

# The Standardised Packaging of Tobacco Products Regulations 2015

<b>Lead department</b>	Department of Health and Social Care
<b>Summary of measure</b>	This measure introduced a requirement for standardised packaging of cigarettes and hand rolling tobacco in the UK. The primary objective of the policy was to discourage people from smoking by reducing the appeal of tobacco products.
<b>Submission type</b>	Post-implementation review (PIR)
<b>Implementation date</b>	20 May 2016
<b>Department recommendation</b>	Retain
<b>RPC reference</b>	RPC-DHSC-5127(1)
<b>Opinion type</b>	Formal
<b>Date of issue</b>	17 December 2021

## RPC opinion

<b>Rating<sup>1</sup></b>	<b>RPC opinion</b>
<b>Fit for purpose</b>	The RPC considers the PIR to be fit for purpose and proportionate to the scale of impact. The PIR used a range of evaluation methods, including external research and stakeholder consultation, to provide an evidence-based evaluation. It is well-structured and provides sufficient evidence to support retaining the regulations.

## RPC summary

<b>Category</b>	<b>Quality</b>	<b>RPC comments</b>
Recommendation	<b>Green</b>	The PIR presents a well-structured evaluation of the regulations, including a discussion on the extent to which the policy objectives have been met, based on health and economic indicators. The

<sup>1</sup> The RPC opinion rating is based on whether the evidence in the PIR is sufficiently robust to support the departmental recommendation, as set out in the [better regulation framework](#). The RPC rating will be fit for purpose or not fit for purpose.

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		<p>PIR also explains that the policy objectives remain relevant and that regulations are still required. The Department's recommendation to retain the regulation is supported by sufficient evidence and is proportionate to the scale of policy impact.</p>
<p>Monitoring and implementation</p>	<p><b>Satisfactory</b></p>	<p>The PIR uses a range of qualitative and quantitative data to inform the evaluation. It also tests the actual impacts against the estimates in the original impact assessment (IA). The PIR explains that the baseline in the IA was revised down due to improved evidence on smoking prevalence and tobacco clearance rates. The PIR adequately considers how the baseline adjustment has lowered the actual costs and benefits attributed to the regulations, and how this affects the net present value (NPV) and equivalent net annual direct cost to business (EANDCB). The PIR would benefit from evaluating the representativeness and robustness of the evidence base.</p>
<p>Evaluation</p>	<p><b>Satisfactory</b></p>	<p>The PIR concludes that the regulations remain necessary to continue protecting people from the harms of tobacco and that compliance with the regulations is high. The PIR has not identified any refinement opportunities and provides sufficient explanation that any further amendment to the regulation would result in higher costs to business. The PIR would benefit from further consideration of wider impacts and setting out a plan to monitor the long-term impacts of the regulations.</p>

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## Summary of proposal

The Standardised Packaging of Tobacco Products Regulations 2015 (SPoT), which came into force in May 2016, introduced a requirement for standardised packaging of cigarettes and hand rolled tobacco offered for sale in the UK. The regulations also required the tobacco product labelling to convey specific information and limited the portrayal of cigarettes on packaging. The objectives of the SPoT regulations were to:

- improve public health by discouraging young people from taking up smoking;
- support quitting among smokers who want to quit; and
- help people who have quit smoking to avoid a relapse.

The regulations are required to be evaluated within five years of coming into force due to the SPoT review clause. The Department explains that the five-year period is insufficient to evaluate long-term impacts, such as reducing lung cancer prevalence. Therefore, the evaluation is focused on the regulations' short and medium-term impacts.

The PIR evaluates the extent to which the policy objectives have been met, whether any unintended consequences arose and whether the objectives could be achieved in a less burdensome way. This PIR is being reviewed in parallel to the PIR for the Tobacco and Related Products Regulation 2016 (TRPR).

## Linkages between SPoT and TRPR

The RPC notes the common evidence base that has been used to support not only this PIR covering SPoT, but also the Department's other PIR currently under scrutiny covering TRPR. Notwithstanding the shared evidence base and the closely related policy objectives, the RPC believes there is a sufficient distinction between the subjects of the PIRs to be able to assess them on their own merits.

## Recommendation

The recommendation of the PIR is to retain the regulations. The PIR concludes that the SPoT regulations have contributed to the overarching policy objectives without producing significant unintended consequences and that those objectives could not be better achieved through alternative measures. This recommendation appears to be supported by evidence gathered from a sufficiently wide range of stakeholders. The monitoring and evaluation process used is explained below.

## Monitoring and implementation

The RPC considers the monitoring and implementation to be sufficient. The PIR uses a range of qualitative and quantitative data to evaluate the policy effectiveness, including literature review, externally commissioned research, and a public consultation. In addition, the PIR also uses international evidence to support the analysis, such as Australia's PIR on standardised tobacco packaging. However, the PIR could be strengthened by expanding its international comparison to other

countries which have implemented similar regulations and how effective those measures have been in reducing smoking prevalence. The PIR would be strengthened by discussing the extent to which the regulations have reduced smoking incidence.

#### *Representativeness of the evidence base*

Although the PIR appears to be informed by a wide range of evidence sources, it would benefit from evaluating the representativeness of the data and whether views from all affected stakeholders have been captured. For example, the public consultation does not appear to include the views of tobacco wholesalers, which were expected to bear significant costs from the regulations. Therefore, the PIR would benefit from discussing whether there are any evidence gaps and what potential improvements could be made to address these gaps (if any) in the future.

#### *Consultation response*

The PIR helpfully summarises the consultation response (pages 31-42). However, there does not appear to be a clear consensus on several questions in the consultation. For example, 28% of respondents agreed that the SPoT regulations have been an effective way to protect young people from taking up smoking while 34% disagree. The PIR would benefit from exploring further these mixed responses.

Some respondents to the consultation felt that certain questions were not specific enough to gather detailed feedback. For example, “how far do you agree or disagree that there has been an economic impact of SPoT, either positive, negative or both?” (page 36). The PIR would benefit from evaluating whether the consultation questions were detailed enough to elicit sufficiently robust data.

## **Evaluation**

#### *Unintended consequences*

The PIR provides a sufficient evaluation of the regulations. The PIR sets out the operational objective of standardising tobacco packaging and explains that the objectives have been met without significant unintended consequences. The PIR provided some evidence to suggest that down-trading (reduced consumer spending on tobacco products, resulting in lower prices and a net increase in consumption) did not occur. The PIR presents evidence to support that the price of tobacco has not fallen and that tobacco manufacturers’ profit has not increased. In particular, the PIR estimates the manufacturer profit loss from downtrading to be £1.3m. In addition, the PIR explained that, based on HMRC tobacco tax data, they found no evidence to suggest an increase in illicit trade due to standardised packaging. The PIR would be improved by clarifying the counterfactual used to estimate the tax and profit loss due to downtrading and illicit trade.

The PIR would benefit from having a clearer unintended consequences section and aligning this analysis with any relevant findings from the consultation and interviews that the Department undertook to support this review.

### *Wider impacts*

The PIR provides a sufficient discussion of how the regulations have affected smoking prevalence and the structure of the tobacco market. However, it would also benefit from discussing the potential wider impact of the regulations on other markets, such as the e-cigarette market, which are not required to use standardised packaging. In particular, these wider impacts would include the potential economic and health impacts of consumers substituting e-cigarettes for tobacco products as a result of the greater attractiveness of e-cigarette packaging.

### *Comparison with original estimates and assumptions*

The PIR compares the actual costs and benefits of the policy and compares it to the original estimates. It explains that the baseline used in the IA was revised down due to updated data on smoking prevalence and tobacco clearance rates. For example, smoking prevalence rate fell much faster than estimated in the IA. Therefore, the monetised costs and benefits of the regulations are estimated to be lower than the IA's estimates. The regulations, when introduced, were expected to have an EANDCB of £36.8m; this figure has now been revised down to £32m. The PIR explains that, despite the baseline adjustment, the benefits of the regulations still outweigh the estimated costs.

While the PIR has adjusted the baseline based on updated assumptions on smoking prevalence and tobacco clearance, it would be improved by revisiting other assumptions made in the original IA and evaluating whether they remain appropriate. In addition, it would also benefit from separating how the revised baseline affects the ongoing and one-off costs to business.

### *Small and micro business assessment*

The PIR discusses the impacts on small and micro businesses (SMBs), drawing upon evidence from research the Department commissioned. The research suggests that although SMBs (46%) constitute a large proportion of businesses impacted, the actual impacts on them have been limited because the sale margins on tobacco products are relatively small, and SMBs have diversified enough to limit the loss in profits. The PIR could be improved by quantifying the impact on SMBs and considering whether it has been disproportionate.

### *Future monitoring and evaluation*

The PIR would benefit from setting out a monitoring and evaluation plan to capture the long-term impacts of the policy, including how effective the regulations have been in decreasing smoking incidence and the prevalence of smoking-related adverse health impacts.

For further information, please contact [regulatoryenquiries@rpc.gov.uk](mailto:regulatoryenquiries@rpc.gov.uk). Follow us on Twitter [@RPC\\_Gov\\_UK](https://twitter.com/RPC_Gov_UK), [LinkedIn](#) or consult our website [www.gov.uk/rpc](http://www.gov.uk/rpc). To keep informed and hear our views on live regulatory issues, subscribe to our [blog](#).