

## POLICY NOTE

### THE ALCOHOL (MINIMUM PRICE PER UNIT) (SCOTLAND) AMENDMENT ORDER 2024

SSI 2024/XXX

The above instrument was made in exercise of the powers conferred by paragraphs 6A(4) of schedule 3, and paragraphs 5A(4) of schedule 4, of the Licensing (Scotland) Act 2005<sup>1</sup>. The instrument is subject to affirmative procedure.

The purpose of this Order is to increase the minimum unit price, currently set at 50 pence per unit (ppu), to 65ppu.

#### Policy objectives

##### *Scale of the problem*

Alcohol-related harm continues to be one of the key public health challenges in Scotland. In 2021, there was enough alcohol sold in Scotland for every adult to drink 18.1 units of alcohol a week. This is the equivalent to around 36 bottles of spirits, or around 90 bottles of wine, per adult each year. This is nearly 30% more than the lower-risk UK Chief Medical Officers' guidelines of 14 units per week. Scotland has the highest alcohol-specific death rate in the UK, there were 1,276 alcohol-specific deaths in Scotland in 2022, and 35,187 alcohol-related hospital admissions in 2021/22.

The Scottish Government introduced minimum unit pricing (MUP) on 1 May 2018, which set the minimum price that a unit of alcohol can be sold for in Scotland at 50 pence per unit (ppu). The minimum unit price has remained at 50ppu since 2018.

##### *Scotland's Alcohol Strategy*

The Scottish Government's minimum unit pricing policy aims to reduce health harms caused by alcohol consumption by setting a floor price below which alcohol cannot be sold. In particular, it targets a reduction in consumption of alcohol that is considered cheap, relative to its strength. It aims to reduce both the consumption of alcohol at population level and, in particular, among those who drink at hazardous and harmful levels. In doing so, it aims to reduce alcohol-related health harms among hazardous and harmful drinkers and contribute to reducing harm at a whole population level.

People who drink at hazardous and harmful levels in lower socio-economic groups suffer greater harms than those who drink at these levels in higher socio-economic groups due to the impact of multiple drivers of health inequality. MUP is also intended to address alcohol-related health inequalities by reducing consumption and therefore harm among hazardous and

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<sup>1</sup> <https://www.legislation.gov.uk/asp/2005/16/contents>

harmful drinkers as a whole, having a positive effect on health inequalities given the greater harms people in lower socio-economic groups experience in relation to alcohol.

MUP is one of a range of population and individual level interventions set out in the Scottish Government Alcohol Framework<sup>2</sup> that together are intended to improve the prevention and treatment of alcohol-related harm in Scotland. There is a strong focus on reducing health inequalities and protecting children and young people from alcohol-related harm. In addition to the concluded review of Minimum Unit Pricing that underpinned the decision this Order will give effect to, other actions include consideration of appropriate next steps for alcohol marketing restrictions following the previous public consultation<sup>3</sup>; promoting the revised UK CMOs' lower-risk drinking guidelines; reviewing the Alcohol Brief Interventions programme to ensure it is as impactful as possible; continuing to prevent and reduce the harm caused by alcohol consumption in pregnancy through increased awareness of the risks, increased awareness of, and improved diagnosis and support for, Fetal Alcohol Spectrum Disorder.

On support and treatment, in 2023/24, the Scottish Government made £112.9 million available to Alcohol and Drugs Partnerships to support local and national treatment initiatives. The Scottish Government has been engaged in a UK-wide group on reviewing and updating clinical guidance for alcohol treatment, which has been consulted on<sup>4</sup>. The Scottish Government is also exploring the evidence in relation to the Managed Alcohol Programme.

### Why increase the minimum unit price to 65ppu?

MUP has been extensively evaluated by Public Health Scotland (PHS) who led a wide-ranging, comprehensive, review of MUP<sup>5</sup>. The evaluation comprised a portfolio of quantitative and qualitative studies across a number of areas including price and product range; alcohol sales and consumption; alcohol-related harm; and economic impact on the alcoholic drinks industry. Their final report found:

“Overall, the evidence supports that MUP has had a positive impact on health outcomes, namely a reduction in alcohol-attributable deaths and hospital admissions, particularly in men and those living in the most deprived areas, and therefore contributes to addressing alcohol-related health inequalities. There was no clear evidence of substantial negative impacts on the alcoholic drinks industry, or of social harms at the population level.”

The evaluation has shown that MUP at 50ppu has been effective in reducing alcohol-related harms. However, as time passes, its effectiveness is likely to decrease as the cash price level is eroded by inflation in real terms. The PHS evaluation final report referred to this as a

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<sup>2</sup> <https://www.gov.scot/publications/alcohol-framework-2018-preventing-harm-next-steps-changing-relationship-alcohol/>

<sup>3</sup> <https://consult.gov.scot/alcohol-policy/alcohol-advertising-and-promotion/>

<sup>4</sup> <https://www.gov.uk/government/consultations/uk-clinical-guidelines-for-alcohol-treatment#:~:text=Consultation%20description,treating%20people%20with%20alcohol%20problems.>

<sup>5</sup> <https://publichealthscotland.scot/publications/evaluating-the-impact-of-minimum-unit-pricing-for-alcohol-in-scotland-a-synthesis-of-the-evidence/>

consideration for policy-makers, highlighting, “the evaluation of MUP was conducted at 50ppu and, if MUP continues, it is likely benefits realised will only be maintained at similar levels if the value of MUP is maintained relative to the prices of other products”. The report also mentions that increasing the level of MUP would potentially increase the positive impact on consumption and harms, although any negative or harmful impacts might also increase.

The Scottish Government commissioned the University of Sheffield to model the impacts on consumption and associated health harms, along with industry revenues and tax receipts, of various MUP level scenarios relative to the impacts of 50ppu in 2019 shortly after minimum unit pricing was first introduced.<sup>6</sup> Using a widely recognised inflationary factor (Consumer Price Index with Housing Costs (CPIH)), 50ppu in 2019 prices is broadly the equivalent of 60ppu in 2023. All the MUP level scenarios from the modelling were also updated into 2023 prices to allow consideration of the impacts in the context of current prices. In addition to this, the following factors and evidence were taken into account in setting the preferred price:

- Affordability of alcohol
- Alcohol prices including price distribution
- Cost crisis
- Impact of Covid-19 restrictions on alcohol consumption and harms
- Covid recovery

Public Health Scotland’s “Scottish Burden of Disease” publication sets out that the disease burden in Scotland is forecast to increase by 21% over the next 20 years. Much of this increase is expected to be caused by non-communicable diseases, those that are generally more likely to be wholly or partly attributable to factors such as consumption of health harming products (tobacco, alcohol, illicit drugs), physical inactivity, obesity and diet.

Given the positive impact which evidence found for MUP at 50ppu, and taking into account the factors listed above, the Scottish Ministers decided the preferred price should seek to derive greater health benefits than the current level of 50ppu and consider 65ppu is estimated to achieve this. The minimum unit price is, therefore, to be increased to 65ppu as this is considered to strike an appropriate balance of achieving increased health benefits while minimising unnecessary interference in the market.

### EU Alignment Consideration

This instrument is not relevant to the Scottish Government’s policy to maintain alignment with the EU.

### Consultation

Throughout 2022 and 2023 the Scottish Government undertook significant engagement with industry and public health stakeholders on MUP including roundtables in summer 2022 and 2023. This informed the contents of the full public consultation published on 20 September

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<sup>6</sup> <https://sarg-sheffield.ac.uk/wp-content/uploads/2023/09/sarg-scottish-mup-report-2023.pdf>

2023 concluding on 22 November 2023. The number of responses received from individuals was 432, representing 79% of the total number received (545). The number of responses received from organisations was 113, representing 21% of the total number received.

All public health sector organisations, international organisations, non-health third sector organisations, academic bodies and local government bodies responding to the consultation agreed MUP should continue. A clear majority of most other sectors were also supportive, with only a small number of organisations opposed. However, 83 per cent of alcohol industry representative bodies and 60 per cent of producers were opposed to continuing the policy.

One third of respondents (32%) agreed with the proposed minimum unit price of 65 pence. Two thirds (66%) disagreed and 2 per cent did not answer. Individuals and organisations held almost exactly opposing views. While 79% of individuals disagreed and 19% agreed, among organisations 79% agreed and 17% disagreed.

### Impact Assessments

Consideration was given to the range of impact assessments available. After completing screening, it was concluded that the Strategic Environmental Assessment (SEA), and the Data Protection impact assessment (DPIA) were not required. There is no impact on sustainable development or data protection. Full assessments have, therefore, not been completed.

An Equalities impact assessment (EQIA)<sup>7</sup> has been carried out and found there is currently no evidence to suggest that an increase in minimum price to 65ppu would have a direct differential impact on any of the protected characteristics under the Equality Act 2010. It is expected that the policy will continue to have a positive impact across the Scottish population by reducing alcohol consumption amongst those who drink to hazardous and/or harmful levels and, in turn, reducing health harms. The increase in price is expected to lead to increased positive effects of the policy than at the current price of 50ppu, i.e. older age groups and men, who consume higher than average amounts of alcohol, are likely to experience increased positive effects than groups who tend to consume less alcohol. There is no impact of the policy on equal opportunities.

As alcohol is an age-restricted product and children and young people should not be able to purchase it legally, children and young people were not the intended group for MUP to impact. However, a Child Rights and Wellbeing Impact Assessment (CRWIA)<sup>8</sup> has been carried out for the increased minimum price of 65ppu. The PHS evaluation<sup>9</sup> concluded that it is not possible to say whether children and young people in families affected by alcohol use were positively or negatively affected at a MUP of 50ppu. We consider the impact of 65ppu on children and young people is unlikely to be significantly negative. The policy will continue to be monitored and reviewed periodically in line with best practice.

A Fairer Scotland Duty assessment<sup>10</sup> was carried out. The evaluation of the MUP policy at 50ppu found that MUP has reduced alcohol-attributable health harms and “has evidenced that

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<sup>7</sup> <https://www.gov.scot/isbn/9781835213872>

<sup>8</sup> <https://www.gov.scot/isbn/9781835213858>

<sup>9</sup> <https://publichealthscotland.scot/publications/evaluating-the-impact-of-minimum-unit-pricing-for-alcohol-in-scotland-a-synthesis-of-the-evidence/>

<sup>10</sup> <https://www.gov.scot/isbn/9781835213902>

MUP has acted to reduce deprivation-based inequalities in alcohol-attributable health harms.”<sup>11</sup> At a MUP of 50ppu, estimated reductions of deaths wholly attributable to alcohol consumption, compared to what would have happened in the absence of MUP, were greatest among the four most socio-economically deprived area-based deciles.

There is some qualitative evidence of negative health and social consequences at an individual level, particularly for those with alcohol dependence who are financially vulnerable. Those that are classed as dependent drinkers fall within the extreme end of the harmful drinking category. Given the clinical needs of this particular group of dependent drinkers, MUP alone was not intended as a key intervention to address the needs of this group. Those with alcohol dependence are a specific group and need timely and evidence-based treatment and wider support that addresses the root cause of their dependence. The Scottish Government is working in partnership with key stakeholders, including voices of lived experience, to review the treatment and support services available for those with problem alcohol use. It is considered that there would be a similar impact at the increased price of 65ppu. The policy will continue to be monitored and reviewed periodically in line with best practice.

An Island Communities Impact Assessment (ICIA)<sup>12</sup> was carried out and concluded that our MUP policy is not likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities).

In carrying out the range of impact assessments and in developing the policy, human rights have been considered throughout.

### *Financial Effects*

A Business and Regulatory Impact Assessment (BRIA)<sup>13</sup> has been completed. The key sources of evidence to estimate the impact of MUP at an increased price of 65ppu are: the Public Health Scotland evaluation of the policy for the period following its introduction at 50ppu in 2018<sup>14</sup>; the Scottish Ministers’ report on the operation and effect of MUP at 50ppu<sup>15</sup>; and the updated modelling from the University of Sheffield which modelled the potential impact of amending the price level of MUP<sup>16</sup>. The driver for the continuation of MUP at an increased price remains the protection and improvement of public health.

The evaluation of MUP found there to be no strong evidence of adverse impact to the alcoholic drinks industry as a whole from the introduction of the policy. The evaluation found that the impacts of the policy at 50ppu were not felt uniformly across the industry. Products which experienced the greatest price increase (such as cider, perry and own-brand

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<sup>11</sup> <https://publichealthscotland.scot/media/18509/evaluating-the-impact-of-alcohol-minimum-unit-pricing-mup-on-alcohol-attributable-deaths-and-hospital-admissions-in-scotland-english-march2023.pdf>

<sup>12</sup> <https://www.gov.scot/isbn/9781835213896>

<sup>13</sup> <https://www.gov.scot/isbn/9781835219782>

<sup>14</sup> <https://publichealthscotland.scot/publications/evaluating-the-impact-of-minimum-unit-pricing-for-alcohol-in-scotland-a-synthesis-of-the-evidence/>

<sup>15</sup> <https://www.gov.scot/publications/alcohol-minimum-pricing-scotland-act-2012-report-operation-effect-minimum-pricing-provisions-2018-2023/>

<sup>16</sup> <https://sarg-sheffield.ac.uk/wp-content/uploads/2023/09/sarg-scottish-mup-report-2023.pdf>

spirits) generally experienced the greatest reduction in sales. Among retailers, an overall increase in the value of off-trade alcohol sales was seen, with increases in retail price found to have offset the decline in volume sales. While a reduction in producers' revenues was observed, this was considered in qualitative interviews to be minor.

Sheffield University modelling considered the potential effects of a range of minimum unit prices both in terms of retailer revenues, but also on expected public health benefits. Additional analysis in the BRIA considered the latest price distribution in the off-trade and potential market impacts in terms of the share of alcohol sold below different unit price points. Ministers have given this modelling work due consideration as part of arriving at a decision and believe that 65ppu strikes the appropriate balance between achieving their public health aims and minimising market interference and business impacts. It is expected that those products which experience the greatest increase in price will experience the greatest reduction in sales – as the PHS evaluation suggests was the case when MUP was set at 50ppu. Certain product categories and individual products may be significantly impacted by the price increase (including some which were not significantly impacted at a minimum price of 50ppu), while others are unlikely to experience much, if any, impact. This is an inevitable consequence of a policy which targets cheap alcohol with the aim of reducing consumption.

With MUP being a price based policy, the scale of these analytical challenges has been amplified by the pace of inflation over the previous two years during the cost of living crisis. The modelling underpinning a number of the impacts of MUP from the University of Sheffield has necessarily had to be interpreted and presented following adjustments for inflation. However, price changes across different goods and services have not been uniform, and their impacts have been felt differently across households. Results should therefore be considered in the context of increased uncertainty.

While acknowledging the uncertainties, it is clear that the economic and social benefits from the reduction in health harms are significant. In terms of the potential impact from MUP, this is demonstrated in the results from the PHS evaluation estimating the benefits in monetary terms of the estimated reduction in mortality and hospitalisations brought about by MUP. While accepting the limitations set out in the BRIA, based on the evidence available following the introduction of MUP, it is challenging to foresee a situation in which the costs could outweigh these benefits which an increase in price to 65ppu which is likely to achieve, in particular the further increased in reductions in alcohol-related health harms.

Scottish Government  
Directorate for Population Health  
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