

Trends in the affordability of alcohol in the UK.

Indices of alcohol price, retail prices, alcohol price index relative to retail prices index (all items), real households' disposable income, and affordability of alcohol, United Kingdom, 1980 to 2007

United Kingdom	Indices (1980 = 100)				
	Alcohol price index	Retail prices index (all items)	Alcohol price index relative to Retail price index (all items)	Real households' disposable income	Affordability of alcohol index ¹
1980	100.0	100.0	100.0	100.0	100.0
1981	116.9	111.9	104.5	99.5	95.2
1982	130.2	121.5	107.2	99.2	92.5
1983	140.0	127.1	110.1	101.2	91.9
1984	148.1	133.4	111.0	105.0	94.6
1985	157.4	141.5	111.2	108.6	97.6
1986	164.5	146.3	112.4	113.0	100.6
1987	171.2	152.4	112.3	117.2	104.3
1988	179.9	159.9	112.5	123.6	109.9
1989	190.1	172.3	110.3	129.4	117.4
1990	208.4	188.6	110.5	133.8	121.1
1991	234.3	199.7	117.3	136.5	116.4
1992	249.4	207.2	120.3	140.5	116.7
1993	260.4	210.5	123.7	144.2	116.6
1994	266.7	215.6	123.7	146.3	118.3
1995	276.8	223.1	124.1	150.1	121.0
1996	284.8	228.4	124.7	153.7	123.3
1997	292.7	235.6	124.2	159.5	128.4
1998	302.7	243.7	124.2	161.9	130.3
1999	310.6	247.4	125.5	166.4	132.5
2000	315.4	254.8	123.8	173.8	140.4
2001	322.0	259.3	124.2	181.3	145.9
2002	329.3	263.6	124.9	184.4	147.6
2003	336.3	271.2	124.0	188.9	152.3
2004	342.8	279.3	122.7	192.1	156.5
2005	349.6	287.2	121.7	197.7	162.5
2006	358.0	296.4	120.8	199.5	165.1
2007	368.6	309.1	119.2	202.0	169.4

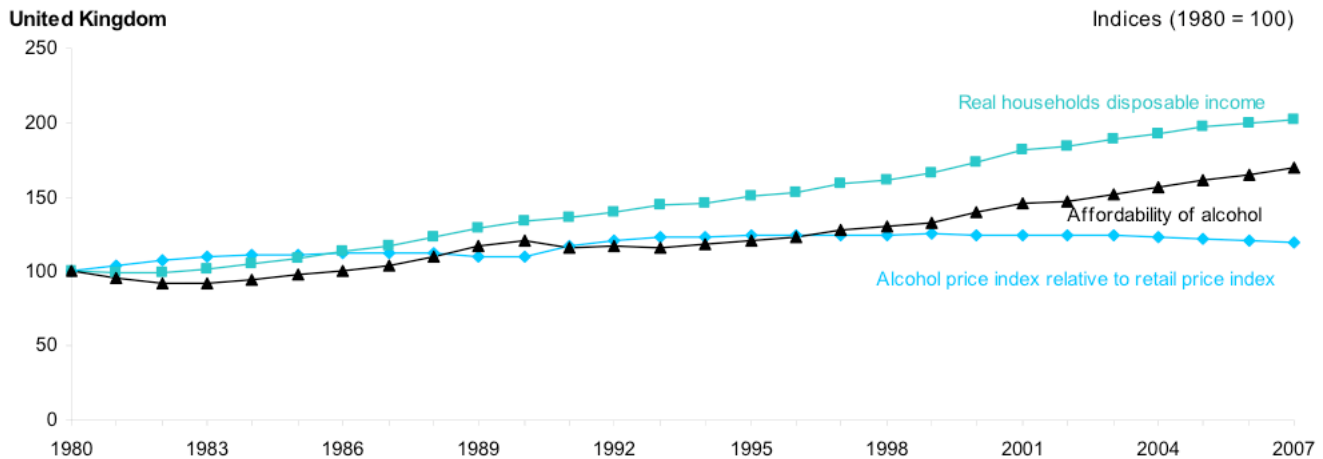
Sources:

Alcohol Price and Retail Prices (all items) Indices: derived from Focus on Consumer Price Indices: (Codes CBAA, CBAB, CHBD, CHAW). Office for National Statistics

Real Households Disposable Income: Economic Trends: (Code NRJR). Office for National Statistics

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Figure 5.2 Indices of alcohol price relative to retail price index, real households' disposable income and affordability of alcohol, 1980 to 2007



Source: Focus on Consumer Price Indices, Office for National Statistics and Economic Trends, Office for National Statistics
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The Information Centre is a special health authority that provides reliable and up-to-date facts and figures for the NHS and social services. They provide an annual statistical bulletin on alcohol based on data from a wide variety of sources. While most of the data has often been published beforehand elsewhere, the Information Centre also provide their own original analyse and organisation of the data. With regards to alcohol this includes a yearly presentation of changes in the affordability of alcohol in the United Kingdom.

The table above shows that alcohol was 69.4% more affordable in 2007 than it was in 1980.

An explanation of how the affordability index is constructed is provided in the appendix to “Statistics on Alcohol – England 2008.”

The Alcohol Price Index column shows how the average price of alcohol has changed in comparison with the base price, which is set to 1980.

The Retail Prices Index (RPI) column shows how the prices of all items have changed in comparison with the base price, which is set to 1980.

Using these two columns, the Relative Alcohol Price Index is then calculated:

$$(\text{Alcohol Price Index} / \text{Retail Prices Index}) * 100$$

This column then shows how the average price of alcohol has changed since the base of 1980, in comparison with the prices of all other items. If the value given is 100 then the price of alcohol has increased in line with inflation. If the value given is over/under 100 then the price of alcohol has increased by more/less than inflation.

The next column shows Real Households’ Disposable Income, which is defined as “an index of the total households’ income, minus payments of income tax and other taxes, social contributions and other current transfers, converted to real terms (i.e. after dividing by a general price index to remove the effect of inflation)”.

The proceeding columns are then used to put together the final column giving the Affordability of Alcohol index. This gives a measure of how the relative affordability of alcohol has changed since the base of 1980. To estimate the index changes in the price of alcohol are compared with relative changes in Households’ Disposable

Income over the same period, while allowing for inflation. The Affordability of Alcohol Index is thus calculated:

$(\text{Real Households' Disposable Income Index} / \text{Relative Alcohol Price Index}) * 100$

If the value given is 100 then alcohol was just as affordable in 2007 as it was in 1980. If the value given is over/under 100 then alcohol has become more/less affordable than in the base year of 1980. The affordability index figure of 169.4 in 2007 means that alcohol was 69.4% more affordable in 2007 than it was in 1980.

Sources

Alcohol Tables 2008. National Statistics, The Information Centre, NHS.

Statistics on Alcohol: England, 2008. National Statistics, The Information Centre, NHS.