Date: 12\textsuperscript{th} June 2016

Submission of: THE ROYAL COLLEGE OF PSYCHIATRISTS

Submission to: Alcohol structures consultation (HM Treasury)

The Royal College of Psychiatrists is the professional medical body responsible for supporting psychiatrists throughout their careers, from training through to retirement, and in setting and raising standards of psychiatry in the United Kingdom.

The College aims to improve the outcomes of people with mental illness, and the mental health of individuals, their families and communities. In order to achieve this, the College sets standards and promotes excellence in psychiatry; leads, represents and supports psychiatrists; improves the scientific understanding of mental illness; works with and advocates for patients, carers and their organisations. Nationally and internationally, the College has a vital role in representing the expertise of the psychiatric profession to governments and other agencies.

We are pleased to respond to this consultation.

Our response was approved by Dr Adrian James, College Registrar.

For further information please contact the Policy Unit on 0203 701 2541 or e-mail helen.phillips@rcpsych.ac.uk.
Royal College of Psychiatrists

Response to: Alcohol structures consultation

1. Do you agree that there is a case for a new still cider and perry band below 7.5% abv?

Yes.

The Royal College of Psychiatrists, independently and through our membership of the Alcohol Health Alliance and Scottish Health Action for Alcohol Problems has consistently called for action on the cheapest alcohol.

The consultation webpage succinctly outlines the complexity of the current excise duty system in both its structure and its regulation at UK and EU levels.

One result of this system is that stronger ciders have a disproportionately low rate of excise duty and this is directly reflected in their price, particularly in supermarkets and other stores in the off-trade sector.

Our members work with some of the heaviest drinking people in the UK though clinical work in Addiction and other mental health services. The research data quoted from Thames Reach and from the AHA budget submission showing the predominance of white cider in the consumption patterns of ill and homeless drinkers is no surprise to clinicians who hear of these products on a daily basis. There is a wealth of national and international evidence showing that alcohol consumption in individuals and populations is very strongly influenced by affordability¹, and our members’ experience is that the cheapness of these drinks is the reason for their popularity among the heaviest and sickest drinkers.

The Royal College of Psychiatrists (RCPsych) therefore strongly supports any measure which reduces the affordability of stronger ciders and relates their cost more closely to alcohol content.

2. Where do you think the lower threshold should be set? Please provide evidence to support your answer. We would also welcome any evidence about reducing the alcohol content of ciders.

A health-promoting alcohol pricing structure would involve the retail price of the product reflecting the alcohol content. A logical cider duty structure would be one where the duty increases steadily across the range of alcoholic strength rather than the current banding system.

This is particularly important for the cheaper end of the market and is the reason the RCPsych supports a Minimum Unit Price (MUP). What is needed is both duty

and MUP covering all alcohol products. This is the most effective (and cost effective) approach and is supported by the Sheffield model\(^2\).

While we understand that the current consultation is limited in its scope, we would like to emphasise our view that raising the duty on cider based on strength, while welcome, falls a long way short of this evidence-based recommendation.

The process of determining the lower threshold would be helped by better insights into the impact of alcohol strength and price on consumer attitudes and purchasing behaviours. There will be considerable information on this within the alcohol industry, but this is not in the public domain and we urge the Government to explore ways for this knowledge to be put to use in the public interest.

A lower threshold of 5.5% abv, meaning a higher tax band of 5.6-7.5% abv would be a useful initial step in differentiating the mid strength and higher products. To achieve a meaningful price difference between products below and above the lower threshold, the tax difference should be substantial.

Alcohol duties will need to be regularly updated to ensure the overall affordability of alcohol doesn’t fall. There are likely to be health benefits of the duty escalator\(^3\).

3. **In volume terms, how does the still cider market breakdown by strength in 0.1% abv increments?**

This is an important question and the lack of existing public data of this sort highlights a major problem. Understanding of the alcohol market and consumer behaviour is crucial to good alcohol policy, yet much of the relevant information is in the hands of retailers, producers and marketers and is not publicly available. Information of this type together with other key market data should be routinely available to researchers and policy makers. The government should ensure that appropriate independent research is commissioned to evaluate the impact of any proposed measures being introduced, using the data provided by the industry.

4. **We would welcome evidence on the impacts a new still cider and perry band could have. This includes, but is not limited to, the impacts on: (1) businesses, (2) consumers, and on (3) public health.**

**Public health**

The public health impacts of strong cider reflect those of alcohol generally. While many people drink at levels which present risk and cause harm, the heaviest


\(^3\) Sheron Nick, Gilmore Ian. Effect of policy, economics, and the changing alcohol marketplace on alcohol related deaths in England and Wales *BMJ* 2016; 353 :i1860
drinkers and their families experience the greatest levels of harm and, as noted above, strong cider is disproportionately consumed by the heaviest drinkers. Work in Scotland linking consumption patterns of alcohol dependent patients attending NHS general hospitals, predominately with liver disease and alcohol treatment services with sales data indicated that “most, if not all, customers of the cheap, strong cider industry are dependent, and possibly ill, drinkers.”

The impact of alcohol on public health is considerable; Public Health England (PHE) published an extensive evidence review in 2016. We would like to draw attention to the mental health impacts of alcohol. PHE found a significant association between heavy drinking and suicidal thoughts, attempted suicide and completed suicide. The National Confidential Enquiry into Suicide and Homicide by People with Mental Illness undertaken by the University of Manchester and commissioned by NHS England, NHS Wales and the Scottish and Northern Ireland Governments found that 45% of all suicide deaths in England, an average of 559 deaths per year, were in people with a history of alcohol misuse. The equivalent figure in Northern Ireland is 63%, in Scotland 58% and in Wales 49%. The Chief Medical Officer for England, Professor Sally Davies drew media attention to this association between alcohol and suicide following the launch of the CMOs’ Alcohol Guidelines Review in 2016.

Suicide is just one of the many impacts of alcohol on mental health, affecting people across all age groups. Alcohol’s effects on relationships, self-esteem, children in heavy drinking families, violence and offending all impact on public mental health. The effect of alcohol on brain structure and function at all life stages, from in utero to adolescence to old age represents a considerable burden of health harm.

A measure which reduces the affordability of the cheapest alcohol, a strategy which is supported by WHO, NICE, the UK Royal Medical Colleges, homelessness services and a wide range of other bodies, has the potential to reduce rates of alcohol harm and must be a high priority for improving public health, including public mental health, in the UK.

Consumers
Regarding the impact on consumers, it is important to understand that many of the heaviest drinkers, experiencing the greatest harm, are concerned about their situation and wish to reduce or cease their alcohol consumption. Their situation is similar to many cigarette smokers. For these consumers, a price increase which nudges them into a process of change, which could involve a treatment programme, is a positive development.

Because of the Minimum Price legislation in Scotland, there has been consideration of “unintended consequences” of price increases such as an increase in use of other intoxicants or a reduction in family income if heavy drinkers increase their spend on alcohol.

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5 The National Confidential Inquiry into Suicide and Homicide by People with Mental Illness. Making Mental Health Care Safer: Annual Report and 20-year Review. October 2016. University of Manchester
The balance of evidence is that use of other drugs, including tobacco, is complementary to alcohol rather than a substitute\(^6\). Consumers use alcohol along with other drugs, not instead of. Early evidence from Colorado\(^7\) shows that alcohol sales have increased following the legalisation of cannabis, further supporting the complementarity argument. Therefore the likely effect of increasing the price of cheap alcohol is a reduction in the use of other drugs.

There is limited evidence on the impact on family budgets and this will be evaluated if MUP is implemented in Scotland. Family charities and front line workers have, based on their experience, taken the view that cheap alcohol has a considerably negative effect on families and reducing access to this would be a benefit to the struggling families they support.

**Business**

Regarding the impact on business, we would limit our comments to observing that there has been a considerable shift towards home drinking, in particular by the heaviest drinkers, over the past 25 years in the UK. This change has been driven by the increasing price differential between the on and off trade. In general, a move towards home drinking can lead to higher consumption levels, increasing social isolation, a more negative impact on families and the loss of social controls which a well-run pub can offer and is therefore a negative trend for alcohol related harms.

Evaluation of the impact of changes is important. There was no formal evaluation of the innovative changes in UK beer duty structure in 2010 and this was a missed opportunity.

**5. Would a new band for still wine above 5.5% up to 8.5% abv encourage innovation in the lower strength wine market?**

This would move the duty system for wine a little closer to the optimum position for public health where the price on the shelf relates to the alcohol content of the product.

**6. We would welcome evidence on non-tax barriers to the growth of the lower-strength wine market.**

Evidence from producers, retailers and marketers on this issue would be an important step forward in further developing the understanding of the relationships between alcoholic strength, consumer attitudes, consumer behaviour and marketing. We strongly encourage Government to find ways for this industry knowledge to be made accessible to the wider alcohol policy field.

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\(^7\) https://www.colorado.gov/pacific/sites/default/files/Liquor%20Excise%20Tax%200515.pdf

https://www.theguardian.com/politics/2015/aug/31/alcohol-industry-sales-marijuana-colorado
There may be useful lessons from the UK beer market where there have been incentives for lower strength products. The low alcohol and alcohol-free sector appears to have developed much more in Western European countries other than those in the UK and industry insights into this would be useful.

7. We would welcome evidence on the current and future performance of the lower-strength wine and made-wine markets, including information on volumes sold.

See comments under Q6.

8. We would also welcome evidence on the practicalities of reformulation for wine and made-wine producers.

We have no response to this.

9. The government would welcome evidence on the impacts of introducing a new band on: (1) businesses, (2) consumers, and (3) public health.

Fiscal measures which move consumption to lower strength products will benefit public health. Developing an additional alcohol sector without reducing existing sectors would not be beneficial.

Independent evaluation of the introduction of a new wine duty band, examining sales data across various market sectors, would be essential.

10. If the government decides to introduce a new still wine band, should the new duty band also be applied to still made-wines?

Our comments are as for still wines. We believe that the distinction between still wines and made-wines is not well known by the public. It would be helpful to have examples of products which are classified as “made-wine.”

11. What impacts would a new still made-wine band have?

See response to Q9.

12. Do you think introducing a new still wine and made-wine band could create adverse incentives for producers to increase their alcohol strength of some of their drinks? If so, how large an effect would you expect this to be?

The risk would be that wines currently under 5.5% would have an incentive to increase strength to 8.5% or, more likely that new products, falling within the
wine or made-wine category, would be developed. The made-wine definition is a broad one⁸ and has the potential to be used to develop new types of industrially-produced alcoholic drinks. We commend the consultation in drawing attention to this category. As previously mentioned, there is a need for evaluation of the response of industry and consumers to any change in duty structure in order to identify any unintended consequences early.

We have seen in the cider category that products in the 5.5-8.5% abv range, sold in packages of 2 or 3 litres and at low prices, have the capacity to cause a great deal of harm. A 3 litre bottle of 8.5% wine would have an alcohol content very close to a 700ml of 37.5% vodka.

The key question is the cost per unit of alcohol. A new wine duty band must not become a way to sell substantial volumes of alcohol at low cost. The level of duty for the 5.5-8.5% band should be at a level to prevent this.

One of the major attractions of MUP is the simplicity of implementation and the reliability of its effect on shelf price. If MUP was in place, this would allow testing out of duty changes with a much-reduced risk of unintended consequences, such as those seen with cider since the 1990s where a low duty structure, intended to help the rural economy, was used to develop industrial scale production of product. This caused considerable harm to individuals and families.

13. Are there any other factors that the government should consider in relation to a new duty band for wine and made-wine?

On leaving the EU, the UK can introduce a new alcohol duty structure covering all products. This is a valuable opportunity to correct many of the anomalies which have developed.

The price of alcohol is a key determinant, probably the most important, of the extent of alcohol-related harm a community experiences.

It is essential that health and wider public interest groups are integral to the development of alcohol duty policy which the UK Government will be undertaking in the near future.

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⁸ Definition of made-wine. HMRC Excise Notice 163 (paragraph 2.1)
'Made-wine' means "liquor which is of a strength exceeding 1.2% and which is obtained from the alcoholic fermentation of any substance or by mixing a liquor so obtained or derived from a liquor so obtained with any other liquor or substance but does not include wine, beer, black beer, spirits or cider".