Response to HM Treasury’s consultation on alcohol structures

About the Royal College of Anaesthetists

- The Royal College of Anaesthetists (RCoA) is the professional body which ensures the quality of patient care through the maintenance of standards in anaesthesia, critical care and pain medicine across the UK.
- Anaesthesia is the UK’s single largest hospital specialty, playing a critical role in the care of two-thirds of all hospital patients.
- With a combined membership of over 21,500 fellows and members, including our Faculties of Intensive Care Medicine and Pain Medicine, the RCoA is the third largest Medical Royal College by UK membership.

The RCoA recognises the negative economic impact caused by alcohol-related health harms and the avoidable pressures these place on secondary care services and staff. This includes avoidable emergency admissions which can be coupled with anti-social behaviour – placing a further strain on hospital staff. We therefore welcome any measure which can mitigate the scale of alcohol-related health harms in the UK.

Our response has been adapted from content prepared by the Alcohol Health Alliance (AHA), of which the RCoA is a member.

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

We support the introduction of a new still cider and perry band below 7.5% abv. High strength ciders are the cheapest alcohol products per unit on the market. A 3-litre bottle can contain the equivalent of 22 shots of vodka. Cider of 7.5% ABV attracts the lowest level of duty of any alcohol product at any strength. For example, a 500ml can of cider at this strength generates 19p of duty - less than a third of the duty on a can of beer of equivalent size and strength (69p).

Evidence suggests that cheap, high strength cider has become the ‘drink of choice’ for harmful and dependent drinkers and homeless people who drink heavily, as well as underage drinkers. According to Thames Reach, which works with rough sleepers in London, “Super-strength drinks have become one of the biggest causes of premature death of homeless people in the UK, and our figures indicate that super-strength drinks are doing more damage than both heroin and crack cocaine”. 78% of the deaths in Thames Reach hostels are attributed to high strength alcohol.

Previous initiatives (e.g. the Responsibility Deal pledge and the requirement by Government for ciders to contain 33% juice) seems to have done little to reduce consumption of high strength ciders and there is now widespread support from public health organisations, politicians, members of the public and some industry leaders for a change in the duty structures for these products.
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.

We believe that the lower threshold of the new duty band should be set at 5.5% and that the new duty rate should be as wide as possible. The main aim of the new band should be to raise the price of cheap white cider to make it less affordable to harmful drinkers. In addition we would encourage HM Treasury to ensure that products in higher strength duty bands are always charged at a higher rate of duty than those in lower strength duty bands, so that increases in duties are consistent across all categories.

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

Access to this detailed market breakdown is not widely available. We support the establishment of new arrangements to enable the sharing on industry-held market data to improve policy development and regulatory decision making in this area.

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.

Harmful alcohol consumption comes at a major cost to public health, but also wider society. It accounts for over a million hospital admissions and 23,000 deaths in England each year, and accounts for 10% of the total UK burden of death and disease. Tasked with reviewing the burden of alcohol on wider society, a 2016 review from Public Health England found that 167,000 years of working life were lost to alcohol in 2015, more than the ten most frequent types of cancer combined. This comes at a social cost that has been estimated between £21 billion and £52 billion.

Raising the price of alcohol is widely recognised as one of the most effective ways to address alcohol harm. Targeting higher bands of duty on the strongest alcohol has worked in the past. The current top duty band for ciders is credited with shrinking the market for products above 7.5% abv from 20% in 1996 to less than 2% today. Similarly, the market for super-strength beer and lager in England and Wales declined by 23% in the two years following the introduction of a new, higher duty band for such products in 2011.

While a new band of cider duty could significantly reduce harmful drinking, it would be unlikely to have much effect on the vast majority of consumers. As noted above, relatively few mainstream ciders are stronger than 5.5% ABV – over 80% of the cider sold in the UK would be completely unaffected. Moreover, because mainstream high strength ciders are much more expensive than white ciders, a duty increase would have a smaller impact on the final retail price, since duty comprises a much smaller proportion of the total price.

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

In some Australian states tax incentives have contributed to the increase in popularity of lower strength beer. April 2015 market research indicated that there is a growing
appetite for lower alcoholic drinks in the UK. It is possible that a new band for lower strength wines could encourage producers to innovate in the lower strength market and which might result in a change in consumer behaviour toward substitution for lower strength products.

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

We have no evidence to provide in relation to this point.

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.

Monitoring and Evaluating Scotland’s Alcohol Strategy (MESAS) data indicates that 0.5% of all wine sold in England and Wales (0.4% in Scotland) in 2015 was ‘low alcohol’, though the precise definition of this category is unclear.

We note that the volume of made-wine between 1.2% and 5.5% sold has increased sharply in recent years, with the market growing by 117% between 2011/12 and 2015/16, compared to 18% for wine as a whole. This segment is increasingly significant, with made-wine sales amounting to 2.5 million hectolitres a year, compared to 12.9 million for grape wine.

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

We have no evidence to provide in relation to this point.

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

A 2016 review suggests that consumers switching from higher to lower strength products, while not increasing the volume of their consumption, is ‘implausible and largely theoretical’. There is also a danger that consumption of lower strength products is additive to, rather than substituting for, higher strength products. This means that the impact of a new duty band for lower strength wine is largely an unknown.

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

We have no evidence to provide in relation to this point.

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

We have no evidence to provide in relation to this point.
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?

We have no evidence to provide in relation to this point.

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

Care would need to be taken around the labelling of wines within any proposed new duty band. Labelling of these products as “low” alcohol wines, rather than “lower” alcohol wines, would be potentially misleading to consumers who may believe that they are drinking lower amounts of alcohol than they are, which could result in adverse health consequences. Nearly 30% of regular wine drinkers in the UK are not aware of the alcohol level in their typical bottle of wine.21

---

13 NHS Health Scotland (2016), op. cit.
14 Ibid.
17 NHS Health Scotland (2016), op. cit.
19 Ibid.
21 Wine Intelligence (2012), op. cit.