IMPACT CASE STUDIES WINTER 2017/18

<table>
<thead>
<tr>
<th>Name of Academic(s)</th>
<th>Short title of case study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prof Anna Gilmore, Dr Rob Branston, Dr Rosemary Hiscock</td>
<td>Introduction of Minimum Excise Tax (MET) on Tobacco by Her Majesty’s Treasury in 2017</td>
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</tbody>
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Summary of the impact (to be) achieved

Our research on tobacco industry pricing of cigarettes, published in 2013, recommended the introduction of a minimum excise tax (MET) on tobacco. This led to the April 2014 Budget announcing that it would consult on a MET. This consultation, run by Her Majesty’s Treasury (HMT), cited and directly reproduced our work. The 2016 Budget then announced the introduction of a MET via the 2017 Finance Bill with a MET on tobacco introduced in May 2017.

This policy change has the potential to reduce smoking rates significantly, particularly among the young and least well off. This in turn will lead to significant health benefits and a reduction in health inequalities, of which smoking is the leading cause.

This led to us winning two very significant follow-on research grants from NIHR, to update our findings and expand them from cigarettes to roll-your-own tobacco and also to alcohol. This follow-up work may lead to further changes in tobacco tax policy, which could then be included in the case study. The work has been imitated in other jurisdictions and may help inform policy change elsewhere.

Underpinning research

As part of an EU FP7 project (2009-2012), we undertook some of the first research on tobacco industry pricing globally. This showed:

(a) how the tobacco industry in the UK was undermining the intended public health impacts of tobacco tax policy via its pricing strategy. It was absorbing tax increases on its cheapest products so they were not transferred to smokers and the prices of these products were not therefore increasing in real terms. Simultaneously, the tobacco industry was overshifting taxes onto other products in order to increase its profits, thereby widening the gap between the most and least expensive products;

(b) that the young and the poor were most likely to use these cheap tobacco products and that the industry’s pricing practices were therefore likely to be driving inequalities in smoking;

(c) despite its claims that tobacco tax increases were driving illicit trade, the tobacco industry was in fact increasing its prices over and above government tax increases and that approximately 50% of the overall price increase in tobacco was due to tobacco industry price rises. This suggested the industry did not believe its own claims that price increases were driving the illicit trade. This also highlighted, alongside our work showing the immense profitability of the tobacco industry, that there was scope for further tax increases.

Collectively these findings enabled government to identify the problem, the impacts it was having particularly on the poor and the young, and conclude that, contrary to tobacco industry claims, it was possible to do something via changes to tobacco tax policy without increasing the illicit tobacco trade.

Research publications

1. Gilmore A, Sweanor D, Branston R. The case for OFSMOKE: how tobacco price regulation is needed to promote the health of markets, government revenue and the public. Tob Control
2. Branston R, Gilmore A. The case for OFSMOKE: the potential for price cap regulation of tobacco to raise £500M per year in the UK. *Tob Control* 2014;23:45-50 Published Online First:14 January 2013 doi:10.1136/tobaccocontrol-2011-050385. [http://tobaccocontrol.bmj.com/content/23/1/45.abstract](http://tobaccocontrol.bmj.com/content/23/1/45.abstract)


5. Gilmore A, Reed H. The truth about cigarette price increases in the UK. *Tob Control* 2014 May;23(0): e15–e16. doi: 10.1136/tobaccocontrol-2013-051048.


**Follow-up NIHR Research Grants**


**Follow up publications** from these NIHR grant (anticipate these will lead to further policy changes)


**Activities undertaken to secure impact**

1. Press released research.

2. AG presented research findings to HMRC, HMT and DH civil servants prior to publication at a meeting held in HMT (1/11/11) and at subsequent meetings with HMT staff working on tobacco taxes (eg 17/10/13; 10/10/16).

3. From 2012 onwards AG summarised the research findings and the relevant policy recommendations in the annual Budget submissions prepared by ASH and the UK Centre for Tobacco Control Studies (UKCTCS, later the UK Centre for Tobacco and Alcohol Studies, UKCTAS) of which we were part. These submissions drew extensively on our research and consistently recommended introduction of a MET. For example, the 2012 submission cited 6
of our papers, 3 of which were in press; the 2013 submission cited 6 papers including one in progress; 2014 cited 7 papers including some in press. These submissions were endorsed by up to 80 other public health organisations including the Royal College of Physicians, the Royal College of General Practitioners, Royal College of Radiologists, British Heart Foundation, British Lung Foundation, Cancer Research UK, Faculty of Public Health etc.


5. AG and colleagues met annually with Budget Minister & his/her staff prior to the annual budget to present our research findings and policy recommendations. (31/1/12; 5/2/13 (TBC); 6/2/14)

6. AG & RB presented our research findings (AG on price, RB on profits) in person to the All Party Parliamentary Group on Smoking and Health Inquiry to the 2015 Comprehensive Spending Review recommending a MET/MCT. The emergent report (file:///C:/Users/abcg20/Downloads/ASH_977.pdf) detailed our work and cited 6 of our papers.

7. AG (as part of UKCTAS) was a member of the Illicit Tobacco Partnership https://www.illicit-tobacco.co.uk/us/partners-2/ and was able to promote findings via that group and present research findings at ITP meetings. This helped partners, including HMRC (government lead for illicit) better understand the research and its policy implications.

8. Presented work at key conferences, eg:
   - Social Science and Medicine Conference, Brighton, UK September 2013. *How a detailed understanding of industry activities can inform public health policy: the example of cigarette pricing in Britain.* Gilmore A.

**Impact achieved or foreseen**

Impact is being achieved at multiple levels:

- Using our research to improve the understanding of pricing and taxing of tobacco products held by public health actors and policy makers
- Using our research to expose and undermine the false claims being made by the tobacco industry
industry

- Feeding directly into government legislation and the Treasury Finance Bill
- Shifting tax policy in ways that will reduce smoking among the young and less well off – and which will thereby contribute to reducing health inequalities
- Stimulating similar research and policy shifts in other jurisdictions around the world.

Further impacts are anticipated during the period until 2020, in part through the new NIHR grants listed above.

Sources to corroborate this impact

1. 2014 Budget:  

2. The MET Consultation reproduced our work:  
   [https://www.gov.uk/government/consultations/minimum-excise-tax/minimum-excise-tax]
   The consultation states: “This section is based on the analysis contained in: Gilmore et al “Understanding ....” Graph 1A is a replication of Figure 2 in Gilmore et al (2013)....... Further detail on the data series are available in Gilmore et al (2013)”

3. Finance Bill introducing MET:  
   [https://www.gov.uk/government/publications/minimum-excise-tax/minimum-excise-tax]

4. UKCTAS progress report citing impacts:  

5. ASH/UKCTAS/UKCTAS annual budget submissions, 2012 onwards (see ASH website)

6. Email from ASH 20/3/14 after Budget announced consultation on MET: Comment from ASH “I’m sure your analysis of industry pricing strategies had a big impact.” & similar other emails.

7. Press releases and press coverage including  
   [http://www.theguardian.com/society/2015/apr/05/smoking-lost-cool-west-globally-growing-habit-tobacco-ban](http://www.theguardian.com/society/2015/apr/05/smoking-lost-cool-west-globally-growing-habit-tobacco-ban) ;  
   [https://tabaknee.email-provider.nl/web/vvxsefzt4r/jhjn4jzzcc/vl278co9j3/w9fvjeb7pr](https://tabaknee.email-provider.nl/web/vvxsefzt4r/jhjn4jzzcc/vl278co9j3/w9fvjeb7pr)