous: Three times less harm.

Kate Smith: Sorry—three times less harm. It seems to me that a lot of the examples that people have given, such as strong spirits and white cider, could be dealt with within the tax system.

The previous panel talked a lot about the cost of flatly increasing duty across the board, but that is a bit of a straw man. We currently have a system of differentiated rates. There is scope to reform, even within the current system, to bring things more in line. If you were very concerned about the strongest spirits, you could increase the tax on spirits, and that would deal with some of the heaviest drinkers. As well as heavy drinkers disproportionately buying cheaper alcohol, we know they also disproportionately buy strong alcohol. So, it would be another policy that would be targeted at the heaviest drinkers, but, rather than the revenue flowing to the alcohol industry, it would flow to the Exchequer and that would offer scope to introduce more alcohol help rather than, say, that being spent on increasing marketing or anything else that the alcohol industry might choose to do.

It is not a minimum unit price or nothing. I would argue that a minimum unit price could be complementary to a substantially reformed tax system, and Brexit offers the opportunities to do that. One of the big constraints at the moment is that tax on cider and wine has to be levied per litre of product rather than per unit of alcohol, which is what leads to this declining tax per unit of alcohol for cider. It is why the highest ciders are taxed so lightly. You could try to reform that. The Government tried with the new ban, but, even with the new ban, it is being suggested that it is still a very small reform. It is not going to deal at all with the huge disparity in the level of taxation across beer and cider products.

I would strongly suggest looking at the system of alcohol duty, considering how a minimum unit price could complement that, and perhaps thinking carefully about the kind of evaluation that would need to be put in place in terms of evaluating the Scottish case to try to learn in a real-world example, with a carefully constructed study, with a proper control group, with data collected before and after on the drinking habits of all the people we might be interested in, so that there is some concrete evidence there. If we put that together with a better designed tax system, that could be a sensible way forward.

Chair: Ben has a small supplementary.

Q145 Mr Bradshaw: Going back to the point that my colleague Paul made earlier in questioning Brigid, superficially one might think that your organisation and your members would benefit from a minimum unit price,



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because if you make alcohol from shops more expensive they are less unlikely to go to the pub, and yet you support the opponents of MUP because your view is based on the evidence of its efficacy. Is that correct?

Brigid Simmonds: To be fair, we have not been at the forefront of this discussion one way or another, but we have been concerned about a total population measure and whether that is actually effective. What we have been unclear about, and I am still unclear about, is that it really will help pubs at the end of the day. The problem for pubs is that they are small businesses; 82% of pubs are small, independently-run businesses. They have nowhere to go when duty or any form of tax is put up. They have to keep their margin, and so it becomes more and more expensive in a pub. To be honest, it is not the alcohol industry that would benefit from minimum unit pricing: it is the retailer, because it is the retailer that will keep the income from it. There may be some discussions around price, but, to be honest, it is the retailers that have very much set that price.

Kate Smith: I would agree. When I said the alcohol industry, I meant firms and general retailers. I think it is still unknown to what extent those profits would be split between industry and retailers.

Q146 **Mr Bradshaw:** Can you just clear this up? I was left a little confused by the earlier panel, because, when I challenged them on the comparative efficacy of duty and tax, as you have just espoused, to minimum unit pricing, they said, "Oh no, but the Government can get money from minimum unit pricing; in fact, they can get all the money from minimum unit pricing." You are an economist. Talk us through that.

Kate Smith: I do not know the ins and outs of their claims exactly. A few years ago, we, being some colleagues at the IFS, did some work that was simpler than some of the stuff we have been doing now, but, basically, we tried to compare a minimum unit price and a variety of taxes. They found that minimum unit price at best is not going to increase revenue. Through some combination of its effects on VAT and various other things, it might possibly break even. I do not have evidence—

Q147 **Mr Bradshaw:** But it is not going to increase revenue.

Kate Smith: Again, it would be very unlikely to increase revenue.

Brigid Simmonds: There is nothing under the current proposal—

Kate Smith: I have not seen evidence. I would have to think more carefully about whether there are scenarios—

Q148 **Chair:** Has the IFS done any modelling on the VAT effect that it refers to— that, if you introduce minimum unit pricing, therefore, you would draw in more VAT through that?

Kate Smith: One was done a few years ago by colleagues of mine, not me personally. I would be happy to submit—



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Q149 **Chair:** Yes. If you could submit us your evidence from the IFS around the effect of VAT from the increased—

Kate Smith: I should just say that I am not completely sure that we did look at the effect of VAT.

Q150 **Chair:** You did not.

Kate Smith: We did look at the effect on tax revenue and we found that a minimum unit price could reduce tax revenue.

Q151 **Chair:** Yes, but did that factor in VAT, because I think that is the point that was made?

Kate Smith: I would have to check. I would be happy to tell you what we did.

Chair: If you could get back to the Committee with that, that would be helpful. Thank you.⁴

Miles Beale: The Scottish Government have done some work on this. They talk about a £15 million reduction per annum to the duty take from introducing MUP just in Scotland, of which they estimate £12 million will come from the off-trade and £4 million from the on-trade.

Q152 **Chair:** Is that including the VAT effect?

Miles Beale: I do not have that information.

Q153 **Chair:** You do not know.

Miles Beale: I do not know. That is the latest—

Chair: In that case, if you are not sure, we should probably not take that as read until we know what the VAT effect is. Tim, you had a point you wanted to raise.

Q154 **Tim Loughton:** It is just to challenge Miles on the displacement figure. You said it was under 10% of people now getting their alcohol in a supermarket or a shop rather than drinking in the pub.

Miles Beale: No, sorry, that was preloading—those who are found to have preloaded at home or before going out into the night-time economy.

Q155 **Tim Loughton:** Exactly; that is what I mean. They are drinking from retailers before they are going out to pubs and nightclubs.

Miles Beale: For the purposes of this conversation, yes.

Q156 **Tim Loughton:** Less than 10%. As somebody who has two daughters at university where “pres” is now a regular fixture, as they call it, which it

⁴ The Institute for Fiscal Studies provided the following reference in response to the Committee’s request:
Griffith, Leicester and O’Connell (2013). Price-based measures to reduce alcohol consumption. IFS BN138.



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certainly was not in my day, what is the evidence for that?

Miles Beale: What is the evidence for what—for it being less than 10%?

Tim Loughton: Yes.

Miles Beale: The only way that you establish if there is an issue of preloading is if there is a problem at the end of the evening and in some way the authorities are involved; otherwise you do not capture it.

Q157 **Tim Loughton:** But there must be volume figures. You must have done some analysis on the volume of sales that are happening through retailers now vis-à-vis the volume of sales happening through pubs, wine bars and nightclubs, because the phenomenon has not been a mass shutting down of off-licences or reduction in supermarket sales. It is quite the reverse on supermarkets, but there has certainly been a large-scale shutting down of pubs and wine bars, as Brigid has said. So, what is the evidence that suggests it is the other way?

Miles Beale: I do not have anything I can give you today. We kindly got an invitation, but only on Friday. I am happy to have a look at that and write to the Committee, if that is helpful. The point I would make is that those two things are not necessarily two sides of the same coin. There are figures such as 19 pubs closing a week. I hope we are not quite there, but some of them reopen as other things. A successful pub is not just about selling alcohol. You see those businesses doing less well for other reasons.

Q158 **Tim Loughton:** I think most people accept that there is a clear pressure on pubs and that more people are going to get their alcohol from supermarkets, in particular. I remember the criticism when this whole thing was being considered before that it was cheaper to buy a can of lager than a bottle of mineral water at Asda, and that is where people were going. The evidence from the police, certainly about antisocial behaviour, is that young people, in particular, were drunk when they were turning up. Again, we have had that from the sergeant as well.

Miles Beale: Certainly I can try to come back with something, but don't forget that it is young people among whom consumption is falling the fastest. If there is any age group that has been told—I am not saying we should stop, but it is proving pretty successful—

Q159 **Tim Loughton:** I accept that, but it is important that we know the actual impact it is having on the volume of sales.

Miles Beale: By the way, volumes are not going up. Volumes of alcohol sales wherever they are sold are not going up, so I do not think it is certain—

Q160 **Tim Loughton:** It is the balance between the types of consumption. Everybody on this panel and the previous panel has targeted the high-strength ciders, where there is very clearly that anomaly between equal volumes of beer and cider. Of course, the Government did point that out



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in the last Budget. Do you think that that anomaly should absolutely be ironed out—that the higher-strength ciders should be treated on some sort of a par with other beer or lager-type drinks?

Miles Beale: Excise duty arrangements are different for different products. I only really specialise in wines and spirits. I know the Chancellor has introduced something for cider in a particular tax band, which is meant to be for a particular purpose to which Kate referred. I have no idea what will happen as a result of that.

Q161 **Tim Loughton:** But it is an unhelpful anomaly, is it not?

Miles Beale: I do not want to speak for the cider producers—

Q162 **Tim Loughton:** Okay, but it is an unhelpful anomaly, is it not? There is another anomaly, Miles, as you know, between fortified wine and still wine, where the anomaly is that champagne and sparkling wines at 11% volume are taxed rather higher than still wines at 13%, 14% and 15%. Surely, we must be in favour of closing all those anomalies as a principle.

Brigid Simmonds: There are opportunities post Brexit to look at the alcohol taxation policy in this country, which would be different from the EU. Wine is all taxed at one rate. Beer is on a linear system. I would be very keen—in fact, I am keen now—that we look at how we can promote lower-strength products. The average strength of beer is 4.2%.

There is actually an opportunity for the Department of Health now for a change in the food and information regulations, which has a sunset clause at the end of this year. We would like to be able to promote lower-strength products, which you cannot under the advertising rules now. There is an opportunity to do this, this year. So far, the Department of Health seems to be resisting that opportunity, but if we could have a lower strength, which for us would probably be 3.5%, that would help us and supermarkets to promote lower-strength beers and potentially lower-strength wines to consumers, which we think would be a good thing. There are things we can do now and there are things we can do with the duty system post Brexit, which obviously will be a discussion with the Chancellor.

Q163 **Tim Loughton:** So, the pub industry would put their weight behind having that option of lower-strength drinks across the range in their pubs and wine bars, which are lower taxed, and you would encourage more people to drink as much or even more of that on the basis of having less of a harmful effect on the alcoholic content. You would put your money where your mouth is on that.

Brigid Simmonds: There is already a lower-strength tax at 2.8%.

Q164 **Tim Loughton:** Yes, but it is way, way down.

Brigid Simmonds: It is very difficult to produce a 2.8%-strength beer that is tasty. That is why we are looking for something that is higher, but the real issue is that you cannot say, "Drink that beer there or that wine



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there because it is lower strength than that one.” That, to me, is totally counterintuitive to what we are trying to do around health harms in this country.

Miles Beale: We completely agree with that. On all of that, it is definitely worth coming back to you. This may not be the subject for this Committee, but, if we are interested in international trade, food and drink is our biggest manufacturing sector, and four of our top 10 exports are alcoholic drinks: Scotch, gin, wine—you might be surprised—and beer. Most of our members are significantly concerned about changes in trading relationships the other side of Brexit. We have got to get that right. MUP is something rather different.

Q165 **Chair:** Can I correct one thing with you, Mr Beale, for the record? You mentioned that you were invited on Friday. You were confirmed on Friday, but the invitation was two weeks ago.

Miles Beale: I think the thing that we were concerned about then was pre-Christmas and it was just me, which I would happily have done, but I do not think you would have got a good response.

Chair: Thank you. Andrew?

Q166 **Andrew Selous:** Mr Beale, I want to return to these 3-litre bottles of 7.5% strength cider that can be bought for £3.69. Do you accept that that price for that product is causing problems up and down the UK?

Miles Beale: I do not represent the cider industry and have absolutely no position on it at all. Wines and spirits, yes—

Q167 **Andrew Selous:** You are sort of neutral on that, are you? I am not counting the craft cider producers, who I do not think regularly are contributing to a Friday and Saturday night problem. I am talking specifically about these 3-litre bottles, which have 20 units of alcohol in and can cost £3.69.

Miles Beale: I have literally no view on it. The view I have on minimum unit pricing is that you are looking at a mechanism, and I do not know what its impact would be on that type of product because I do not have anything to do with it.

Brigid Simmonds: I think we have all been quite clear as alcohol producer representatives that we do not comment on other people’s types of alcohol in public, and that is a line that we all respect, although we may have different views. We have taken some action, or some of our producers have taken action, around higher-strength beers that were more than four units in a can to reduce that. Several of our producers have made strides in that area. As we know, the Chancellor has announced a change. The change does not actually take place for another year in higher-strength ciders, and it remains to be seen what effect that has on consumption.



Q168 Andrew Selous: Kate Smith, can I press you a little further on what the alternatives to minimum unit pricing might be on this £3.69 3-litre bottle of 20 units of alcohol cider that we are talking about, because I confess to being a little muddled as well? We seem to have heard earlier on that there was limited scope for using tax, but then the Chancellor, as has been referred to several times, has just put it up in the recent Budget. Could we do this through tax alone? Could we get this 3-litre bottle up to £11.25 or so through the tax system, or do we have to wait until we have left the European Union? Can you give us some clarity on this, please?

Kate Smith: There are two issues here. One is the structure of the system: whether or not the tax is levied per unit of alcohol, as is beer. Currently, the excise tax on beer is proportional to how much pure alcohol or ethanol or units of alcohol are within the product. This means, and this was the case a few years ago, that there was a flat rate of tax per unit of alcohol in the product. If you bought a strong beer, it had the same amount of tax as if you bought a weak beer. There are now these different bands. The particularly high-strength beers—those over 7.5%—attract a higher rate of tax than those below 7.5%, and a much higher rate of tax than those below 2.8%.

Cider is a different kettle of fish. It is taxed per litre of product.

Q169 Andrew Selous: Is it possible for the Government and the UK Parliament to switch that and maybe treat cider as we treat beer, or are our hands tied with the European Union?

Kate Smith: That has been the problem, yes, until now. There are two issues: the VAT issue—

Q170 Andrew Selous: Is that correct?

Kate Smith: Yes, it is correct that EU legislation requires that cider is taxed per litre of product. However, there is scope to both increase the rates on cider—cider is currently taxed very low—and to introduce additional bands. I can send you this graph, but the problem is that, if you imagine the strength of a product and the tax, you have a downward sloping curve with cider.⁵ Basically, as it gets stronger and stronger, the effective tax per unit of alcohol contained within it falls because the base of the tax is the amount of product and not the amount of alcohol in it. What you could do is add in another couple of bands.

This is similar to what the Government are trying to do, except that they did not commit to increasing the rate enough to bring the rate on the high-strength cider up in line with beer. I am just looking at the figures. Even if you extended the highest rate now that is currently applied to ciders above 7.5% to those above 6.5%, say, you are still looking at

⁵ The Institute for Fiscal Studies provided the following reference for the Committee: Griffith, O'Connell and Smith (2017). Tax Design in the Alcohol Market. IFS Working Paper WP17/28



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those products attracting a third less tax than beer products of an equivalent strength.

Ideally, what we would do is to reform the system completely, and probably have a tax on cider that looks very much like a tax on beer. Until we leave the EU or find some way out of the EU system of alcohol duty restrictions, that is going to be difficult to do, but it does not stop the Government from increasing the rates on the higher-strength ciders.

It is not even just that they have decided not to do that. They have actively frozen duty rates on cider over the last several years, claiming that cider is very important to the rural economy. My response to that would be that we also have a lot of beer producers. It is not clear to me why we are effectively giving a subsidy to cider producers implicit in the differential of tax rates and not to the beer producers. What is going on there?

Q171 Mr Bradshaw: I know the answer to that. Cider was in decline and so were apple orchards, which are incredibly important to rural biodiversity in the west of England. So, it was a deliberate Government policy under both Labour and Conservative Governments to encourage the planting of apple orchards and the increase in cider production, which is now a massive export success as well.

Brigid Simmonds: There is also an issue about there being no lower-strength system for cider as there is for beer. Under EU regulations, small producers get a discount. We might argue that that discount might need reforming, but they get a discount of 50% up to 5,000 hectometres. There is no such equivalent for cider.

Q172 Chair: A new band is coming in, though, between 6.9% and 7.5% on 1 February—

Kate Smith: I am not sure what the rate is. I do not think it specified the rate.

Q173 Andrew Selous: Can I ask a technical question, probably for Miles? I do not know whether this is correct, but it was put to me at one point that some of this high-strength white cider has never seen an apple within its life. I am very keen to protect Ben's rural biodiversity and the small craft producers, because I do not think they are part of the problem leading to people dying of cirrhosis on liver wards or causing Sgt Urwin huge problems on a Friday and Saturday night. Is there something specific we could do tax-wise or duty-wise that would hit the problem very precisely, which is these 3-litre bottles? Perhaps, Mr Beale, you could tell us whether there are apples actually in these 3-litre bottles. Do you know that as chief executive of—

Miles Beale: As I said, I do not represent any cider—

Q174 Andrew Selous: I know, but it is a generic question. I am not asking you about one product.



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Miles Beale: Really, I have no idea. I can tell you the definitions of wine. They are all international and therefore the tax band needs to relate to those. I can tell you quite a lot about spirits, but I cannot tell you much about cider or beer, I am afraid.

Q175 **Andrew Selous:** The purpose of my questioning is to see if it might be possible to get a differentiated tax that left alone the wonderful biodiversity of the south-west of England we all want to encourage, me included, and these small craft producers, who are not a problem, and just hit these big 3-litre plastic bottles of white cider, which are causing a huge problem.

Kate Smith: The thing here is that you have a classic case of seeing an unintended consequence of a policy. A policy was introduced to help orchards and that has certainly contributed—I am not going to say it is wholly responsible—to the fact that, now, there is a new set of products, white cider, that is very cheap and disproportionately drunk by heavy drinkers. It may very well be the case that there were problems with orchards and apples, and the rural economy relies on that; and I am not going to say that that is not the case.

The question is, was reducing the tax rate on cider the best way of dealing with that? Is there an alternative, better way? I am not suggesting that this is what should be done, but you could imagine differentiating rates depending on whether the cider has ever seen an apple. I think alcohol taxation rates should be differentiated on the basis of trying to target alcohol-related harms. Alcohol taxation is a poor environmental policy. I think there are probably better ways to deal with that.

Even if you are concerned about the cider producers, a minimum unit price is going to increase the price of those products. It is going to go away from consumers, but it might go to retailers or it might go to the big alcohol manufacturers, whereas increasing the tax on those products would go to the Government, who could then use that money to help rural biodiversity or they could use it to deal with alcohol-related harm.

If we accept the fact that there are these products such as white cider that are causing these problems, then it is thinking, if we want to increase the price on those, about where we want that money to flow.

Q176 **Andrew Selous:** I have two final, quick questions because I am conscious of time and others need to get in. I think the statement was made earlier by some of you on the panel that measures other than price were effective in reducing alcohol harm. Do you have any evidence you can put before the Committee that education and other measures that you mentioned as being preferable to minimum unit pricing are effective? Do you have evidence of that that you can put before us?

Miles Beale: Yes. Can I claim it is irrefutable? No.

Q177 **Andrew Selous:** Are you able to send it to the Committee if there is



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evidence, because we need to follow the evidence?

Miles Beale: I think you have had quite a few contributions to this inquiry. There is a raft of industry supports and initiatives that have only been going in the period since—

Q178 **Andrew Selous:** I know these things happen. I am asking specifically for evidence of their effectiveness. If you have that evidence, perhaps you could send it in with the other material.

Miles Beale: Some of it is already in our submission. I am happy to look to see if we can provide any more for you.

Q179 **Andrew Selous:** Finally, we have been advised to do nothing in England and wait and see the results of what is happening in Scotland. Does it worry you at all that there may be people carrying on dying in large numbers of liver cirrhosis and that Sgt Urwin is going to be visiting more parents whose children have died?

Miles Beale: I think it is extremely difficult to claim anything other than that the alcohol industry has been very much a part of the trends of the last decade. It needed to change its ways and it has, and it has had a significant impact. Some of the evidence that I will try to send you will be around locally targeted initiatives such as community alcohol partnerships, which demonstrate very clearly that antisocial behaviour as a result of drinking is declining very rapidly in particular areas, but they are very small areas where problems are flagged up. There is a raft of issues that the Home Office has seen fit to put on a list that it makes available to local alcohol action areas, which we helped it come up with as an idea. It is unfair to suggest anything other than that the alcohol industry has been very much implicit in driving down harm.

The bits that are completely missing at the moment on MUP are unintended consequences. We have not even touched on them at this session. I know you may have more, Chair, so we would be keen to come back. We have not talked about the reduction in consumer choice. We think 51%, and the Scottish Government think 51%, of products on a supermarket shelf are going to be affected by minimum unit pricing. I can give you some examples, but that means that consumer choice is going to be very heavily constrained at the bottom end.

We have not had a conversation about the black market—

Q180 **Andrew Selous:** I think I might hand over and ask the Chair to go on because you are going off the purpose of my question. I had actually finished my session.

Brigid Simmonds: We also need to look at Best Bar None, PubWatch and the work that Drinkaware has done—some of their campaigns around “Have a little less, feel a lot better.”

Q181 **Andrew Selous:** I would be interested in the evidence of that work on people dying of liver cirrhosis. I get that it absolutely is a valuable



contribution to reducing antisocial behaviour, but as a Health Committee we are particularly interested in the health harm caused by cheap alcohol.

Brigid Simmonds: I do not think we have evidence around that.

Chair: Touching on the point that you just raised, Douglas's questioning was next.

Q182 **Douglas Ross:** I am not sure that it does fully touch on it, because I would like to go back, if I can, Chair, to a question I asked the previous panel. With the sunset clause in the Scottish Parliament in five years' time, what for the previous panel would be the evidence to show that minimum unit pricing is working and that it is correct to continue? What, in your view, when the sunset clause comes up to be reviewed in five years' time in Scotland, should be the evidence England should look at to say this shows it is not working?

Brigid Simmonds: We have already begun discussions with Scotland about some of the work that it is going to commission to look at the effectiveness of minimum unit pricing. Without doubt, that is going to be really important. It has to look at the effect, for example, on socioeconomic groups. Beer, for example, tends to be a working man's drink. We have to look at product switching. We have to look at category. We have to look at the channel on-trade and off-trade. We also have to look at illicit sales, which is going to be quite difficult, and we have to look at the effect on border trading.

It is going to be all these things taken together, and there has to be some co-ordination from Scotland about whether, at the end of the day, we are looking at the number of lives that might be saved as a result of that. We need to be continuing that discussion, and we need to be clear before we start what those measures are. But those discussions have already begun with the Scottish Government and with industry.

Q183 **Douglas Ross:** Surely, it will be very difficult for you and the industry to come back to Parliament or wherever in five years' time, if the number of deaths has fallen by as much as or further than the previous panel has anticipated, and say, "This is not the right route for England to go," even based on the other points that you are putting forward. Surely, the number of people alive in five years' time who potentially would not be alive in Scotland as a direct result of MUP will be very difficult for you as an industry, across different sectors, to argue against.

Brigid Simmonds: To be honest, absolutely, you are right. We are a responsible industry. It is not in our interest that alcohol is abused. If that is the result of the survey, we would have to accept that evaluation.

Q184 **Douglas Ross:** So, at the moment, is that not your anticipation of the result, because you are still opposing it at the moment?



Brigid Simmonds: Our concern, and I said this at the very beginning, is, does it really impact on those who have a problem with drinking, or does it just affect those who drink moderately? To be fair, we know that there are some health benefits for people who drink moderately on cardiovascular, mental health and all those things we have talked about. I think we have to see the evaluation based on all of that. We would like to see that evaluation made before the decision is made in England.

Miles Beale: I think Brigid is right. We are interested in the impact on the industry. You have some modelling from Sheffield on which I have already commented. It is for the Scottish Government to decide whether the public health test has been met. I think it is worth reflecting on what the Supreme Court's decision was.

Q185 **Douglas Ross:** Just on that, the Sheffield model will almost be irrelevant if the figures in Scotland show a clear decrease in the number of people dying as a direct result of alcohol-related illnesses.

Miles Beale: It depends whether you think the Sheffield model is a lot or not very much in terms of lives saved. I would be very interested to see how good the modelling is. I have no idea, and I do not think it is our job to comment on that. There absolutely was a court case led by the Scotch Whisky Association. There has been a result, so it is going ahead, and we are talking often to the Scottish Government about how to evaluate it properly. We are not involved in the public health side and I do not think we should be.

We are involved in the industry impact. What happens to the industry? How many pubs, retailers and jobs are lost? What kind of economic losses are there? That is where you get back into the unintended consequences. There is also the illicit trade and that sort of thing. People are having to pay more for their alcohol if they are hazardous drinkers. Do they stop drinking or will they do something else? The chances are that this is addiction. I personally think they are likely to do something else. It might be a different substance that they abuse; it might be that they are not paying for the alcohol. I don't know—certainly the black market looks more attractive. But what we will be interested in is how the Scottish Government are going to measure the impact. By the way, Scotland's second biggest industry is Scotch whisky. What is the impact on industry?

Q186 **Douglas Ross:** You are saying that to the Member who has more Scotch whisky distilleries in his constituency than any of the 650 down here.

Kate Smith: I would make two points. First, looking at the number of deaths as a result of the minimum unit price, perhaps by doing some comparison with a comparable part in England, is one outcome that should be looked at. Going back to what I said at the beginning, there are these costs and benefits. The benefits are potentially the number of lives saved. A careful evaluation of the Scottish implementation might be able to give you a pretty good estimate of the number of lives saved. It does



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not, however, tell you what the cost to everyone else is. It does not tell you how much everyone else is spending as a result of the higher prices, nor does it tell you how much industry profits or retailer profits might be increased. The first thing is that it will be important to look at a range of outcomes and for you as policy makers essentially to trade those things off, depending on how much you value a life saved. That is essentially what you are doing here.

The second point is that a minimum unit price is only one policy. Just because a minimum unit price worked in the sense that it reduced deaths does not mean that reforming the duty system would not have achieved exactly the same thing. It is important to think about what the counterfactual here is. I am not sitting here saying, "Do nothing." I am not even sitting here saying, "Do a lot of things." It is not a minimum unit price or nothing. It seems that this is something the health groups are very keen on, and it could be a good part of a battery of policies to help deal with alcohol-related harms, but, just because a minimum unit price might achieve a reduction in death in Scotland, it does not mean that that reduction in deaths could not also have been achieved by, say, increasing the tax on cider.

Miles Beale: To be fair—

Q187 **Chair:** You are advocating doing both and doing the other health measures as well. I do not think that anyone on the previous panel suggested that it should be the only thing done.

Kate Smith: Yes.

Miles Beale: I would agree, and they said it is not a silver bullet. That is quite right. The interesting thing about the sunset clause for us is that the burden of proof has to be that it worked, rather than the other way round. Minimum unit pricing was trialled for five years. This was the impact on public health; this was the impact on industry, the economy and consumers. Then you take a view.

Q188 **Douglas Ross:** Just to finish my question, the other point that I wanted to raise was that both Brigid and Miles have mentioned the unintended consequences, cross-border trade and so on. We heard from the previous panel, from Sgt Urwin, who is still with us, that he did not think that would be a big problem, but I got the impression from your answers that you did think it would be a big problem. So, what should the authorities in England be looking out for in terms of unintended consequences of this being introduced in Scotland but not in England, or, ultimately, if it were to be introduced in England but with a different rate compared with Scotland, what would be the unintended consequences there?

Miles Beale: That is a very difficult question to answer. I can tell you what I think some of the unintended consequences are. We all hear that the Supreme Court has been discussing this, this is a giant experiment,



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the Scottish guinea pig has to run, and we will see what happens. I do not think any of us know.

We are worried about consumer choice being reduced. We in the WSTA are particularly worried about a sort of Trojan horse price intervention mechanism being introduced at exactly the time the UK Government are about to do their first trade deal for 42 years. In trade terms, that is not a good precedent to set—so, don't, would be my recommendation to the UK Government. There could be loss of economic activity, jobs, growth and so on.

Then there is the black market. When the price differential with the continent is at a certain place, you see what happens with white van man trade, as it is often referred to. Then there is hitting the poorest hardest; that is the other thing that has been pretty clear from both sessions, I think. All those are unintended consequences, and I do not know how you monitor them or what the impact will be, but I think that there will be an impact in every one of those categories.

Q189 **Chair:** Would you accept that the poor and deprived communities are already hit the hardest by harmful drinking?

Miles Beale: In part, because I would say that they are the hardest hit by poor diet, generally. The only thing that we know really about health harms and inequality under health is that the poorest are the worst off, which is because of all the lifestyle factors, not one. So, I do not think it is exclusively alcohol, although I would agree that it is one of them.

Q190 **Chair:** But it includes alcohol.

Brigid Simmonds: But it is also the case that we find it hardest to work with some of those communities that are worst hit, because they are not so interested in working with industry to see how we can help. I would say that the north-east is probably a good example of that. There is much that I think we could do and we would like to do to help in those areas. But there are cross-morbidity issues in all these issues that we have to take into account.

Chair: There is a huge health inequality issue with alcohol. Paul is itching to come in, and then I am going to come to Tim.

Q191 **Dr Williams:** For the record, I was wondering whether you agree with the UK Chief Medical Officers on the benefits of alcohol, who have said that the "risks start from any level of regular drinking and then rise with the amounts of alcohol being drunk." That is what their guidance is. Their review found that the benefits of alcohol for heart health were applicable only to women aged 55 and over, and that the greatest benefit is seen when women limit their intake to around 5 units a week. They conclude with the advice that there is no justification for drinking for health reasons. Do you agree with that advice?



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Brigid Simmonds: I am afraid that I do not agree with that advice, because we have real concerns about the way in which the most recent Chief Medical Officers' guidance was put together. I do not think it takes into account the difference between men and women in terms of metabolism in drinking, by setting the same level for both, and I think that the study that they looked at assigned people who drink at low levels a risk of acquiring liver disease or other health harms, which we were not convinced was actually justified by the evidence that was there. So, we would like to see the process in the CMOs' guidance. That may be a discussion for another day.

Q192 **Dr Williams:** Did the tobacco industry not claim that evidence of tobacco-related harm was unproven?

Brigid Simmonds: Tobacco is very different. Tobacco is bad for you, full stop. You die if you smoke. With alcohol, it is really different.

Q193 **Dr Williams:** That is what the UK Chief Medical Officers' independent advice to the UK Government is telling us about alcohol.

Miles Beale: Sorry, but, to support Brigid, we would draw a very big distinction between alcohol and tobacco. No amount of tobacco is good for you. Alcohol, with the J-curve, has been very well established in cardiovascular terms as having a benefit. The CMO guidelines have put us in an extremely difficult position, because we were not consulted in any way on it. Some 80% of labels on alcoholic products contain the last set of CMO guidelines. The new set talks about risk; it is a different measure. We would have been happy to have that conversation.

The risk of getting cancer if you drink above some of those guidelines is lower than, for example, eating two bacon sandwiches a week. It is not possible to communicate effectively to consumers if you communicate very narrowly on one issue. If you want to talk about risk, that is fine, but you have to do it in context. I now cannot persuade my members—as I said, 80% of the industry was putting this information on the labels—to do the same, because they don't buy it. They do not think it is credible, and, personally, I agree with them.

I do not think all is lost. Actually, we ought to move on to things around calories, where we are trying to be quite proactive. Obesity is the biggest public health challenge in the UK and the EU. Brigid and I are working very hard to make sure that as many of our members as possible put calorie information on labels. Due to various laws, it is very hard to fit it on a label in any way that is meaningful, because you have to do it per 100 grams, as you do for all foodstuffs, so it is all going online. When my smaller members cannot afford to do it on their own websites, we will do it on the Wine and Spirit Trade Association website.

Q194 **Dr Williams:** We also need to have real responsibility from the alcohol industry. We all know that the public perception of the J-curve, which you referred to, has been fuelled by the alcohol industry and by stories. If we



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are talking about robust evidence, there is very weak evidence about a very small benefit in a very small subsection of the population.

Miles Beale: If you would let me, Dr Williams, I would love to come and see you to talk about it. I would refute that. We are very heavily involved—

Q195 **Chair:** Perhaps you could send the evidence to this Committee. That is the purpose of this.

Miles Beale: It is also about what we can do. We are keen to do more, and we are doing an enormous amount, but we are sometimes not allowed to do some things—and that is fine.

Q196 **Chair:** Indeed, but a very specific point is being raised about whether this is a health benefit or not, and if you have evidence that you would like to send the Committee—further evidence about what you feel would refute the evidence from the Chief Medical Officers—we would always be happy to hear that evidence.

Miles Beale: It is about whether we could do more to work with you on things like this.

Q197 **Tim Loughton:** There is a lot of difference between a health benefit and what is harmful for you. Of course, the Chief Medical Officers' advice has changed a number of times, and there is now great confusion among the public as to what is good or not.

This inquiry is specifically about minimum unit alcohol pricing. For the record, clearly the impression that we are given by this panel is that they do not think that that is the most effective way in which to combat drink abuse problems, however you want to determine them, and that a more effective way might be to change duty levels. Would you agree that one could come up with a more sophisticated duty level that was the reverse of stamp duty levels, for example, whereby you had a higher rate of duty taxation for cheaper, strong alcohol, which graded down for the moderate bottle of wine drinker so that the moderate drinkers do not get penalised?

It is perfectly doable. We do it with stamp duty levels. The higher the value of a house, the higher the rate of stamp duty paid. So, is it feasible to come up with a more elaborate duty table that would specifically, and in a much more focused way, address the anomaly around the high-strength cider and so on? On that, I have just googled it and I had not realised that extra strong White Lightning cider is no longer produced.

Brigid Simmonds: No. It is a product by Heineken, which disappeared some years ago.

Miles Beale: Heineken abolished it.

Brigid Simmonds: It would be quite difficult to sit here and talk about a completely new duty system. We would be keen that a duty system would promote lower-strength products, and we would see beer in that category. We pay 40% of the total tax in Europe but we only consume



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12% of the product. Only Finland pays more tax. So, I would not be in favour of this. We have seen the evidence of what happened to pubs as a result of putting up tax on beer. Beer is relatively low strength, so we should be looking at what more we can do to promote lower-strength products.

Q198 Tim Loughton: The added advantage of having a duty differential rather than a price differential is that 100% of it goes to the Exchequer and could be hypothecated to have drink awareness prevention programmes.

Brigid Simmonds: Of course, the other side of MUP is that, if it seriously reduced alcohol consumption, there would be a concern that the Treasury would then want to put tax up more. Some 82% of the beer that we drink in this country is produced here; 20,000 jobs in agriculture rely on it. It is a very British industry; we have 900,000 jobs in pubs. I know that it is not the issue for this Committee, but, overall, in Government we have to look at supporting something that is such an important part of British life.

Miles Beale: Bluntly, Tim, I think the answer is that yes, you could have a look at it, but you do not want to throw the baby out with the bathwater. There are some anomalies. For example, if we are about to enter the international trading world, the definition of wine restricts what we could do. We are the biggest wine-trading nation in the world and the biggest exporter of spirits in the world. It is particularly a Brexit-related issue, but I am very keen to help my members so that we can retain that position globally. It is a much-misunderstood success that we have globally for British drinks. The same is true for beer.

Q199 Tim Loughton: The duty factor again, on your Brexit point, is that duty does not affect our exports, because it is duty-free. It is up to the country of destination to tax it, whereas a minimum unit price would have to be priced at source. Yes?

Miles Beale: Yes, although taxation is a huge drag on investment. If you are a small business producing gin, in your first two or three years 40% of your turnover, typically, will go to the Treasury in taxation. That is not the way in which you help an SME to become a bigger company.

Q200 Tim Loughton: No, but your point was that, if we are trying to increase trade with other countries post Brexit, what will hold companies back is if the product costs more; but it will not cost more if you put the tax up on the product itself, because they do not pay it in a foreign country—they pay domestic tax—whereas they would have to pay a minimum unit price, which is priced at source. Am I right in that?

Miles Beale: Yes; thank you for making my point more eloquently than I did.

Q201 Chair: No; they would not be paying the minimum unit price when buying the product abroad.

Tim Loughton: Well, they would, because the west midlands brewer or



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whisky producer has to produce it at the minimum price, whether it is sold in the UK or whether it is for export.

Miles Beale: No, that is not true. It would depend on how much you were selling in the market; you would still produce the same—there are no additional production costs.

Q202 **Tim Loughton:** That was my point. Does the minimum unit price not apply to exports?

Miles Beale: The minimum unit price, as things currently stand, will be applied only at the point of sale in Scotland. That is the big experiment that we are all talking about, and we need to wait and see what happens.

Q203 **Chair:** It is a very important point. You are not saying that, if you export your product to India, it has to be sold at a minimum unit price.

Miles Beale: No. What you might be saying is another unintended consequence is that minimum unit pricing could have an impact on the business, which means it ceases trading, so it never gets to look at exports, but that is a different thing.

Q204 **Tim Loughton:** That is confusing. You are making the point that it is going to impact on trade, but it does not, in that case.

Miles Beale: I am saying that duty definitely impacts on trade. Minimum unit pricing would not.

Q205 **Tim Loughton:** You do not pay duty. If you export a bottle of whisky to India, India can charge 0% duty or 40% duty. That is not governed by domestic UK rules.

Miles Beale: A typical small business producing gin or English wine or something like that will have about 25% of its production, say, for export. If it is more difficult to sell the 75% of their products, or costlier to do so in the UK, they will never invest in looking into export markets, employing additional people, doing the marketing and so on. So, it is a restriction on investment.

Q206 **Chair:** Going back to a point that you made, you said that it was a Trojan horse at the same time as a trade deal, which gave the impression—indeed, my colleague Tim had the impression from that—that somehow it translates and affects our exports. It does not affect our exports, does it?

Miles Beale: Sorry, no, that is a different argument. The way in which the trade deal would work in future would be that you sit down to do a trade deal with another nation and that nation will see that you have applied some sort of additional levy on a particular industry, which gives you justification to do the same in response. Currently, India has 147% taxation on imported whiskies, mainly to protect its home whisky market. That is something they do anyway. If the UK, which always argues against that, introduced something in any way similar in its own market, that would give them justification to keep it or make it worse. It is the



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number one issue raised by the Scottish Whisky Association about trade deals.

Q207 **Chair:** But it is a level playing field, is it not? In a sense, surely that is a false argument, because India would not have to pay a different minimum price to any home producers.

Miles Beale: It is nothing to do with minimum unit pricing—it is to do with trade deals.

Q208 **Chair:** I am still not clear. Could you just explain why you think introducing a minimum unit price would be disadvantageous to us coming to do a trade deal?

Miles Beale: Because a minimum unit price is a Government intervention in price in an otherwise free, liberalised market. The tit for tat that could occur as a result of a trade deal means that you could be on the receiving end when your product is exported into a different market. It is a tit for tat.

Tim Loughton: Why?

Q209 **Chair:** But it does not apply disproportionately to a product coming in from India to one being manufactured in this country.

Miles Beale: No, I did not say that it applied disproportionately. I am simply saying that the UK Government's argument would be that you should not introduce a price intervention that skews the market. That argument is far less strong if you have done it yourself. So, there is a risk. Trade deals could provoke that. If you have not introduced it, you will not have to raise the problem, in which case it would not happen. So, it is pretty straightforward.

Q210 **Chair:** Well, there we are. I am not sure that we agree with you on that one, but there we are.

Miles Beale: I am happy to write to you about it, if you would like.

Chair: Thank you. Stuart?

Q211 **Stuart C. McDonald:** Can we just return to the issue about duty or tax as an alternative? In fact, it is a bit of a straw man to see them as alternatives. Everybody on the last panel saw a role for duty in addition to minimum unit pricing.

To go back to the point about what would happen if we went for a solution through tax or duty instead of minimum unit pricing, is not one of the problems with that, Ms Smith, that you cannot then guarantee that it is going to affect the price of certain products that we might think are problematically underpriced?

Kate Smith: You cannot pass it through if a tax is uncertain. The extent to which a tax gets passed through to prices is a very interesting



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question. You may very well have a situation where the price goes up by less than the tax imposed, or it might go up by more.

Q212 **Stuart C. McDonald:** Have there not been instances in the past where duty increases have been passed disproportionately to those who are purchasing premium products or products that we would not regard as a problem in these circumstances?

Kate Smith: I do not have empirical evidence.

Q213 **Stuart C. McDonald:** In that sense, you are talking about transfers, but there is actually evidence—

Kate Smith: I do not have empirical evidence on that. What I am emphasising is that a minimum unit price in conjunction with reforms to the system of alcohol taxation may be useful to prevent exactly what you are talking about. It is more that when you look at the current system of duty it really does not make a whole lot of sense. I do not think I am saying that it is a silver bullet and we are going to know exactly what the price increases are going to be if we impose these things. The alcohol market is very competitive, so it seems that at least some of the tax would be passed through to prices. It is an empirical question as to what extent and how it would affect prices differently; it is an unknown.

Brigid Simmonds: You also get price increases at the moment particularly through inflation; that affects our industry as it does anything else. The cost of producing beer is considerably more, for example, than the cost of producing other forms of alcohol. We are seeing producers putting up prices now, so that then goes into part of it. But you are right that, at the end of the day, it is up to the retailer to decide what price they are going to sell it at. There has been some loss leading in terms of alcohol, which, of course, does not happen in a pub, because it is a small business and does not have anywhere to go.

Kate Smith: If you increased duty, you could legislate that the product could not be sold for less than the duty applied. That would be one way of trying to deal with that.

Miles Beale: There is already a floor price of duty plus VAT, which the industry offered, and the Home Office have accepted the offer and made it regulatory. So, that has already been introduced. But that is a floor price, not a minimum unit price.

Q214 **Stuart C. McDonald:** Sure, absolutely. Following on from that point, there was evidence in the last session that to achieve the same benefits through use of duty instead of minimum unit pricing you would have to have an increase in duty of something like 28%, which I take it would not be welcome by you, Mr Beale, or you, Ms Simmonds.

Brigid Simmonds: Absolutely not.



Miles Beale: No. We are already globally leading in taxation, as well as the products of the industry, which is a shame, frankly. The other bit where I would have to distinguish my views from the previous panel is when they talk about a Sheffield model. As everyone pointed out, there is only one model, which has been rerun a number of times, and, every time you do, the number of lives saved drops dramatically. They are saying that that is their level, and you could not do anything about that via taxation. But we are talking about it hypothetically, and it is completely impossible.

Q215 **Stuart C. McDonald:** Modelling is bound to change from year to year as the starting point changes as well. Because a model produces different results one year to the next does not mean that there is anything wrong with it.

Miles Beale: I am not comfortable with a 70% drop followed by an extension from 10 to 20 years for the same figure.

Q216 **Stuart C. McDonald:** But you also did not seem comfortable with Mr Ross's question about what you would need to see in May 2023 in order for you to turn round and say, "Okay, we accept now that the case has been made for minimum unit pricing in England." Are there any circumstances in which you can see you and your organisation saying that?

Miles Beale: I can tell you exactly as Brigid says, yes, if it saves lives, you would have to take it seriously. I am not going to offer something that you judge a number by. There have been some numbers in the Sheffield modelling. That is nothing to do with us, and I do not think we should comment on it, but on the business side I think we absolutely should comment. That is why I am very happy that the Scottish Government are happy to talk to us about what sorts of measures there should be and what sorts of things are being tracked—businesses, consumer prices and people's behaviour. All of that needs proper evaluation, and we will work with them very hard to get that.

Stuart C. McDonald: Thank you. Ms Smith—

Kate Smith: I just want to come in on that point. I have not looked in detail at that particular answer from the Sheffield model, but it is worth distinguishing between an across-the-board duty increase and careful targeting where it could have the most effect. In a working paper by me and colleagues at the IFS, which I am happy to send you, we looked at a reform to the system of alcohol duty along the lines that I have been discussing today, whereby you would increase the tax on cider and increase a little the tax on spirits, and this can achieve—

Q217 **Stuart C. McDonald:** How targeted is that? You say that you would increase the tax on cider, but that is not particularly targeted. That means that I, as a sensible drinker, buying craft ciders would pay more. It does not necessarily mean that somebody drinking high-strength, cheap cider pays more.



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Kate Smith: What we looked at was a combination of making the current system more sensible, so bringing cider taxes in line with beer, because there was no economic rationale for having that difference. Then, also, to combat the fact that heavier drinkers disproportionately buy stronger products, we proposed an increase on rates on spirits. The exact numbers of what tax rates you levy in this situation and how you design the tax system are difficult, and exactly how that would compare with the new minimum unit prices is difficult to say. But there are reforms that would get substantially close or near to the effects of the minimum unit price on at least the alcohol consumption of the heaviest drinkers, while not achieving an overall increase in average duty.

Q218 **Stuart C. McDonald:** Again, the only way in which to guarantee that a product currently being sold at less than 50p a unit is sold at 50p or above is through minimum unit pricing. That is the only way in which to ensure it.

Kate Smith: But you could have both; right?

Q219 **Stuart C. McDonald:** Absolutely. Nobody disputes that at all.

Kate Smith: I am not saying that a minimum unit price is not a potentially useful policy. It is just that at the moment, as there are sufficient problems with the tax system, I would fix those first and then think about it. My concern is that, at the moment, you will introduce the minimum unit price, and it is going to be a big transfer from light and moderate drinkers to retailers and, potentially, the alcohol industry. We do not know what that money is going to be used for.

The other thing worth saying is that on the other panel people were saying that it is not very much—it is £1.60 a week; it is this; it is that. It might only be £1.60 a week, but that will affect a lot of people. When you add up the number of people that that is going to affect and imagine a kind of windfall profit transfer from everyone to the alcohol industry or retailers, the question is whether we would rather do that than give it to the Exchequer.

Q220 **Chair:** But what was pointed out by the previous panel was that it did not discount all those other measures as well. Therefore, if you brought in both, could you then get away from the point that Sgt Urwin made about pocket-money prices? That is what this is designed to get rid of. How do we get rid of that? If you have a flat-rate increase, there is still nothing to stop that happening.

Kate Smith: I would have to go and look in more detail at the types of products that would be affected by the difference. The question that I would be interested in is, conditional on implementing the reforms that I have talked about and coming up with what we think is a sensible tax system, how many products are really priced at the problematically low level?



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The question then is, okay, how do we deal with that? Tim made the point earlier about a stamp duty-style tax that is akin to an inverse VAT. What you essentially want to do is to levy the highest price increases on the cheaper products. It may be that that is another option; it could potentially achieve similar price changes to a minimum unit price but, again, funnel the money to the Exchequer.

Q221 Chair: But then, of course, you still have the issue that you have the cost to your weekly shopping trolley going up. It seems to me that the argument is to get away from the very cheap, harmful drinks. We have a floor price at the moment, as Miles mentioned, but it is set at such a low level that you can buy alcohol at pocket-money prices. Do you not feel that minimum pricing at least allows us to get away from that problem in the most reliable way?

Kate Smith: Yes, I think that it could be part of a whole range of policies that can potentially help. But, once you start looking at all those different issues, it is worth considering a whole range of policies, if what you want to do is to target the really cheap products. I agree that it does seem problematic that you can go and buy 3 litres of something strong for £2.50, or whatever it is.

Miles Beale: I think the point is that it is not targeted.

Kate Smith: Yes, 70% of units are going to increase in price.

Miles Beale: How do you target it? We would argue that you should target the problem drinkers, and the way you do that is not necessarily and certainly not exclusively through punitive measures.

Q222 Chair: But if you have—

Miles Beale: MUP is not targeted, and I really have to reiterate that because it is really important that people understand that. In economics terms, it is blunt, it is population wide and it does not do anything. What it gets close to is, frankly, being toughest on the poorest.

The bit that I wanted to get into was that we also represent retailers. There are lots of views about how retailers feel about this. The huge irony is that most of our retailers have been part and parcel of introducing lots of things like Challenge 25 and community alcohol partnerships—all these things about driving down young people's drinking in particular. They offered and introduced the floor price—duty plus VAT. They were not arguing in favour of minimum unit pricing five years ago. They have some costs in order to implement all this now, which they are doing quite quietly, without any complaints. It is not as if they are not willing to co-operate with the Scottish Government, for example. I wanted to put that on the record to start with.

Part of the point about all this is that I do not want to fight old arguments. This is going to be introduced in Scotland. I think it will be fascinating to see what happens. I do not know; I am not going to



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pretend that I do and I do not think that anyone else does, either. I do not think that the previous panel knows, either. I suspect, exactly as Professor Gilmore and Professor Sheron said, that it probably will take five years before we know, and I am not even sure that we will get the measures absolutely right even by then. From a public policy point of view, what I would expect to see happen next is a proper evaluation over a sensible period of time to see if it works.

Q223 Stuart C. McDonald: One thing that the last panel seemed to say had not been modelled or looked at particularly was the potential for cross-border trade. Did the IFS do any of that modelling at all?

Kate Smith: No.

Q224 Stuart C. McDonald: So, there is a gap there for somebody to fill.

Kate Smith: It is very difficult to collect data and do those things. There are some estimates from HMRC on the extent of cross-border shopping. In extrapolating from the Scottish experience to the UK as a whole, my expectation is that it will be a lot easier to cross-border shop from Scotland into England than it will be to cross the channel, say. Because cross-border shopping increases as a result of the minimum unit price introduction in Scotland does not necessarily mean that it can be extrapolated to the UK as a whole.

Q225 Stuart C. McDonald: Sure, it would depend on things such as price differentials, and so on.

Brigid Simmonds: It does. If you look at some Scandinavian countries and if you look at, for example, Denmark, Germany, Finland and Estonia, they have definite issues of cross-border trading, but it is to do with the taxation being very different. We do not know whether the price differentiation of MUP is going to make enough difference for cross-border trading, but it is one of the things that we need to look at.

Kate Smith: I think it is not known. There is very little evidence on how the price of the alcohol that is sold currently affects the extent of cross-border shopping.

Miles Beale: I thought it was part of the Sheffield modelling. I assume it is in there, but I am not so clear from the previous session if it is or is not. It should be in there because that is what you would expect to see in a model if they are doing it for Scotland specifically.

Chair: Are there any more questions?

Q226 Mr Bradshaw: Kate, could you send the modelling that you have just described—the work you have done on differential MUTs, which I do not think we have seen, but I think that would be very helpful—and the impact?



Kate Smith: Yes. It has a lot of assumptions. It is an academic paper. I am very happy to send it to you, but the point that we want to make in that paper is that there can be gains in reducing problem drinking.⁶

Q227 **Mr Bradshaw:** But with a more targeted—

Kate Smith: With a more targeted system. I would not pin my hat on any particular number. Part of the reason for that is that there is a great deal of uncertainty about costing the effects of problem drinking. We know there are big harms and we know that, disproportionately, those come from the heaviest drinkers. But trying to put a number on that and trade that off with the enjoyment that moderate drinkers get from drinking is really difficult. So, what we do in the paper is to look for a range of scenarios and say, "Okay, if you think that, the heaviest drinkers contribute 90% of the costs. The tax might look like this if you think it is less or if you think the aggregate level is less." The purpose of the paper is to illustrate how a more streamlined and efficient tax system could lead to improvements.

Brigid Simmonds: We need to be careful that we do not look at just taxing alcohol by unit. I know in Scotland they have looked at this, which would make some of the highest strength the cheapest form of alcohol. I cannot remember whether your paper looks at that, but that is an issue.

Kate Smith: Our view is that alcohol should be taxed per proof. The base of the tax should be the amount of pure alcohol in it in that it is the ethanol that causes the harm. That is the starting point.

If you then thought that for every unit of alcohol that was drunk in the UK that that had the same sort of social costs, then a flat rate of tax would be sensible. If not, and you think that different people drink different types of products, we know from the data that heavier drinkers disproportionately drink stronger things. So, we show that, by increasing the tax rate levy per unit of alcohol on the high-strength spirits, we can achieve gains while simultaneously reducing—

Q228 **Chair:** That is the principle behind the sugary drinks tax, I presume.

Kate Smith: Although that is not levied per gram. That has its own problems.

Miles Beale: I must admit I do not envy Kate having to look at it because it is just incredibly complicated. The bit we always come back to is that why it occurs naturally, and sometimes it is 16% and sometimes it is 11%, and the average is 12.5%. How do you cater for that? You cannot change the way a vine produces grapes in one part of the world

⁶ The Institute for Fiscal Studies provided the following reference in response to the Committee's request: Griffith, O'Connell and Smith (2017). Tax Design in the Alcohol Market. IFS Working Paper WP17/28 (<https://www.ifs.org.uk/publications/10239>)



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compared with another. It is really hard. The unit application does not really work.

Kate Smith: But it is written on the bottle.

Miles Beale: No, no. That is the point. You penalise someone, therefore, for producing in Australia rather than in Germany.

Chair: I think we are probably going to draw it to a close there. Thank you very much for coming this afternoon.