

Model-based appraisal of the potential effects of minimum pricing for tobacco in Scotland: Summary report

Key messages

In the 2023 Tobacco and Vaping Framework, the Scottish Government committed to reviewing potential levers on price as a tool to reduce appeal of tobacco products.

Public Health Scotland commissioned the University of Sheffield to assess the potential effectiveness of minimum pricing for tobacco to help Scotland achieve its goal of becoming “tobacco-free” by 2034.

Introducing a minimum price for tobacco in Scotland, alongside the UK Government’s excise tax increases, would prevent the tobacco industry from legally selling products below the minimum price threshold. This could discourage young people from starting to smoke and motivate current smokers to consider quitting.

Combining minimum pricing with tax increases would reduce the ability of smokers to switch to cheaper tobacco options, enhancing the public health benefits of tobacco tax increases in Scotland.

Strengthening measures to tackle the illicit tobacco trade is essential to ensure the full impact of tax increases and minimum pricing.

Expanding access to smoking cessation services is critical to support smokers in quitting and reduce the potential financial burden of rising tobacco prices.

Additional measures, such as capping tobacco wholesale prices to limit industry profitability and implementing retailer licensing fees, could be considered as part of a comprehensive tobacco control strategy.

This report models the potential impact of integrating minimum pricing into Scotland's broader tobacco control policies. It finds that the impact of minimum pricing for tobacco is greater among people living in the most deprived areas.

This document summarises the following report:

Gillespie D, Morris D, Angus C, Wilson L, Chen RKL, Leeming G, Holmes J, Brennan A. Model-based appraisal of the potential effects of minimum pricing for tobacco in Scotland. Edinburgh: Public Health Scotland; 2024.

Introduction

Public Health Scotland commissioned the University of Sheffield to assess the potential effectiveness of minimum pricing for tobacco to reduce smoking rates and improve health in Scotland. A minimum price policy for tobacco would set a price threshold below which tobacco could not legally be sold in Scotland.

The research team used the Sheffield Tobacco and Alcohol Modelling Platform to simulate the effects of different minimum price thresholds on tobacco purchasing, smoking behaviour and on health and economic outcomes.

They estimated the impact of five different minimum price thresholds on smoking rates, tax revenue, retailer income, and public health. Hand-rolling tobacco is the cheapest form of legal tobacco. For this product, the researchers assumed that each hand-rolled cigarette contains 0.5 grams of tobacco.

A minimum price of 40 or 50 pence per cigarette would only affect hand-rolling tobacco, raising the cost of 100 grams of tobacco to £80 and £100, respectively (£24 and £30 for a 30g pack). However, minimum prices of 60, 70, and 80 pence per cigarette would impact both hand-rolling tobacco and factory-made cigarettes, increasing the price of a 20-pack of factory-made cigarettes to £12, £14, and £16, respectively.

They also examined the issue from the UK Government's perspective, comparing the effects of setting a minimum price for tobacco to continued tax increases, focusing on revenue impacts for both the tobacco industry and the UK Government from tobacco sales.

This summary outlines the key findings and considerations identified in the report.

Key findings

Impact on smoking rates

Minimum pricing could be effective in reducing smoking rates. Raising the price of the cheapest tobacco through minimum pricing could reduce smoking rates, particularly among disadvantaged groups. Estimates are that:

- Implementing a 40 pence minimum price in 2024 would result in 4,297 fewer people who smoke.
- Implementing a 50 pence minimum price in 2024 would result in 10,312 fewer people who smoke.
- Implementing a 60 pence minimum price in 2024 would result in 16,327 fewer people who smoke.
- Implementing a 70 pence minimum price in 2024 would result in 26,209 fewer people who smoke.
- Implementing an 80 pence minimum price in 2024 would result in 39,958 fewer people who smoke.

Our presentation of health and economic impacts focuses on the effects of the 60 pence minimum price. The model estimates that some people will quit smoking, while those who continue will reduce the amount they smoke. With a minimum price of 60 pence, it was estimated that weekly spending on tobacco for those who continue smoking would rise by £7.21 on average.

Inequalities

The table illustrates the potential decrease in the number of smokers after introducing various minimum pricing thresholds. The impact is greater among people living in the most deprived areas.

		Scottish Index of Multiple Deprivation rank				
	Whole Scottish population	1 (least deprived)	2	3	4	5 (most deprived)
Number of people who smoke in 2024 before the introduction of minimum pricing	610,110	69,850	78,858	102,414	148,080	210,908
Percentage of people who smoke in 2024 before the introduction of minimum pricing	14.2%	7.5%	8.8%	12.0%	18.3%	26.6%
Number of fewer people who smoke following the introduction of a 40 pence minimum threshold	4,297	559	538	853	890	1,506
Number of fewer people who smoke following the introduction of a 50 pence minimum threshold	10,312	1,211	1,255	1,963	2,185	3,727
Number of fewer people who smoke following the introduction of a 60 pence minimum threshold	16,327	1,863	2,061	3,158	3,399	5,788
Number of fewer people who smoke following the introduction of a 70 pence minimum threshold	26,209	2,887	3,226	4,950	5,664	9,277
Number of fewer people who smoke following the introduction of an 80 pence minimum threshold	39,958	4,284	5,108	7,340	8,982	14,193

Impact on health

Minimum pricing would lead to health benefits. Minimum pricing could reduce smoking-related deaths, hospital admissions, and healthcare costs, with the greatest benefits seen in deprived areas.

- A 60 pence minimum price is projected to prevent 285 deaths and add 6,792 years of life to the Scottish population by 2034, with a greater impact on reducing death rates in more deprived communities.
- The model predicts that a 60 pence minimum price could prevent 1,467 hospital admissions by 2034, saving the NHS in Scotland around £1.2 million over five years and £2.7 million by 2034.

Impact on industry and government revenue

Minimum pricing increases revenue for the tobacco industry and reduces UK Government tax revenue from tobacco. Compared to an equivalent increase in tobacco excise tax, minimum pricing for tobacco leads to higher revenue for the tobacco industry and a larger reduction in UK Government tax revenue.

Policy considerations

Implementing a minimum price for tobacco in Scotland has significant potential benefits, but it is important to consider several factors to ensure its effectiveness and manage any unintended consequences. Key policy considerations are:

- **Combining minimum pricing and excise tax increases:** Implementing both policies could raise tobacco prices across all product categories, reduce industry profits, and increase tax revenue. It would also prevent the tobacco industry from keeping the cheapest tobacco easily affordable despite tax increases.
- **Addressing illicit tobacco:** Strengthening efforts to combat illicit tobacco trade is crucial to maximise the impact of price-based interventions.
- **Supporting people who smoke to quit:** Increasing access to smoking cessation services is vital to help people who smoke quit and mitigate the potential economic effects of rising tobacco prices.
- **Exploring alternative policy options:** Options like capping tobacco wholesale prices (to limit tobacco profitability to the tobacco industry) and implementing retailer licensing fees could be considered alongside minimum pricing and excise tax increases.

Conclusion

The implementation of a minimum price for tobacco products in Scotland has the potential to reduce smoking rates and improve public health. By setting a minimum price, the Scottish Government could effectively remove cheap tobacco products from the market, limiting the tobacco industry's ability to maintain affordable prices.

However, it is important to note that minimum pricing would generate additional revenue for the tobacco industry. This could be mitigated by additional policy approaches such as combining minimum pricing with tobacco tax increases, retailer licensing fees or wholesale price caps.

If Scotland were to introduce a minimum price for tobacco alongside excise tax increases introduced by the UK Government, this would ensure that the tobacco industry cannot maintain cheap tobacco products below the minimum price threshold in Scotland.