



Funding the Smokefree Generation

Expert stakeholder views on implementing a
tobacco control fund in the United Kingdom

August 2021

Together we will beat cancer



Reference

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Cancer Research UK

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Foreword

My name is Yvonne and I have worked for Cancer Research UK for the last 3 years as a trainer in Talk Cancer. I'm also a pharmacist and have worked in a variety of roles in a wide range of Community Pharmacy organisations.

It saddens me to see how many people still smoke. However, it utterly dismays me every time I meet a smoker who is ready and wanting to quit, and who happens to live in an area where there is no stop smoking service to support them. And cuts to funding over the years has meant there are fewer and fewer of these services available.

I have had so many conversations with people who are still smoking simply because they feel that they have nowhere to go for support to stop, and it's just too big a challenge to do it alone. It is a story I hear so often that someone's local service has been withdrawn and their GP tells them that they can't help either.

Some of the highest incidence of smoking, as well as poorest health outcomes, are in some of the most deprived communities - expecting people in these areas to "sort themselves out" is simply not a viable option. For all sorts of reasons, it isn't going to happen.

We know that someone who is ready to quit is far more likely to be successful when supported by behavioural interventions alongside stop smoking treatments like NRT, prescription medicines or e-cigarettes.

Stop smoking services have a wealth of experience in supporting people through the incredibly tough challenge of quitting tobacco. And yet over the last 5 years I have seen these services diminish to almost nothing, purely because of lack of funding.

I can't help thinking that there must be a multitude of "ready to quit smokers" who just give up on giving up, because of the barriers that face them. The expertise is available, the medications to help are available, and the behaviour support is well understood – all that is missing is the conviction to make a difference and the funding to do so.

Whilst my experience has meant that I've seen people struggling to stop smoking and therefore understand the need to support them to do so, it is also important to prevent people – and young people in particular - from starting in the first place.

A tobacco control fund, such as one outlined in this report, could provide the funding that is needed. This report also highlights a range of measures that the fund could be used for, such as supporting smoking cessation services, mass media communications, and tackling health inequalities.

Yvonne Goulding

Cancer Research UK Talk Cancer Trainer and Pharmacist

Talk Cancer is a cancer awareness training programme that empowers people to promote health and well-being in their communities – including by talking about how people can reduce their risk of cancer.



Executive Summary

Smoking remains the biggest cause of cancer in the UK, and worldwide (1). It is attributable to at least 15 different cancer types and caused an estimated 43,000 cancer deaths in the UK in 2015, more than a quarter (26%) of all cancer deaths (2). Smoking not only costs lives; it is estimated that the treatment of smoking-related illness costs the NHS approximately £2.4 billion every year in England alone (3).

Achieving smokefree ambitions requires adequate funding...

Tobacco control policies have reduced smoking prevalence in the UK over the past decades from over 40% in the 1970's to a record low of 14.1% in 2019 (4). However, we are currently not on track to achieve ambitions for a smokefree generation (5% or fewer of the adult population smoking) in England by 2030, and Scotland by 2034 (5, 6). This is especially true among more deprived communities in England who are not projected to meet smokefree targets until the mid-2040s (7). Achieving these targets will require a faster pace of change, driven by ambitious and comprehensive tobacco control strategies that go further than what has been done until now. Key to this will be action at a local, regional and national level to prevent people from starting smoking and to help those who currently smoke to stop, yet cuts to public health funding have made progress on this increasingly difficult.

... and a tobacco control fund could provide this.

A tobacco control fund is a designated fund, ring-fenced by UK Government to spend on tobacco control initiatives. The COVID-19 pandemic has demonstrated the importance of investing in prevention and public health. It has also caused significant economic challenges and further strain on already stretched public health services and resources. A tobacco control fund could be key to building back better in our recovery, by increasing revenue to provide adequate funding for tobacco control activities such as stop smoking services and put us on course to achieving smokefree ambitions. However, there could be different ways to best set up, regulate and spend a fund - with several approaches put forward.

This report explores how a tobacco control fund could be raised, used and promoted, and examines the relative merits of different approaches. It presents results from literature searches, semi-structured interviews and discussion groups with a broad mix of experts. The stakeholders included UK-based and international experts on tobacco control, tobacco control economics, tobacco taxation and public health policy.

Key findings

There is a clear need to establish a tobacco control fund.

Nearly all stakeholders agreed that establishing a tobacco control fund was needed, especially if the targets for a smokefree generation are to be met. They thought that a fund would be a way of providing sustainable and reliable funding for services.

'If you're going to take public health seriously [then] you need to find a way of raising money that is going to be protected and sustainable going forward and that's a really worthwhile investment.' (P07)

Crucially, stakeholders emphasised the need for action – with many explaining that each specific policy design could be criticised and disagreed over, but ultimately an imperfect policy that provides funding is preferable to inaction and delay.

There are a number of different ways to raise a fund...

Raising excise tax:

The extra burden [of raising tax] on your revenue collecting authorities is going to be relatively small, and probably smaller than if this had been an additional thing (P01)

The literature search, interviews and discussion groups all found a number of different ways that could be used to create a tobacco control fund. These included high-level approaches such as: raising excise taxes; hypothecated excise taxes, when a portion of the excise duties paid is ring-fenced and protected for spending on a specific purpose; and tobacco industry levies, a direct charge on specific elements of the tobacco industry to

raise protected funds separately to the system of excise tax. Stakeholders also mentioned more specific approaches, such as the Pharmaceutical Price Regulation Scheme (PPRS), which is a programme used on the pharmaceutical industry whereby the Department for Health and Social Care (DHSC) limits the profits the industry can make, taking excess profit in quarterly rebates and passes on funds to the NHS. The devolved nations opt in to this and subsequent funds go into their overall budget. Another specific approach discussed was a corporation tax surcharge, which involves imposing a surcharge on tobacco companies' profits, following an approach currently applied to banks.

Hypothecated excise tax:

My gut feeling to me is it just feels much more sellable [to] the public as long as the money that would be raised from that absolutely stands in a standalone tobacco control fund. (P08)

... and lessons can be learnt from each different approach.

There was no one clear way of raising funds that stakeholders in the interviews or discussion groups agreed would be preferable. Instead, many stakeholders talked about the pros and cons of each approach. Stakeholders discussed that raising excise tax could be simple, efficient and easy to implement, whereas hypothecation could be challenging to set up and advocate. A tobacco industry charge was seen as likely to receive public support, but setting up the fund could be resource intensive. Stakeholders also discussed various specific models for raising revenue. Each model included components that may be informative to policy design, such as

Tobacco industry charge:

With this scheme, what you're doing is you're going after the profits of the producer. (P24)

in identifying a precedent for extracting funds from industry, and identifying mechanisms to raise taxes without increasing retail prices.

It was seen as important that whoever oversees the fund is transparent and independent...

Stakeholders thought it was important that whatever body was responsible for overseeing the fund should be independent, transparent, and not influenced by any stakeholders. Importantly, all participants agreed that the fund should be free from tobacco industry interference. The discussion groups ultimately concluded that a fund would likely be administered by a government body, ideally with an independent advisory group. It was also seen as important that administrative responsibilities are distributed at national and regional levels, to make sure any decisions are tailored for each specific region.

I don't think I would have a strong view as long as [...] it was a transparent body that both industry and [academic] researchers and the government had trust in to operate transparently and fairly' (P05)

... and that there is a long-term, predictable revenue.

There were a number of different opinions on the amount of money a fund should aim to raise, however, most spoke of the need to ensure that funds are stable and predictable in order to make long-term plans. Most stakeholders agreed that the funding goals should be determined

'So, you have to decide how ambitious you are, how serious you are in the government's case about making smoking obsolete by 2030. You're not going to do that on two million pounds a year. You're unlikely to do it on 20 million pounds a year. I think you've got a pretty good chance of doing it on 200 million pounds a year.' (P18)

by tobacco control ambitions and tied to achieving a smokefree generation. Stakeholders also spoke about the need for large amounts of funding to ensure that impactful change is made. Determining which types of companies would be responsible for paying and how much each company should pay was seen as more of a challenge, with profits, sales volume or market share all identified as potential ways.

Prioritising spending funds on prevention was seen by many as effective and good value for money...

Many stakeholders talked about the difference between funding prevention and treatment of smoking-related illness, with stakeholders highlighting that tobacco control fund should be distinct from NHS budgets. Stakeholders typically favoured funding services preventing people starting to smoke, reducing purchasing, and helping individuals to quit. Many thought spending funds on prevention was effective and good value for money, particularly as services are currently underfunded. Using the funds for smoking cessation services was viewed by some stakeholders as a high priority, due to the shortcomings in existing cessation services. Whereas others thought that cessation was a poor long-term investment, with the priority needing to be preventing uptake. Discussion group participants also suggested that funding activities like direct smoking prevention and treatment may be more persuasive to public and policymakers.

[...] that money should go in helping those smokers quit, and that's what tobacco control is about. It's not about treating them once they're sick, it's about supporting them to quit and preventing youth uptake. (P23)

... but it was most important that the funds can be reactive and spent flexibly.

Overall, the discussion group stressed the importance of funds being spent on a comprehensive tobacco control programme that is flexible and responsive to changing needs, instead of focussing solely on prevention or treatment. Stakeholders in interviews and discussion groups stressed the importance of funding the monitoring and evaluation of tobacco control activities. Stakeholders also shared a broad agreement on the usefulness of funding activities such as media communications, research and advocacy.

I think putting some of the money into surveillance and evaluation efforts to really understand how to most effectively use those funds, make sure they're having the impact that they're intended to have would be appropriate.
(P04)

Tackling inequalities should be a focus for all activities.

[...] but those really, really hard to reach, [...] we just don't have the time and resources to go out and seek those in communities. So, that's what I'd suggest that extra money would be used for. (P14)

A strong theme throughout the interviews was the priority of spending funds in a way that will help to tackle the current health inequalities in the UK. The importance of addressing health inequalities was echoed in the discussion groups, where stakeholders identified that targeting areas and groups of high socioeconomic deprivation could help to address any potentially regressive fundraising mechanisms (such as raising prices).

What should governments do?

COVID-19 has shown the importance of the governments across the UK taking bold action to protect the nation's health. Smoking remains a leading cause of death and disease and a key driver of health inequalities. Achieving smokefree aims across the UK will require a suite of bold measures at a national, regional and local level to discourage people from starting to smoke and help those who do to stop. However, delivering the ambitious interventions necessary to help us eradicate smoking for good will require increased investment in tobacco control – which means finding a reliable and sufficient source of funding.

Cancer Research UK recommends that the UK Government:



Set up a tobacco control fund to pay for recurring costs of tobacco at a local, regional and national level.

There was broad agreement on the need for a tobacco control fund so that the UK Government can achieve its goal of a Smokefree generation in England by 2030. This fund will allow for the measures set out in respective tobacco control strategies across the UK to be effectively and successfully implemented.



Ensures this new fund follows the below key principles

The Tobacco control funds should:

- ✓ Raise a predictable and sufficient amount, allocated yearly
- ✓ Fund comprehensive tobacco strategies focused on reducing smoking prevalence
- ✓ Not replace current NHS funding streams for treating smoking related disease
- ✓ Have a key focus on tackling smoking inequalities
- ✓ Run transparently, using the right expertise and without tobacco industry interference
- ✓ Be distributed in a fair and proportionate way, nationally, regionally and locally



Adopt a 'polluter pays' approach by making tobacco companies pay for the damage they cause

Stakeholders identified that the choice of the fund's mechanism must be guided by what it is directly trying to achieve – whether that is to primarily raise revenue, or directly reduce prevalence. Cancer Research UK believes that the current priority is raising income for tobacco control and that this cost should be recovered directly from the tobacco companies who make large profit from putting lives at risk. Therefore, we recommend that – regardless of the exact mechanism chosen – a 'polluter pays' approach is taken.

We recommend that the governments of Scotland, Wales and Northern Ireland:



Take part in the Tobacco Control Fund and:

- ✓ Work with UK Government on setting up the fund
- ✓ Opt-in to the fund
- ✓ Ensure that the revenue raised goes to tobacco control measures.

Governments across the UK should also:



Consider novel methods to reduce tobacco prevalence

Achieving smokefree targets will require looking beyond our existing tobacco control toolbox and towards novel measures. Whilst the purpose of this research was to identify a revenue raising mechanism, many of the interventions raised would help to control directly and should be considered for inclusion within tobacco control strategies.

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1. Introduction

Smokefree targets necessitate policy action

Tobacco is the leading cause of premature death, being linked to over 7 million deaths globally, and 100,000 in the UK each year (8). Smoking is also the leading cause of preventable cancer in the UK, with one in five cases attributable to tobacco use (9). Despite a broad range of effective tobacco control policies, the tobacco trade continues to be highly profitable, and UK revenue from excise duty on tobacco sales is substantially lower than health costs of smoking (10). The UK and Scottish governments aim to reduce adult smoking prevalence to 5% by 2030 and 2034, respectively (5, 6). While smoking prevalence has declined steeply in the UK in response to tobacco control action (4, 11), the smoking inequality gap has grown (4), and prevalence must decline more rapidly if targets are to be met (7). As such, ambitious tobacco control action is necessary.

A tobacco control fund

One way to strengthen tobacco control may be establishing a ring-fenced fund to ensure predictable funding for tobacco control activities. In 2015, HM Treasury published their conclusions on an earlier consultation on the potential design of a charge on tobacco manufacturers and importers (12). The consultation sought views on different means of creating a fund, focusing on a suggested charge under the administration of the existing corporation tax system, imposed on manufacturers and importers of products on which tobacco excise duty is paid (13). The government decided not to pursue a charge, citing concerns that costs would be passed on to consumers and that tobacco sales are already subject to escalating duties (13).

Since the UK Government concluded that a tobacco industry charge should not be introduced, fiscal approaches to tackling the harms caused by other unhealthy products have been introduced, including Scotland's Minimum Unit Pricing for alcohol (14), and the 'soft hypothecation' of the UK's Soft Drinks Industry Levy (SDIL) (15). In light of these examples of political willingness to implement fiscal interventions, and continued advocacy for a tobacco control fund from the public health community (16, 17), raising revenue for tobacco control from the tobacco trade remains a relevant policy concern.

Synthesising evidence and expertise to inform recommendations for policy

This study is an investigation of potential approaches to raising, administering and using a tobacco control fund, synthesising evidence from international literature with the perspectives of professionals from different sectors with experience and expertise in tobacco control in the UK and abroad. The researchers aimed to identify key concerns that must be addressed when designing a tobacco control fund policy and, where possible, identify areas of agreement in order to move towards practical recommendations for policy design and advocacy.

2. Research aims and objectives

Research aims

The aim of the study was to explore the possibility of establishing a fund to pay for tobacco control activities in the UK, including examining the relative merits of potential mechanisms for creating and maintaining a fund and identifying the next steps in advocacy.

We sought to do this through gaining the views and insight of a broad mix of UK and international experts on tobacco control. This included experts in tobacco control economics, tobacco taxation and public health policy, from across academia and the private, public and third sectors.

Research questions

The research covers three research questions:

1. How might revenue for a tobacco control fund be raised?
2. How should a tobacco control fund be used?
3. How should advocates promote a tobacco control fund to policymakers and the public?

3. Methods

The research methods comprised a literature scoping exercise, individual qualitative interviews and discussion groups.

3.1 Scoping exercise

In May and June 2020, the research team conducted a scoping exercise to review key academic literature, policy documents and other grey literature. This was to synthesise international learning about the creation and administration of tobacco control funds. This evidence was used to identify key themes and gaps to be explored further in semi-structured interviews and discussion groups with experts in the field.

3.1.1 Literature search

A search strategy was developed with an information scientist at the University of Glasgow. Academic literature was identified using a systematic search of SCOPUS, EconLit, Ovid MEDLINE(R) and SocINDEX. Search terms included:

[tobacco AND control fund] OR [tobacco AND profit*] OR [tobacco AND levy] OR [tobacco AND tax*] OR [tobacco AND revenue] OR [tobacco AND surcharge] OR [tobacco AND sin tax*] OR [tobacco AND excise tax] OR [tobacco AND hypothecated tax*] OR [tobacco AND ring- fenced tax*] OR [tobacco AND polluter pays]

After removal of duplicates, 720 records remained for screening by title and abstract as illustrated in the PRISMA diagram (Appendix A). Academic records were included (n=78) if they examined any aspect of fiscal measures designed to raise money for a tobacco control fund. Reasons for exclusion included: further duplicate records; not in the English language; not relevant to the research questions; or a focus on other non-fiscal measures, a non-tobacco polluter-pays charge, the price elasticity of tobacco consumption, tobacco lobbying, or general tobacco tax not aimed at a tobacco control fund.

To identify policy documents and other grey literature, OpenGrey was searched using the same search terms as for academic literature (n=16). Other documents were identified from the references used in response to the UK Government consultation on a Tobacco Levy (18) and by searching the websites of all organisations responding to this consultation (n=25).

A further 24 sources (3 academic and 21 policy documents) were identified following a review by CRUK policy experts and other third sector organisations. The final sample included in detailed analysis comprised of 143 documents (81 academic and 62 policy).

3.1.2 Data analysis

Two researchers (CB and CP) shared reading and analysis of the 143 documents. Each document was accessed and downloaded digitally and read in detail. To record relevant content systematically, a spreadsheet was created in which each row represented one document and each column represented a specific research question. The detailed analysis stage resulted in a further 58 articles being excluded based on meeting one or more of the following exclusion criteria: tobacco control fund mentioned only in passing; concerns the use of tobacco tax revenue to fund health services; duplicate of another accepted article; concerns on tobacco tax and consumption; concerns differential taxation based on product risk; focuses on toxic tobacco waste. The final sample comprised 85 documents (43 academic and 42 policy)

and other documents), summarised in Appendix B. None of the grey literature appeared to be funded by tobacco companies, and none of the academic papers included declared any funding or conflicts of interest related to the tobacco industry.

The completed spreadsheet allowed researchers to both quickly assess the relevant content of each document, and to assess the content relevant to a specific research question across the documents. Findings were summarised by research question to highlight gaps and inform the development of the interview topic guide and content for discussion groups. The findings of the scoping exercise are presented in the results section.

3.2 Interviews

Twenty-four in-depth qualitative interviews with UK-based and international experts on tobacco control, tobacco control economics, tobacco taxation and public health policy, representing academia and the private, public and third sectors. Participants were sampled purposively to populate these categories, and email invitations were sent from Professor Shona Hilton (University of Glasgow) to key individuals who were identified for their expertise and professional experience. Some further invitees were contacted after being recommended by interview participants. The lone private sector participant was classified as such due to the circumstances of their employment, which was not associated with the tobacco industry, but their contributions to the interview were predominantly not relevant to the industry in which they work. While the categorisation of participants suggests that no academics with a focus on tobacco control were included in the sample, many of the academics interviewed have been very influential in tobacco control research, but were each categorised as being primarily located in the disciplines of economics, law or more general public health.

Sample composition by primary sector of work and primary area of expertise

| Primary sector | Primary area of expertise | | | Total |
|----------------|---------------------------|---------------|-----------------|-----------|
| | Economics / law | Public Health | Tobacco control | |
| Academia | 6 | 3 | 0 | 9 |
| Public sector | 0 | 4 | 3 | 7 |
| Third sector | 1 | 1 | 5 | 7 |
| Private sector | 1 | 0 | 0 | 1 |
| Total | 8 | 8 | 8 | 24 |

Invitees who agreed to participate were provided with a participant information sheet, privacy notice and consent form. Consent forms were signed and returned prior to recordings being transcribed or listened to.

An interview schedule was developed iteratively, informed by the results of the scoping exercise and structured to ensure that each research question was covered. Interviews were conducted between September 2020 and January 2021 using Microsoft Teams video meetings, with the exception of one telephone interview. Interviews lasted between approximately 45 and 60 minutes. Audio recordings were transcribed verbatim, and transcripts were subjected to thematic analysis in NVivo, using a coding frame developed iteratively by two members of

the research team, structured into themes based on the research questions, with additional themes that emerged inductively from the data. Systematic thematic analysis enabled both areas of agreement and less typical perspectives to be captured rigorously.

Quotations from interviews are reproduced throughout the results sections of the report to illustrate analysis points and demonstrate the breadth of participants' perspectives. Quotations are truncated for brevity where this could be done without compromising meaning. To maintain participant anonymity, square brackets have been used to replace identifiable details about professional activities. Two participants requested to check any quotations prior to publication to ensure accuracy and to prevent unpublished research findings being communicated inadvertently. The participants requested changes to nine quotations. The changes are minor and do not affect meaning.

3.3 Discussion groups

Two online deliberative discussion groups were held in March 2021 with two groups comprising nine of the participants who had taken part in the individual interviews. Group participants were given a brief report presenting key initial findings from the analysis of the interviews. The purpose of the groups was to use those findings to provoke discussion between participants with complementary expertise; to sense-check initial findings; identify any areas that may require additional analysis or consideration; and to co-produce pragmatic policy recommendations that built upon the discussion of the findings.

Discussion group participants were identified based on the degree of expertise and participative enthusiasm demonstrated during interviews. Group compositions were chosen to represent a breadth of disciplinary and sectorial expertise to the extent that participants' schedules permitted. The first group comprised two economists in academic roles, and three third sector professionals with expertise spanning tobacco control and public health advocacy. The second group comprised two academics with expertise in law and public health, respectively, and two public sector professionals with roles in tobacco control and public health policy. Participants were all UK-based, with the exception of two academics, one based in South Africa and one in the United States.

Discussion group conversations were structured around a slideshow that summarised the initial findings report, and were moderated by two researchers who posed questions, ensured all participants were able to participate, and maintained a neutral position whilst encouraging participants to provide robust defences for their positions. Each discussion group lasted two hours, and groups were recorded, but not transcribed. The researchers took brief notes during the groups, and one researcher listened back to each group to take more detailed notes. As the goal of the discussions groups was not to represent individual views, but to reach agreement between diverse groups of experts, individual quotes from the groups are not reproduced in the results.

Findings from the discussion group are reported throughout the results section of the report where appropriate, particularly where they serve to resolve issues that were found to be divisive between interviews.

3.4 Ethics

Ethical approval for this study was granted on 20 August 2020 by the College of Social Sciences Research Ethics Committee at the University of Glasgow. The application number was 400190213.

4. Results

The results of the literature scoping exercise are presented first (4.1), with evidence relevant to each of the three research questions summarised in turn. The subsequent results sections present the results of the primary research, with analysis of the interviews presented with illustrative quotations, and relevant points from the discussion group identified where appropriate. The primary research results sections cover: participants' perspectives on the need for a fund (4.2); fundraising mechanisms (4.3); administration of a fund (4.4); disbursement of funds (4.5); and advocacy and policymaking (4.6). Key policy concerns are analysed throughout in terms of areas of agreement and disagreement within literature, interviews and discussion groups.

4.1 Results of the scoping exercise

4.1.1 Overview

The role of tobacco taxes in increasing retail prices and thus reducing demand for tobacco products is well established (19), and there is a significant body of literature highlighting this as a mechanism for both raising government revenue and reducing the consumption of tobacco (19). The role of fiscal policies beyond simple excise taxes is less well established.

Policy and grey literature tended to focus on options for a 'polluter-pays' style industry charge (n=25, 60%), and primarily comprised of hypothetical or advisory data driven by third sector advocacy activities (20-26) and considerations of the US Tobacco User Fees (27, 28). Notable exceptions included the World Health Organization's reports on the role of hypothecated excise taxes in tobacco control (19, 29, 30) and examples of fiscal policies from other industries such as the UK SDIL (31, 32), plastic bag tax (33-35) and Energy Company Obligation scheme (36).

Academic literature focused more on hypothecated excise taxes (n=29, 70%) as a mechanism to establish a tobacco control fund. The majority cited examples of hypothecated taxes in the US in the 1980s and 1990s, for use in tobacco education and tobacco control interventions, with varying success (37, 38). Successful implementations were described in California (39-46), Massachusetts (47-50), Arizona (51, 52), and Oregon (53). Examples of hypothecated excise taxes and their role in funding tobacco control were also examined for Australia (54, 55), the Far-East (56-60), Greece (61) and New Zealand (62).

The few academic studies that examined industry levies included analyses of the US Master Settlement Agreement (MSA) (63, 64) and a consideration of the application of a 'polluter-pays' charge for environmental pollutants (65). Some UK literature modelled the potential affordability of a 'polluter-pays' style charge on the tobacco industry (66-68) and an analysis of Scotland's health tax on retailers selling tobacco and alcohol, in place from 2012-2015 (69).

The literature provided an inconsistent level of detail on the design of a 'polluter-pays' style charge, particularly in relation to its implementation in the UK and how much the industry might be expected to pay. Literature contained some valuable lessons from the hypothecated tobacco taxes and Tobacco User Fees in the US, particularly for advocacy strategies to gain public support and management of the resultant hypothecated revenues.

The following sections summarise the findings from the scoping exercise under the three research questions.

4.1.2 How might revenue for a tobacco control fund be raised?

Two broad approaches to raising funds emerged from the literature: hypothecated excise taxes and industry levies.

Hypothecated excise taxes

Hypothecated excise taxes refer to the ring-fencing or earmarking of some portion (or all) of the excise duties paid on an aspect of the tobacco trade, such as taxes on retail prices. This ring-fenced income is not to be added to general governmental tax revenue, but is protected for spending on a specific purpose, such as tobacco control. The analysis of the literature suggests that hypothecated excise taxes could be effective in both further reducing tobacco consumption, assuming the additional costs are passed on to the consumer in the form of retail price increases, while also generating additional revenue for investment in a tobacco control fund.

Examples of hypothecated tobacco tactics can be found in the United States in the 1980s and 90s, such as in California (42). However, it may be worth noting that smoking prevalence is now significantly lower, particularly in the UK, which may reduce the potential impact of such a tax both in raising funds and discouraging consumption.

Some disadvantages of hypothecation emerged from the analysis of the literature: an income stream dependent on tobacco sales can be seen as ethically challenging (44, 70); in some countries the use of funds has not been transparent, or funds have been diverted away from their original tobacco control objectives (50); and in the UK hypothecated taxes were seen to be unpopular with the HM Treasury (18, 71).

Tobacco industry charges

Tobacco industry charges were often presented as ‘polluter pays’ charge – a principle repurposed from environmental law, which holds that companies that cause damage should bear the costs of addressing that damage (72). This approach to fundraising comprises a direct charge on specific elements of the tobacco industry to raise protected funds separately to the system of excise tax. Grey literature presented ‘polluter-pays’ style charge as having the potential to provide the funding needed to eradicate social and geographical inequalities in smoking, and deliver a smoke-free 2030 (23), funded entirely by the tobacco industry at no cost to the government or the public.

The literature described two key examples of ‘polluter-pays’ style charge in the US, namely Tobacco User Fees the older Tobacco Master Settlement Agreement (MSA). Tobacco User Fees comprised fees imposed on importers and manufacturers of tobacco products to fund Food and Drug Administration (FDA) tobacco regulation activities. Grey literature suggested that User Fees were successful in generating a pre-planned total amount, rising incrementally each year with individual contributions calculated on market share. However, a number of challenges to implementation were also highlighted such as the establishment of a centre to manage and disburse the funds; setting and monitoring review time frames; timely access to industry data and embedding of the core algorithm used to calculate the charge in the legislation (28).

The MSA imposed a fixed contribution from tobacco companies, not tied to profits or sales, denying industry the option to mitigate liability by hiding profits in other territories. Major

tobacco companies agreed to pay states approximately \$206bn over 25 years in annual payments to recover healthcare costs related to tobacco. However, despite early assurances, studies show that only a small proportion of MSA funds were protected for tobacco control, with some used to balance state budgets, while tobacco companies raised prices to cover the costs (63). A number of challenges for implementation were identified, chiefly how to establish what sum the industry could or should pay, and how to prevent costs being passed on to consumers in the form of price increases (10, 67).

A key concern in developing a policy may be determining whether allowing industry to pass costs on to consumers is a desirable outcome or not. There was limited evidence identified in the scoping exercise on how a tobacco control charge might affect health inequalities and vulnerable groups. Some academic papers noted that those in low socio-economic status groups were likely to be more price sensitive than others and therefore may be more likely to quit smoking in response to a price rise (52, 56, 68).

Some potential approaches to raising a tobacco control fund in the UK emerged from the literature. The possible use of legislation in the National Health Service Act 2006 (73) and the Pharmaceutical Price Regulation Scheme (74, 75) were raised in documents, but require further exploration.

4.1.3 How should a tobacco control fund be used?

When designing a fund, it is necessary to determine both the overall remit (tobacco control or more general health costs) and the specific types of activity that may be funded. International examples of how such tobacco control funds have been disbursed include: tobacco education to prevent smoking uptake; smoking cessation services; anti-smoking and anti-tobacco industry media campaigns; to fund community coalitions and school services; disease prevention research; to fund healthcare services generally (particularly in the US for low-income populations); for an evaluation system; and to establish health promotion organisations eg: ThaiHealth (76) and the Vietnam Tobacco Control Fund (VNTCF) (60). Tobacco control funds described in the literature were spent on: public education about the dangers of tobacco use; developing the science needed for tobacco regulation; and developing and enforcing regulations on the manufacture, marketing, and distribution of tobacco products (27).

Literature often highlighted a risk of certain fundraising mechanisms creating short-term regressive outcomes. Some academic literature advised that some expenditure should be targeted at vulnerable populations, particularly for cessation services (64, 77). Much of the policy and grey advocacy literature also highlighted the need to focus expenditure on the most vulnerable sections of society to address health inequalities (22-24, 78-80), including investing in under-funded local authority services (81).

4.1.4 How should advocates promote a tobacco control fund to policymakers and the public?

Academic studies in the scoping review identified a number of factors that would help create support for a tobacco control charge policy. For example, evidence suggested that earmarking tax revenue for health purposes - and tobacco control in particular - increases political and civil society support for tax increases (77, 82). Hypothecation for health purposes was found to increase public acceptance of tax rises in the US, Australia, New Zealand and Greece (47, 54, 61, 62). Framing tax increases in terms of 'making the polluter pay' was also thought to help increase public support (65). In two US examples, Arizona and Massachusetts, the importance of building a coalition of support among third sector organisations with high profile leadership

was highlighted (48, 51). This last point was also raised in the grey and policy literature, with strong support for a Smokefree 2030 Fund identified among politicians, the health community and the public (23, 83). A Smokefree Action Coalition has already been established with over 300 health organisations, including medical royal colleges, health charities and professional healthcare organisations.

The World Health Organisation (WHO) identified lessons for advocacy when seeking to establish a tobacco control fund, based on hypothecated taxations in its review of lessons learned from nine countries (30):

- Establish an earmarked tax quickly to give potential opponents less time to counter policy momentum;
- Present a consistent, evidence-based rationale that is persuasive for decision-makers;
- Specify the financing mechanism and use of funds, and make the mechanisms as simple as possible;
- Specify the administrative structures for managing and allocating funds;
- Form partnerships across all sectors of society to counter opposition;
- Build strong political support, use political champions;
- Be patient and persistent and identify opportunities for change;
- Form partnerships beyond national boundaries to support the tobacco control lobby and get intra-disciplinary support from taxation specialists, health policymakers and administrators; and
- Make use of the fact that people are more likely to support taxes when the proceeds are used for health programmes.

The key barriers to a tobacco control fund relate to the likely resistance from industry and some politicians who are ideologically opposed to raising taxes (51, 77). Common industry arguments highlighted in the literature included: taxes would be regressive and harm low-income smokers; taxes will hurt state economies due to cross-border purchasing; and revenue will be diverted to purposes other than tobacco control (48).

Only two studies specifically discussed a legal challenge. In Victoria, Australia the 1987 Victorian Tobacco Act added an additional 5% levy on tobacco sales to 'buy out' tobacco industry sponsorships of sports, as well as cultural events and research into public health and health promotion. The measure was eventually deemed unconstitutional because the tax increase was no longer funding a specific service/activity (55). In Massachusetts, industry lawsuits contending that the proposed tax was unconstitutional for earmarking revenues specifically for anti-smoking programmes, were unsuccessful (48, 49).

The evidence suggested that the illicit trade is not a significant issue in the UK (67, 77, 81, 84). However, one third sector report by the APPG on Smoking and Health did note that enforcement measures would be needed to reduce the size of the illicit market (21). This report suggested that local authorities should be supported in their enforcement work to prevent underage and illicit sales of tobacco by the introduction of a retail licensing scheme.

Lessons from international examples suggest that key points to consider in the successful design of any tax or charge to establish a tobacco control fund include; clarity of policy objective; building political and public support, establishing political leadership, independent management and transparency of the fund; the involvement of multiple government departments in the design of the policy (e.g. Treasury and Department of Health and Social Care); and having a clear strategy to deal with industry opposition.

Results from interviews and discussion groups

4.2 Participants' perspectives on the need for a fund

Interview participants were predominantly in favour of raising a fund for tobacco control activities. The perspective that sustainable, protected funds are valuable was typified by these two participants:

If you're going to take public health seriously [then] you need to find a way of raising money that is going to be protected and sustainable going forward and that's a really worthwhile investment. (P07)

The more money that we can earmark, ring-fence into public health and tobacco control efforts the better from a public health point of view. (P02)

Discussion group participants highlighted the importance of governmental Smokefree generation targets, and the necessity of raising additional funds if those targets are to be met with the need for any option to be seriously considered. These participants agreed that, while the detail of any specific policy design can be criticised and industry will find loopholes in any tax or charge, the need for funding is sufficiently great that an imperfect policy is preferable to inaction. As one interview participant put it:

Sometimes the thin end of the wedge is preferable because at least you've made progress, rather than die in a ditch for something that proves to be aspirational but unrealistic in the political arena. (P03)

Participants highlighted various advantages of a tobacco control fund, including preventative activities and sustainable research:

The only way really that you actually identify a budget that can meaningfully be put to preventative activities (P22)

It's worth having ring-fenced funding to make sure that research in an area continues to happen (P05)

A minority of participants warned that a dedicated fund may motivate government to stop committing centralised funds to tobacco control, potentially producing no net increase in tobacco control funding:

If you were already spending a million pounds on tobacco control activities from general funds and you stopped doing that and then you used this new fund for that, then actually the new tax has actually effectively been used to spend other things because of the fact that money can be transferred in that way. Unless you have a government that is very clear about exactly how it's going to spend its figures [...] you can never really know, like, whether you've actually raised additional taxes for this purpose. (P07)

The literature scoping exercise identified that, while some legislatures have created tobacco control funds, others have created broader healthcare or health promotion funds. When asked to reflect on this, interview participants typically valued the security of excluding competing interests and the elegance of a dedicated tobacco control fund that is funded by the tobacco trade:

I can see some of the rationale but the risk of that is tobacco gets viewed as though you've had your slice of the cake and it's now our turn and I absolutely get the massive priority we need to give to alcohol and to obesity. But the risk for all of this is that we lose sight of the fact that tobacco is still at least half of the difference in life expectancy, so I do think we need to stand our ground. (P08)

There's some sort of nice symmetry about money from the tobacco industry being used to improve or solve some of the problems it creates. (P05)

Discussion group participants added that a dedicated tobacco control fund avoids ethical issues related to perverse incentives; a tobacco control fund could be permitted to decline naturally as smoking prevalence declines, while a more general fund would call into question the incentives to eliminate that funding source.

While most participants did not favour a more general health fund, some identified potential advantages related to administration, advocacy and sustainability:

And so, you'll know that alcohol levies and gambling levies and pharmaceutical levies have also been raised as a possibility. And so, you could see all these levies as being separate, paying into separate funds or you could see them as being integrated, going into a single addictions, a very large addictions fund. And that would have the advantage that you'd only need one distribution apparatus... (P18)

If the UK's going to be smoke-free by 2030 or perhaps a bit later in Scotland I think that does put a finite lifespan on the fund. Whereas clearly once you've got a fund established the more you can use that to get benefits going forward the better it would be. So, calling it a general fund I suppose allows it to spawn into alcohol, let's say, in due course or illegal drug use or whatever it would be. (P09)

4.3 Fundraising mechanisms

Interview participants were asked for their perspectives on two high-level approaches to raising funds identified in the scoping exercise: hypothecated excise taxes and a direct charge on the tobacco industry. In addition, participants were asked to discuss the prospect of raising funds through an increase in existing, non-hypothecated excise taxes. Interview and discussion group participants' evaluations of each of these options are described in this section, and summarised in Appendix C.

4.3.1 Define fundraising principles to inform fundraising mechanism

A recurring theme in discussions of different high-level approaches was the need to set clear policy goals that will help to inform policy design. Two overlapping questions were identified as necessary to resolve:

- Should the mechanism aim solely to extract funds from industry to fund the reduction of tobacco consumption, or is it desirable for the fundraising mechanism itself to directly discourage consumption?
- Should the aim be to ensure that industry pays for the fund, or is it desirable or acceptable for costs to be passed on to consumers?

Some participants expressed concern that any funding mechanism that would enable industry costs to be passed on to consumers would be regressive as it would affect socially deprived consumers disproportionately:

Whatever happens raising the price will be regressive because people on low incomes have a smaller amount of disposable money to spend and will be hit disproportionately. (P03)

However, many participants, including discussion group participants, argued that the progressive nature of the benefits of increased tobacco pricing justified the regressivity inherent in increasing prices. From this perspective, while the most socially deprived will suffer the most from price increases in the short-term, they will also benefit the most due to the socially-patterned nature of tobacco consumption and harm. One tobacco control economist explained this perspective in detail:

Tax is regressive because lower income consumers are going to end up paying a higher share of their income in taxes, but that's a fairly narrow definition of regressivity and what [the World Bank] tried to do is to look at the differential responses to tax increases. So we generally see low income consumers are going to respond more to the tax increase than high income consumers, but then they also look at the long-term implications of that in terms of reductions in the health consequences of tobacco use and spending on healthcare to deal with illnesses caused by tobacco, but also then the increases in productivity you get because people are going to be healthier. And when you really factor in all these things together, what you find is that the tax can actually be very progressive because you get bigger reductions in tobacco use, larger reductions in out-of-pocket spending on healthcare, but then big increases in productivity and incomes as a result in the long run. (P04)

Discussion group participants highlighted the value of ensuring that industry be made to pay for a fund, which was seen as beneficial as it would reduce their capacity for marketing and public relations activities, and ethically justified given industry's relatively large profits, effective tax avoidance and the harmful nature of their core products.

4.3.2 High-level approaches to fundraising

Raising excise tax on tobacco sales

Most participants praised excise taxes, primarily for their effectiveness in discouraging consumption, and secondarily for their effectiveness in raising funds. Excise taxes were valued as simple, efficient, and politically acceptable:

The extra burden [of raising tax] on your revenue collecting authorities is going to be relatively small, and probably smaller than if this had been an additional thing (P01)

In addition to raising taxes, some participants identified that increasing specific taxation, relative to *ad valorem* taxation, could make excise tax more effective by reducing industry opportunities to circumvent tax. As discussed in the Advocacy and Policymaking section, Brexit may present an opportunity to make this change.

Some participants identified Australia and New Zealand as exemplars of aggressive excise taxation:

The nice thing in both countries is that they've had in addition to these regular adjustments, they also have extranormal tax increases to raise the tax I think it was ten or 12% in Australia [and] 10% or 15% in New Zealand, above and beyond those regular adjustments so that you really do have these significant increases in tax over time that tend up leading to big increases in price and driving down consumption. (P04)

While participants were uniformly in favour of tobacco excise tax increases in general, some were sceptical of using duty to raise funds, citing concerns about inequalities and a sense that it may be challenging to increase revenues substantially above present levels:

With duty, you're trying to stop consumers consuming as much. It's not a revenue raising thing; it's a pricing thing. You're trying to discourage people from consuming, and it's quite effective. But then you do have some unintended consequences, i.e. it's very regressive for some people. (P24)

Hypothecated excise tax

Many perceived hypothecated taxes as desirable in principle, and likely to receive public support:

My gut feeling to me is it just feels much more sellable [to] the public as long as the money that would be raised from that absolutely stands in a standalone tobacco control fund. (P08)

Dealing with the consequences or addressing the harms that arise from the product I think is actually instinctively appealing to people. (P22)

While hypothecation was generally viewed as desirable in principle, participants in both the interviews and discussion groups typically felt that this approach is not worth pursuing due to committed opposition to hypothecation within HM Treasury. However, some participants suggested that hypothecation may be possible if the Treasury was to be bypassed.

A tobacco industry charge

Many participants favoured a tobacco industry charge, comprising a direct charge on some elements of the tobacco industry to raise funds outside of the excise tax system. They typically portrayed a charge as a means of directly targeting industry profits instead of consumer spending - consistent with the polluter pays principle - and one that would be popular with the public:

With this scheme, what you're doing is you're going after the profits of the producer. (P24)

I think politically it's more sellable to the public [than excise tax increases]. (P08)

Participants had mixed perceptions of the political viability of such a policy. Some, including public sector stakeholders, suggested a levy may be possible politically, but only if the design ensures that costs are borne by industry, and not passed on to consumers:

I think that would be a decision-making factor for any governmental policy measure that got put forward, that it would be very much clear that the industry would be the contributor, not the public, if you like. (P22)

4.3.3 Specific fundraising models

Participants described various specific policy designs in varying levels of detail. It is important to note that some of these suggestions were raised by a small number of participants, and as such should not be taken as having broad support within the research sample.

The Pharmaceutical Price Regulation Scheme

Three participants identified the UK's Pharmaceutical Price Regulation Scheme (PPRS) as a programme from which a tobacco fund policy could learn some lessons. Through this voluntary programme, the Department for Health and Social Care (DHSC) limits the profits the UK pharmaceutical industry can make, takes excess profit in quarterly rebates and passes on funds to the NHS to ensure that the NHS can pay market costs for proprietary treatments with confidence that high costs will be recouped. One participant spoke in great detail about the PPRS, describing various rationales for applying elements of the PPRS to tobacco, both to raise funds and incentivise changes in industry practices.

A key point highlighted by the participants who discussed the PPRS was that it is a precedent for funds being transferred from industry to the DHSC, instead of the Treasury:

The important thing from the tobacco point of view is, you've established this principle of soft hypothecation where the rebates from the industry go back specifically for...or back to the [DHSC], rather just the Treasury who just grab it. (P24)

The point about the PPRS thing is that's been running for years and people [at DHSC] just seem to know what it is and can administer it. (P08)

One participant highlighted the value of existing knowledge within DHSC, and the value of learning from a mature scheme that has been refined over time to be robust:

There's an awful lot of learning that the [DHSC] has, and wisdom and expertise, on administering what is a really, really complicated scheme. If you talk to all the experts, they say, you wouldn't design it by new like this, you know, from scratch, because you just couldn't think of it. Yeah? But if you see how it's evolved, it is actually a very, very effective scheme. Because you've had this game of cat and mouse and you've had all the loopholes closed off and considered. (P24)

This participant explained that a tobacco scheme should be statutory and argued that governmental oversight and the threat of sanctions would ensure accurate reporting of profits. The participant argued that the tobacco industry's unusually high profits and the "virtual monopoly" of the tobacco market would help to justify a charge.

Some participants were sceptical about the transferability of the PPRS to tobacco. One public sector participant suggested that the PPRS would not be applicable to tobacco as the tobacco market is not a monopsony (i.e. it is not a market dominated by a single buyer), and it is not desirable to incentivise lower prices for tobacco products:

I mean the way we put the pharma one in, if I'm correct in saying, is we do it because it's to protect the NHS, the NHS buys the pharmaceutical products, your just not getting monopolies on, kind of, punishing them if you are over charging, et cetera. So, it's, kind of, we're the main buyer, so we're trying to do it to help the tax payer. The NHS doesn't go out buying tobacco, so it's, kind of, a different model in perception, it's there to stop the market from charging too much. And the irony is, if you could introduce that model it would be almost like telling the tobacco industry to lower [the price of] your tobacco products. (P14)

This scepticism was echoed in the discussion groups, where participants questioned the transferability of the scheme due to: its voluntary nature; a risk of perverse incentives created by a reliance on funds from tobacco sales; the need to constantly renegotiate profit caps; and the likelihood of Treasury opposition. However, some discussion group participants agreed that the PPRS could be valuable as precedent for the transfer of funds from industry to DHSC, and for how an oligopolical market may justify a bespoke industry charge.

Discrete fund and fundraising mechanism

One interview participant, mindful of the political difficulty of hypothecation and the complexity of an industry charge, suggested that an alternate pragmatic option may be to put into law a guarantee that government will commit a certain amount to tobacco control:

Should you use this energy to fight for earmarking, as opposed to, let's say, a clear budget line item, a law that would guarantee that there is this much for prevention that's going to be used, that goes to the general government budget? (P12)

Similarly, one of the discussion groups discussed a potential approach where both an industry charge and a ring-fenced tobacco control fund are established, but without a direct transfer of revenue from the charge to the fund. Instead, the government would pledge a specific annual contribution to the fund, and the Treasury would use a charge to recoup their losses.

Corporation tax surcharge

One economist advocated imposing a surcharge on tobacco companies' UK profits:

It could be corporation tax. So, for example, there is the high rate of corporation tax paid by banks in the UK. There is a surcharge on banks. I see no reason why that couldn't be applied to tobacco companies (P09)

This idea follows an approach currently applied to banks and building societies, which are subject to an 8% surcharge on profits in order to increase their contribution to public funds, justified by potential risks that their operations present to the economy (85). While many participants identified the tobacco industry's history of avoiding corporation tax by moving profit outside of the UK, this participant argued that changes in reporting requirements may mitigate that:

Given that [companies] now have to report on a country-by-country basis to the UK Government I would imagine there's more that can be done to make sure that [diverting profits outside of the UK] doesn't actually take place. (P09)

Increase excise tax while controlling retail prices

The same participant that suggested a corporation tax surcharge also recommended combining a cap on retail prices with increases in specific excise tax, with the effect of increasing tax revenue (for either general revenue or a ring-fenced fund) while preventing costs from being passed on to consumers:

So let's say, for example, at the moment it cost £10 in the shop for a pack of cigarettes. Something like £1.50 of that could be going to the industry. What I'm saying is actually you let the industry only charge, let's say, 50 pence and you put the tax up by £1 to offset any reduction in the industry's prices. So that way retail prices don't change, but the portion of that which is tax goes up and the proportion of that which is going to the industry goes down. (P09)

The participant identified existing price caps on UK utility industries as precedent for price caps, and added that capping tobacco prices would limit industry's opportunity to use variation in the prices of different brands to target different parts of the market:

It would be very difficult [for manufacturers] to have all these different price segments in the marketplace because they broadly cost the same to produce. So you wouldn't be able to have some packs for £12 and some for £10. So it would get rid of a lot of those price features in the market, which would be good. (P09)

Another participant argued that controlling prices is a necessary feature of a charge as it prevents industry from profiting from duty increases:

The way that the tobacco companies are monopolies and making excess profits is because they are using gradual escalator duty increases to increase their own prices. [...] So if 90 per cent of the price of a pack of fags is duty, that means only a tiny, tiny percentage is related to the manufacturing, distribution, all the rest of it, and a tiny bit is profits. People don't realise that. I have no idea; how much is a pack of fags these days, eight, nine quid? [...] Let's say it's £9.50, right? And say there's a duty increase that takes it to £9.60 or £9.62, but then [a] tobacco company just increases it to £9.75 and that extra increase then is pure profit to them. So you need to cap it so they don't. (P24)

Similarly, a public sector participant advocated implementing maximum prices to reduce profitability and therefore reduce industry motivation to participate in the market:

What we're very keen to do is to raise the price of tobacco and as I've mentioned a couple of times one of the easiest ways to do that is actually to set a maximum sales price rather than a minimum one because essentially cross subsidy exists. If tobacco had to be sold at the price it cost to make and distribute, you know, and box it, package, get it here, sell it and VAT paid and profit, it's already a pretty unprofitable product anyway and it's only the economies of scale that get it through. (P16)

However, other participants disagreed with this perspective based on the rationale that retail price increases are beneficial:

When you do see tax increases, you tend to see over-shifting of the tax and using that as an opportunity to raise price and capitalise on at least the addicted consumers that are still in the market. So that is happening, but I don't know that that's necessarily a bad thing, because in the end those price increases are also very effective and leading to additional cessation and particularly in terms of preventing initiation. (P04)

This proposal of combining price caps with increased taxes was discussed at length in one of the discussion groups by two tobacco control economists, who ultimately agreed that the suggestion has merit.

Increasing fees for the notification of tobacco products

One participant identified increasing existing fees for the notification of new tobacco products (86) as a potential source of revenue:

So, every brand of cigarette is notified. Every sub brand for each variant, a fee is paid. And you could, you know, generate a couple of million pounds by doubling or trebling or quadrupling that in a way which is unlikely to be worth passing on to the consumer or that the consumer would be unlikely to know because the amounts would be so small. (P18)

The participant identified that the industry might simply produce fewer brands, but suggested that that would also be beneficial because of how brand portfolios are used in marketing and

keeping affordable tobacco products on the market. As an alternative, the participant also suggested changing the fee to be divided according to market share.

The participant suggested that increasing notification fees would be relatively simple:

It'd be a really simple thing, you just lay down a new statutory instrument, a new regulation in parliament, it doesn't have to be debated, it does have to be voted on though, and you say we're going to change the notification fee from X to Y. (P18)

However, they warned that potential income using the proposed mechanisms would be limited to that that is required to fund product testing and enforcement, and that funding any activities beyond that may be subject to legal challenge. When this proposal was raised in the discussion groups, it was perceived as a simple way to raise some additional income, but not likely to be enough to satisfy the requirements of a tobacco control fund alone.

Tobacco Master Settlement Agreement

Many participants mentioned the Tobacco Master Settlement Agreement (MSA) in the United States, which was perceived to be a landmark measure worthy of investigation, though no participants with UK policy expertise suggested taking a similar approach in the UK.

One American participant explained the nature of the payments and the industry's reaction:

The Master Settlement Agreement, which I guess is the reality test of what would really happen there, wasn't that they paid \$200 billion and just wrote a cheque, or cheques to each of the states for their share of whatever hundreds of billions of dollars, but they paid it every year. That was what the settlement was. And the idea was of course that they would pass it on to their customers or pass much of it onto the customers. It's the economic analysis of who actually bears the cost. But passing it onto the customers is just fine from a public health standpoint because what you want to do is get the price up and demand down. So, less important than squeezing money out of the industry from a public health standpoint is to raise the price. (P02)

From this perspective, the MSA may be a relevant model if the primary goal of policy is to raise retail prices of tobacco, but perhaps less so if the primary goal is to raise revenue.

Discussion group participants discussed the MSA, and echoed the finding of the literature scoping review that the use of funds was non-binding and opaque, such that it was unclear how much was invested in tobacco control spending. One discussion group participant added that the litigation process has the beneficial side-effect of revealing valuable information about industry practices and tactics that could be applied to future advocacy.

4.4 Administering a fund

Participants were asked how a fund should be administered, including who should oversee it and how much it should seek to raise. Participants also discussed how an industry charge should be apportioned between different companies, if a charge were to be pursued.

4.4.1 Who should oversee a fund?

Participants discussed their perspectives on how a fund should be administered, including what type of body should be responsible, what sources of expertise should be involved, and what stakeholders should not be allowed to exert influence.

Interview participants advocated for a transparent, independent body, typified in this perspective:

I don't think I would have a strong view as long as [...] it was a transparent body that both industry and [academic] researchers and the government had trust in to operate transparently and fairly and not be unduly influenced by any stakeholders, by researchers, by industry, by government, you just need to make it an independent body. (P05)

The issue of independence was revisited in the discussion groups, where participants unanimously agreed that any legislation and administration must be free from tobacco industry influence, but were less certain about independence from government. While independence from government was preferable to some, there was consensus in discussion groups that that independence would be politically challenging as government would be reluctant to give an independent body control over government funds. As such, they concluded that a fund would likely be administered by a government body, ideally with an independent advisory group:

I think it needs to have an advisory body which would include the key academics who absolutely know what the evidence base is, so it doesn't get frittered away on for example schools' programmes. With a longstanding 50 odd years of experience, key NGOs, the likes of ASH and things as well. Because as we all know there's such churn in civil servants that [DHSC], particularly for us, we have had such a big churn and that I don't necessarily think they will have enough expertise. (P08)

One interview participant suggested that a government-run fund might provoke less opposition from the tobacco industry:

I guess they might feel a bit more comfortable with government because they know that government has some degree of obligation to consider the views of all stakeholders when they make decisions about things, whereas an independent body might be viewed as [...] public health people who are anti-industry, which then that could create a problem. (P05)

While an independently-advised, government-run fund was suggested by many to be a realistic model, some participants highlighted potential risks of government control. One participant cited an example of politically-motivated misuse of a fund in Thailand:

These funds are a very easy target for political pressure because it's money that sort of like doesn't belong to anybody. So in Thailand specifically there was a lot of political pressure around the election time to use it for whatever officials wanted to spend money on as an election campaign. So actually there was a lot of energy and struggle to protect the money not to be misused. (P12)

One public sector participant set out the need for input from a wide range of stakeholders, but also cautioned that involving too many stakeholders may be counterproductive:

There are many players in tobacco control. So there's local Government, there's ASH, there's Public Health England, as it is at the moment, NHSE, Department of Health and Social Care, there's quite a few. And the reality is you probably need input from a variety of stakeholders, but there is a worry that there might be too many cooks...too many cooks spoil the broth (P16)

Another participant highlighted the burden of creating and administering a new fund:

The other thing, of course, there is some inefficiency of setting up a separate fund. You have accounting issues, somebody has to oversee it, you have another board, so there is an administrative cost with that. (P12)

Some participants identified a need for administrative independence between devolved governments and different regions:

But at some points in that one country might be further ahead than the other one, so we might need to spend the money more differently, you know, so there's quite a lot of different changes. So for example in England the cessation services are provided by local authorities. In Scotland they're provided by the NHS, so there are unique, kind of, structures in place, so I think it might be quite difficult if one organisation decides where the money's being spent in all those devolved administrations because they might not have the on the ground feel for where it's needed. (P11)

[Regional structures] can co-ordinate things across local media, and have a bigger footprint and you get the economies of scale, politicians who often, you know, possibly easier to go on a support from if you do it over a region. So I think they have an effectiveness, and also, they can be the bridge between local and central. (P15)

These perspectives were echoed by discussion group participants, who emphasised the importance of distributing administrative responsibilities at both national and regional levels to enable funding decisions tailored to those different scales.

4.4.2 How much should a charge seek to raise?

Participants discussed various approaches to determining how much a charge should seek to raise, which companies should be required to pay, and how to apportion responsibility between those companies. Many spoke of the need for the generation of funds to be stable and predictable to enable long-term decision-making:

So if we had some kind of, you know, guaranteed income for a wee while, we knew what was coming in, we'd be in a better place to undertake more effective campaigning or interventions or whatever. (P11)

However, while most valued predictability of revenue as a rationale for an industry charge, others argued that excise tax revenue is already predictable:

Excise tax is remarkably predictable. As I understand it the predictions for excise tax going forward are actually remarkably similar to what actually transpires to be the case. [...] But I understand why people say a levy is predictable, because you're basically raising a set fee and you're simply divvying it up to the different companies, so you know exactly how much you're going to get. I can see why that would be appealing if you want to make spending plans for a fund. But I don't think excise is that unpredictable that there's really a massive difference. (P09)

Some suggested that costs to healthcare, or to society more generally, could determine and justify a target figure, and would be useful in advocacy:

There's clearly an argument on how you persuade politicians and how you persuade the public, and that I suppose might sway...so healthcare costs might have more resonance. (P06)

I think it's an effective advocacy argument that especially in a country where you have a strong health insurance program, you can make the argument that the public is paying a lot more to deal with the consequences of tobacco use and the government is collecting its tax revenue, so setting the tax to try to cover those costs is a reasonable thing to do. (P04)

However, some identified that robustly placing a value on the cost of tobacco to health or society would be challenging. Some, such as this public sector participant, argued that fundraising goals should instead be determined based on what is needed to achieve the ambitions of the fund:

Are you looking to fund campaigns like Stoptober at the current two million? Which achieves what you can achieve with two million. Or are you looking to restore to 20 million or to 40 million - the marketing budgets that we saw in the early days of the Smoking Kills White Paper. And, look, why would you not be talking 20 or 40 million? It's peanuts in certainly to tobacco industry, and in government spend terms. [...] So, you have to decide how ambitious you are, how serious you are in the government's case about making smoking obsolete by 2030. You're not going to do that on two million pounds a year. You're unlikely to do it on 20 million pounds a year. I think you've got a pretty good chance of doing it on 200 million pounds a year. (P18)

Participants in the discussion groups echoed this perspective that funding goals should be determined by tobacco control ambitions, with participants agreeing that a new tobacco control fund should have the aim of meeting governmental targets for smoke-free generations.

While many participants supported ambitious funding goals, a minority observed that a large tax or charge may be incompatible with governmental desire to keep businesses operating within the UK:

As somebody who comes from a public health background, I'm like, you should make it really high, but obviously then that's not the only consideration and these are legitimate businesses, so you can't sort of...I don't think the UK would want to make it so prohibitive that it means [companies] don't operate. (P05)

4.4.3 How should a charge be apportioned between different companies?

Participants were asked which elements of the tobacco industry should be expected to pay a potential industry charge, and how fees should be apportioned between different companies. Some identified the challenges of identifying which types of companies should be liable to pay an industry charge, but few concrete solutions were suggested:

Is the industry the retailer or is it distribution, or is it the importers or is it, you know, the overseas owners? And with levies like this there are a number of ways I would imagine where people who produce or distribute will find legal barriers to put up to avoid information sharing that's potentially confidential because of its, you know, economic nature, so I would suggest retail or distribution maybe are ways to tackle that. (P16)

While some participants indicated that UK-based distributors of tobacco products should be included, participants typically agreed that the main target of a charge should be the UK-based operations of large, transnational tobacco producers. When discussing how a charge might be apportioned between different liable companies, some participants identified profits, while others identified revenue, sales volume or market share as potential bases.

Some participants stated that establishing companies' liability based on their profits could be an effective way to target the industry, particularly as those profits are particularly high relative to other industries:

I've always said that if you want to raise money from the tobacco industry then you need to go after the companies themselves which means a charge on their profits. (P09)

It is well recognised that selling tobacco products is highly profitable, that there's I think a 20 or 30 per cent return on revenues. So there is scope for extracting substantial sums of money from the industry on a recurring basis. It would be a matter of looking at the overall profits for the UK and obviously those would have to be done by people trained in accountancy and trained in tax affairs, because multinational companies are very good at moving money around and shifting profits to other countries with lower tax systems. (P03)

These concerns about 'hiding' profits were shared by many:

Even with [disclosure of income and expenditure], they still I'm sure they cheat the books. They still have a very clever accountants that make a lot of the stuff disappear. So that's again, it's like how to do it in a way that is transparent, fair, feasible, and doesn't lead to industry manipulating their revenues even more than they do currently. (P12)

At the moment tobacco companies could very simply, as they already do for minimum excise duty, they could artificially inflate the production costs to demonstrate that there's very little profit. [...] So I think it would be fairly easy to obfuscate and avoid unless something new was put in place that made it a requirement to somehow identify the ill-gotten gains from tobacco. (P15)

Some participants preferred to use turnover, sales volume or market share as the means of assigning liability, data that was portrayed as being more challenging for the industry to hide:

I think it's the cleanest. Because the sale is a sale, that's the company's...I mean, it's recorded in the stores. There's no dispute over whether it happened or not. (P12)

Volume is the key thing. If you think about this, it's about the harm their products do. The harm is linked to the volume of the product, not to the profits they make from it. (P23)

Market share is the easiest way to do it. And you may want to average market share over the past 30 years or something like that to try to figure out what it is. (P02)

However, one participant argued that basing a charge on turnover is functionally very similar to *ad valorem* excise tax:

*Something like turnover is probably a better thing just in terms of volume of product, then you effectively are back to an excise tax. And an excise tax, most of it is just a function of the volume. And if it's an *ad valorem* tax it's a function of the value of total turnover. (P01)*

4.5 Disbursement of funds

Participants discussed the best uses for a fund. Some activities were seen as valuable by most participants, while others were more controversial, and some were uniformly seen as poor uses of funds.

4.5.1 Preventing smoking, not treating the harms of smoking

Participants typically favoured spending funds on prevention (including both preventing initiation and facilitating cessation) instead of treating the harms of smoking. Spending on prevention was typically portrayed as effective and good value for money, and an area of activity that is currently not funded sufficiently:

The bit that we struggle to fund is the preventative work. You know, people pitching up with COPD or lung cancer, for example, are getting treated; that isn't a problem in a UK context, whereas actually we are struggling with preventative funding. So it feels to me that that's why I would argue that very, very strongly. (P22)

Further, participants argued that treatment is beyond the remit of tobacco control, and that a tobacco control fund should be distinct from NHS budgets:

The danger is that politicians think this is just another way to fill the bottomless pit that is the NHS with more money, and the point is that it's smokers...the money is coming from smokers, because the profits come from smokers. Current smokers. And, therefore, that money should go in helping those smokers quit, and that's what tobacco control is about. It's not about treating them once they're sick, it's about supporting them to quit and preventing youth uptake. (P23)

The NHS needs to have more funding to actually systematically treat tobacco dependency [but] but I don't think the fund should be paying the NHS to treat smoking-related illness because it could just swamp the entire fund. That is not going to then prevent future problems. (P08)

In contrast, a minority felt that, just as recouping damages may be a valid justification for a fund, funding the NHS may be a valid purpose:

[One] argument would be, well it should go for the National Health Service. And that of course turns on how you do the calculations for the damage charge or whatever you're calling it. To the extent the calculations are based on cost to the National Health Service, the logic is very strong that the money should go to the National Health Service. (P02)

Discussion group participants problematised the idea of a dichotomy of prevention and treatment, instead advocating for a programme of comprehensive tobacco control that is flexible and may change funding emphases in response to changing needs. Some discussion group participants also suggested that funding activities like direct smoking prevention and treatment may be more persuasive to public and policymakers than a sole focus on upstream determinants.

4.5.2 Smoking cessation services

Participants presented varying attitudes to funding cessation activities. Some perceived cessation as the highest priority for funding, with many identifying shortcomings in existing cessation service provision:

I think the primary uses would be to support cessation for existing users, use that to support cessation counselling, cessation products, and then to use some of it for prevention purposes. (P04)

I would have thought smoking cessation services would be a good place to start given that I know some funding for those have been cut back. (P09)

In contrast, many saw cessation as a poor long-term investment:

Cessation I would rank towards the bottom because that's stable door after the horse has bolted. That is conceding defeat before one even starts. (P03)

[A healthcare professional may] say you need to spend all of the money on smoking cessation services, because they are just so chronically under-funded, as is a lot of the NHS. But that does a different thing which is that it helps people stop smoking where we missed the boat, we didn't prevent them taking it up, so that doesn't solve the long-term problem of tobacco use and you're still potentially getting uptake. (P05)

4.5.3 Mass media communications

Participants were almost uniformly supportive of investment in national mass media communications campaigns, identifying it as an activity that can be highly effective, but that has suffered from budgetary restrictions:

We have lost 90 per cent of the marketing budget at a national level, so we need much more funding for major campaigns, for public education campaigns. I think we still...and that's not just to support current smokers to quit, but it's also around reinforcing the reasons to stay quit. But also, I do think campaigns targeted at adults also reach younger people and they can help inoculate against uptake without us ever having to explicitly say that's what they're intended to do. (P08)

So mass media, [...] if you can tease out the effects having adjusted for everything else then mass media have a recognisable and positive effect. (P03)

4.5.4 Research and advocacy

Participants were typically supportive of funding research, advocacy and the work of health charities:

You need to use it for research. No, look, I think data is always needed. You need to make your case. You need to show what you're doing and that it is working or not working. (P12)

Some of the funding should go towards that kind of advocacy policy influence aspect, otherwise it doesn't matter how good your research or your ideas are for tackling things, you're just not likely to get them passed. (P07)

4.5.5 Combatting illicit trade

There was some disagreement over the importance of funding work to limit the illicit tobacco trade. Some felt that extra funding could help to address existing shortcomings in tackling illicit trade:

I think using some of the funds to try to deal with illicit trade in tobacco products is a good idea, step up enforcement efforts and things like that, use some of the funds to deal with under-age sales, sales to under-age kids would be appropriate (P04)

I would have thought some enhanced work on addressing illicit tobacco would be useful simply because it raises the price of the cheapest tobacco products, and we know price is one of the biggest tools for getting people to quit tobacco use. So the more we can do to clamp down on illicit the more effective existing measures will be. (P09)

However, the majority of participants felt that illicit trade is already policed effectively in the UK:

I would rank [combating illicit trade] way down the bottom because I am aware of quite an extensive literature demonstrating that this is basically a small issue blown up into a large issue by the industry and that they deliberately exaggerate the scale of the problem. (P03)

One participant noted that the Government has a financial incentive to fund action on illicit trade, and therefore that action should not need to be funded by a tobacco control fund:

I'm not saying it's not important in the UK. It is. And from an inequalities perspective it is. But I think the thing is we've got the infrastructure to address that, but it's making sure that that remains a priority. And of course that's one where the government you would hope would see the value because they see the tax revenue drop. (P06)

4.5.6 School programmes

Participants identified school programmes as a particularly poor use of funds, arguing that targeting adult behaviours is more effective:

We've done minimal around the school programmes and yet we've got the lowest youth smoking prevalence because we've absolutely focused our policy efforts on changing the adult world. [...] I'm not saying that there isn't a role for education in schools if it's linked in to kind of really robust personal, social, citizenship-y kind of education, but the tobacco industry would love us to just go and run education sessions in primary schools. (P08)

So it's like doing a school-based education on not smoking, which really doesn't work. So these like evidence-based policies for youth prevention. And the best actually, the best youth prevention, is reducing the consumption among adults. (P12)

4.5.7 Monitoring and evaluation

Many participants, both in interviews and discussion groups, stressed the importance of funding monitoring and evaluation of tobacco control activities:

I think putting some of the money into surveillance and evaluation efforts to really understand how to most effectively use those funds, make sure they're having the impact that they're intended to have would be appropriate. (P04)

Similarly, some participants discussed the need to implement ongoing monitoring of the fundraising mechanism itself to account for changes in the market and emergent loopholes:

Usually, you cannot get it right the first time. It's usually you try something, the rules, and it doesn't...and you get a feedback and then you sort of keep adjusting it. So again, it's fine-tuning the whole programme. (P12)

Consistent with this, some identified the need for legislation to be flexible so that mechanisms can be revised in response to industry behaviours:

It needs to be enabling legislation with explicit mechanisms for review of effect of one year and subsequently. So that if there are loopholes which the industry have spotted and exploited, then those loopholes can be closed. Also enabling legislation so that having monitored closely and identified the bits that are most effective, they can then be cranked up further. (P03)

4.5.8 A focus on health inequalities

Participants' discussions of spending priorities often highlighted the need to tackle health inequalities through funding research and services:

I think some of the stuff we've got is fine, does its purpose, it probably just reaches those kinds of, nearly hard to reach, but those really, really hard to reach, just doesn't...we just don't have the time and resources to go out and seek those in communities. So, that's what I'd suggest that extra money would be used for. (P14)

So I think in those terms we do need to look at why there's, like, a 32 per cent smoking rate in our most deprived communities compared to nine per cent in the richest communities. We need to get in about that and understand it, so there would be a lot of things that we could do about research, about targeting, about mass media campaigning, about trying to reach these people who might not want to be reached to talk about...and with the persuasive arguments about why this is really bad for them. (P11)

The importance of health inequalities was echoed in the discussion groups, where participants identified that targeting areas and groups of high socioeconomic deprivation could help to address any regressivity involved in a fundraising mechanism.

4.6 Advocacy and policymaking

Participants discussed considerations and recommendations for advocacy and policymaking, including how to promote a fund to the public and policymakers, what arguments industry are likely to make, and how COVID-19, Brexit and devolution may affect policymaking.

4.6.1 Promoting a fund to the public

The literature scoping exercise suggested that public are more likely to support a tax or charge on a health-harming product if funds are used to address the damage caused by the product. This was echoed in the perspectives of interview participants, who cited UK and US examples of this phenomenon:

A recent experience with the sugar tax in the UK for instance has consistently demonstrated that you get 60 per cent approximately public support for extra taxes on sugary drinks. But if the stem of the question explicitly talks about hypothecation and saying that money would be tracked back directly into children focused things, which was the original idea, breakfast clubs and school sports. Then public support goes up by approximately ten per cent. I understand that that is a general phenomenon across the board for different harmful commodities and is consistent across different countries. (P03)

It generally helps build support for those types of taxes, so we've seen in a lot of cases in the US that at least in some states they have to go through ballot initiatives to raise their tax and you generally see greater support for those types of tax increases when maybe some of the funds are being earmarked for tobacco control-specific activities. (P04)

Speaking more generally about public attitudes, many participants characterised the public as favourable towards tobacco control:

Most members of the public, including smokers actually, want tighter tobacco control, whether it's from, you know, if you were a kid smoking, to smoking in public places, so I think there's good public support. (P15)

Some participants suggested that public support could be increased by emphasising the societal costs of tobacco, the large profits of the tobacco industry and the threat posed to children:

Every taxpayer is paying directly into the tobacco industry profits, because of the money they're paying for the additional costs in health and social care.

So in terms of the public is, you know, do you know that some proportion of your taxes are paying for...and they're also...and the tobacco industry are just essentially laughing at us, and making a shed load of money. (P15)

I think amongst the general public, once they understand that the burden that smoking gives us and the gains it doesn't give us and the amount of money, the fact that tobacco companies are the most profitable companies anywhere, there will be [huge support for] that idea. I think it could be one of those, why didn't we do it before, moments. (P17)

4.6.2 Promoting a fund to policymakers

Existing political support and structural barriers to policymaking

Participants expressed varying perspectives about the degree to which there is political appetite for tobacco control policy in general, and taxes and levies more specifically. Some characterised tobacco control as a policy area with cross-party support and the support of the present Westminster and Scottish governments:

I do think this government now gets the role of tobacco control. So, we've got probably as open a door as we're ever going to get so we need to go to them and say this is what you do. (P08)

It's different because we're in a different government and, obviously, it's much more heavily dominated by the conservatives, but tobacco control is... not a party political issue, and that's a massive advantage to us going forward. (P23)

I think there would be a big appetite for it [in the Scottish Government] because they have this 2034 target that they've got to get people to quit on and we know that there's this kind of problem in SIMD 1. The problem there is they don't know if we'd actually manage to get this whole thing through and set up by the time we come to 2034 to make that kind of impact. But I think the Scottish Government would be behind it. (P11)

Consistent with this, some identified growing political interest in some form of a tobacco control fund:

Now I think about this, I was really struck...was it at the last election, that we started to hear...and it was from the Conservatives as well as Labour if I'm right, them starting to talk about hypothecating tobacco tax for the NHS. But that's not what we... Politicians don't like doing the hypothecation, but that seemed like something they felt the public would possibly wear. (P06)

Politically it wasn't...I think one of the reasons [a charge] wasn't adopted in Scotland might've been...certainly people said that one of the reasons it wasn't adopted in Scotland was that it was politically unconscionable at the time, but we do live in a different world now. (P16)

Conversely, others expressed concern that both the Westminster government and local politicians may not be enthusiastic about ambitious tobacco control legislation:

I feel like there's multiple signals which suggest that they probably won't be [supportive] because of the kind of trade agreements they might set up and also because I don't think reducing smoking is on their agenda very much and I don't think they do want to do anything to annoy large businesses very much so. Yeah, I'm hopeful in theory and then when I look at the reality of the political makeup today, I'm not that hopeful in practice. (P07)

People assume the tobacco issue is solved because we only have 15 per cent of us who are smoking [...] and the subtlety of the tobacco industry means that I've found talking to, again local politicians, that they don't think that tobacco's an issue. And so tobacco as a stand-alone issue is difficult. (P17)

While some participants expressed concern about tobacco industry influence on policymaking, one public sector participant suggested that politicians are relatively resilient against tobacco industry influence:

I mean, I think that threat of those kind of chummy contacts with tobacco industry are somewhat diminished because these are... The cost is just so high for politicians, you know, who probably think they have many... They're [...] not going to spend their political capital on protecting the tobacco industry. (P18)

4.6.3 Creating political support for a fund

Participants discussed various approaches that might be used to gain political support. Some discussed the importance of communication and use of language, including avoiding of the word 'tax', the use of the voices of public stakeholders in advocacy and providing an accessible explanation to any proposed funding mechanism:

Tax is just viewed as such a dirty word isn't it. (P08)

It may be for political reasons that you prefer calling it a damage assessment, ongoing damage assessment rather than a tax. I don't know whether you have your anti-tax people in Britain, but we're not talking about tax here, we're just talking about a damage assessment. (P02)

The opening speaker at [a Parliamentary meeting on smoking] was a lady from [local region], who had suffered from throat cancer and just I do think that it was the most powerful moment in that webinar was the fact that you had a real cancer survivor, an ex-smoker, an ordinary member of the public who could say, this is my experience, this is why I took up smoking, this is how I got hook, line and sinker, this is why I've quit, this is why the industry needs to be taken on. You could see...because I had the Health Minister and the Shadow Public Health Minister, they were completely like...and that to me also is what we need to weave in, real people's stories. (P08)

'I think one of the challenges is going to be how to explain this simply and particularly if it did go down this PPRS route.'(P08)

Consistent with this, other participants explained the need to provide evidence and information that anticipates policymakers' likely concerns related to fairness, use of funds and the mechanics of fundraising:

I suppose the question for the Government would be that if that's done for tobacco companies, other excise duties, on other products, would they have to be treated in the same way, and therefore produces an unlevel playing field between organisations, or sectors, let's say, then that might prove more difficult to implement. (P15)

I think you need the ammunition to say, right, £100,000 pot, this is what I'm going to do. I've got nine regions in England, and you do X, Y and Z in these regions, you know, target the most deprived areas first with X amount of people. (62) you're going to turn heads of officials, land it on their desk and say, this is what it's going to do, and this is how you can expect it to work. (P14)

What I can imagine most of the policymakers saying is, firstly, you know, it's a nice idea but it would be too difficult to do. So you'd have to convince them that it had been thought through from the perspective of the mechanics for how it would actually operate not just as a concept. (P22)

One participant suggested that some politicians may be persuaded if advocates highlight that the ultimate goal of a tax or charge is that it should eventually be unnecessary:

In effect, the perfect world, we wouldn't get any tax because we would not be selling any tobacco. I think that gives us a kind of moral high ground. It's a bit like the sugar tax that was put on sugary, sweetened drinks. Really, what it means is that we don't want to be raising any of that tax because...selling the product, so that helps...from the political side, here in local government, that helps with the traditional Tory councillor who doesn't want any controls on taxes. (P17)

On the topic of appealing to ideological positions, another participant recommended focusing on a charge as a means of incentivising transition to reduced-harm products:

The way to sell that to the treasury, I think, and to number ten, is around incentivising switching to alternative less harmful products, because, again, going back to the free market philosophy, and the unease about the nanny state in number ten, and, probably, in the treasury as well, if you can say, well, this levy is actually going to incentivise both the companies and individuals to switch. You're not saying you can't use nicotine you're just saying why not use a product that's not going to kill you. That's... going to be a lot easier a sell. (P23)

One participant with international tobacco control policy experience suggested that dedicating a portion of the fund to mitigating unintended harms to the economy could be politically persuasive:

The Philippines is a very good example where they had a very convoluted and complex tax system where they said, okay in the next five years this is how we're going to develop the tax system, and they got it right. And the way that they got it through parliament was by saying, we're going to use most of the money for universal health coverage, and another bit of money we're going to give to tobacco farm workers and farmers who may or may not be out of jobs, and trying to soften the blow for them in that kind of sense. (P01)

While impacts on tobacco farming are not relevant in the UK, a similar approach could potentially be taken to mitigate any negative impacts on tobacco retailers and other smaller businesses involved in the tobacco trade.

Government opposition to hypothecation

Participants who discussed governmental attitudes to hypothecated taxes almost uniformly expressed strong doubts about the government accepting hypothecation.

Politicians dislike hypothecated taxes with a passion so it's unlikely to be popular from that point of view. (P22)

Politicians in general don't like it, they're very particular about being elected to do the right thing, and they wish to retain their independence and their freedom for manoeuvre. So it can be a challenging negotiation that one. (P03)

Well, my sense of the UK and Scottish Governments is that they haven't been very receptive to ring-fencing anyway. (P07)

Some identified the Treasury as being particularly unsupportive:

If I talk to people from our Treasury, I would typically say, I would typically not even raise the argument of earmarking because it just makes them upset, and then I know I'm not going to get anywhere. (P01)

I also think the chances of that being hypothecated to a smoke-free fund are next to zero. The treasury is very clear on all the communication I've had with them that it goes into the general fund, and the treasury is very much against hypothecated taxes for two reasons. The first is what happens if it doesn't raise as much as predicted? Who makes up the shortfall? And secondly what happens if it raises more than predicted? Does that still go into the same fund and you have an unexpected bonus or is that syphoned off elsewhere. So they're saying, and I think quite reasonably, that traditionally in the UK we have this general fund and the issue of where money comes from is divorced from where money is spent. They are effectively two separate decisions. Their view is if more money was good for tobacco control or a smoke-free fund it should just be found for that purpose. (P09)

This participant went on to indicate that a form of hypothecation may be possible if the Treasury were to be bypassed, for example if a fund were to be administered by the DHSC:

The only way it would happen is if it didn't come from the treasury. (P09)

If it was seen as a user fee done by the Department of Health and Social Care then it would bypass the treasury's normal functioning. (P09)

One participant characterised the UK SDIL as an example of informal hypothecation, but expressed regret that the revenue was not protected for its proposed purposes:

The sugar tax was pushed through with major public support on the basis of hypothecation. And then guess what? There was a crisis and the money, the revenues raised for the sugar tax miraculously didn't get spent on children's breakfast clubs and school sports, but have been used to fill gaps in broader public health, and possibly NHS budgets as well. That's always a risk. (P03)

A public sector participant suggested that a more general health fund may be more acceptable to the government (though not the public) than a tobacco control fund as the government would retain more freedom around spending decisions:

I absolutely expect that it would be easier to convince policymakers, who generally don't like hypothecated taxes, so the more freedom that you give them, the more acceptable it's likely to be. But I would rather think it probably would be less acceptable to the public, because I think there is that... If you follow the logic that says, you know, you're using the, sort of, polluter pays type principle, then, you know, people would expect that there is a direct consequence between those two things. (P22)

The value of the 'polluter pays' principle

Many participants discussed the potential for applying the 'polluter pays' principle from environmental law to the design and advocacy of tobacco control fund. Participants typically favoured the metaphor, and many indicated that it could be persuasive to both policymakers and the public:

I think it's a slam dunk. I don't think there can be any question about that. The polluter pays phrase was the one thing that got into the government's Green Paper on this. So, while they...you know, calling it an industry levy didn't wash, they did say they were willing to look at ways of making the polluter pay. (P18)

So I think that's how you'd sell it to the public, and that they are essentially polluting, so the whole polluter pays thing, you know, so, you know, evocative, emotive language is probably so so, you know, tobacco industry is a polluter. (P15)

You know, the concept isn't unhelpful because I think, as you said, I think it's something that generally the public gets and, you know, they would see the logic of that. (P22)

Some participants agreed that the polluter pays metaphor is valuable, but highlighted the need for clarity when applied to tobacco:

We'd need to be very, very careful in the communications about this, particularly in relation to who is the polluter. Because at the very beginning of this I suppose it is possible for someone to put out misinformation that would say they're after you because you're putting the tobacco smoke into the air by smoking, so you're the polluter. [...] You can find some references to polluter pays and public health but not very many. It's mainly people shouting saying we should have a polluter pays principle for public health but there's not much to say that's happening. So I think we'd need to really educate people what we mean by it and communicate by it. (P11)

While participants were predominantly supportive of the polluter pays metaphor, some questioned its applicability to tobacco due the potential for it to cause confusion, and the complexity that harm-reduction products introduce:

I think it's problematic, maybe this is just the lens that I look through it, but to me when you talk about polluter pays, you're talking about the person who creates the negative consequences pays for the negative consequences. And I think one of the things that industry is moving towards is this harm reduction, harm minimisation narrative. And so as soon as you start defining something based on the outcomes, they will argue with you a lot and they will try and dispute any evidence base and they will try to create their own evidence base. (P05)

4.6.4 Likely industry arguments

Participants discussed a range of arguments that industry are likely to use in response to the proposal of a fund, and some suggested counter-arguments. Participants typically expected industry to react negatively to such a proposal, both directly and indirectly through surrogates:

You would get fierce opposition to anything that would restrict their operation and particularly anything that would incur additional costs, so yeah, you get the idea, it's not something they would embrace without a fight. (P05)

What they've done is...for example, on display legislation and on standard packaging, they used retailers to argue against those, and they funded...I mean, there's a retailer organisation, which is entirely funded by the tobacco industry, and housed in the Tobacco Manufacturers' Association, called the Tobacco Retailers Alliance. (P23)

One participant suggested that strong industry opposition would be reflective of the likely effectiveness of a policy:

Well the bigger the noise the better because it shows that they're bloody scared of it. (P08)

Another predicted that the tobacco industry would be ineffective in arguing against the policy:

The tobacco industry itself is not going to have much luck in arguing against it, and in fact they've not been... at the forefront of lobbying for many, many, years. (P23)

In contrast, two participants warned that industry has the power to shape the narrative around a policy, even if their arguments are not robust:

The big card they always play is the fact that we raise more in taxes than we spend on dealing with the harm which we dispute. But it doesn't matter if you dispute it or not, if they say it, it becomes the narrative. (P16)

So I don't really think those wider arguments would stack up, but that doesn't of course stop the industry making them, because if you throw enough mud some mud sticks. (P09)

Harms to the economy

One of the main areas of debate on which participants expected industry to focus was harms to the economy. A minority of participants suggested that the industry would warn of the loss of jobs associated with a tax or charge:

In the current climate they would play on the job losses (P16)

However, most participants suggested that this argument is no longer relevant in the UK context due to the decline of domestic tobacco manufacturing:

And of course there always used to be the argument in the UK was oh well, all the people are employed. Well, of course, there are hardly anybody now...the factories have gone. And the retailers, their profits are so tiny. (P06)

I mean, the jobs argument is gone because there's no more tobacco manufacturing in this country. In terms of a balance of trade, it's all imported. (P17)

One participant with an international policy perspective suggested that any arguments about job losses could be countered by contextualising tobacco industry jobs in terms of their contributions to deaths, and observed that this could be particularly persuasive in the UK:

So, your job that you've got for the year has resulted in someone else dying. Not a very good record. Over the course of 40 years of employment you have caused the death of 40 people. If you want to take that type of emotive response, it's not a particularly academic one, but nevertheless it's something that one could focus on. [...] I think the figures in the UK would be even more convincing: you have ten deaths for every job opportunity per year I would think. And the reason is you don't have your farmers, you have the people working for your big companies. (P01)

Beyond job losses, some participants expected the industry to warn of wider economic harms, as this participant summarised:

So they would do what companies normally do when you subject them to tax, they highlight what they pay, they highlight the fact that they may move operations overseas, all of those kinds of things. Talk about the fact they're UK based, they pay their taxes, they employ lots of people. (P09)

Despite this, the same participant went on to suggest that a tax or charge would be unlikely to motivate large tobacco companies to leave the UK:

Yes, [British American Tobacco] and [Imperial Tobacco] are both based in the UK, but I don't believe a user fee tax of any type would encourage them to leave if they weren't going to leave already. (P09)

Many participants expected that that the tobacco and grocery industries would warn of harms to retailers:

There will be a pushback from grocers for example because they're quite a powerful lobby as well. (P11)

They might even talk about corner shops being devastated, that kind of thing. (P09)

One participant questioned the legitimacy of that argument:

Most corner shops make very little from tobacco. The margins they make are very small, in the region of five per cent. They'll talk about how tobacco drives footfall, but I know ASH in England did a study that shows that isn't really true, most people who visit corner shops for tobacco don't spend very much extra. (P09)

Consistent with this, another participant argued large retailers would not be concerned by this type of policy, and described research that had found that independent retailers were largely supportive of tobacco control regulation:

The supermarkets and large chains...they're not really that bothered by all this stuff, and, actually, government is much more concerned about what small retailers think. (P23)

Action on Smoking and Health [commissioned] a survey of, I don't know, I think, it was about 550 small retailers around the country, independent retailers, and the interesting thing was [...] they largely supported all the regulations. (P23)

One economist identified that there is a need for public health advocates to collaborate with economists in preparing to engage with economic arguments:

Over time I think the prominence of the economic arguments has become clear to the public health people and that's why I think, you know, for example WHO and their tobacco control group has a focus on economics just because these economic arguments seem to carry the most weight, especially when it comes to tax, and because you're dealing with finance ministries instead of health ministries. (P04)

Another participant suggested that contextualising economic costs in terms of loss of life related to tobacco may be a powerful advocacy strategy:

You can certainly make the argument that 20 years or ten years of life lost is not worth nothing, and we're going to come up with a number. We're not saying this is the right number. Whatever number you come up with I think we can fairly say is a vast underestimate. It's a minimal floor of what an estimate would be, but really you would like to hear the tobacco industry lobbyists come in and say that a life is not worth £50,000 or whatever. (P02)

Punitive towards smokers

Many participants expected that industry would seek to characterise a policy as being punitive towards smokers:

They could argue that they can't afford not to pass it on to smokers so then basically, effectively by taxing us you're taxing smokers and they've already got to pay very high rates, that's, you know, not fair and it's the government working against the more disadvantaged communities that it says it cares about. (P07)

The narrative [regarding who must pay for a levy] needs to be clearly distinguished because I suspect that the industry would try and muddy the waters between the two, and that would, I think, be quite important. (P22)

Participants typically expected the industry to focus on financial harms to economically deprived smokers:

They typically use the argument that it is financially disadvantageous to the smoker, you know, and poor smokers and it causes hardship and all that kind of thing. (P22)

I mean, they would try and turn it into attacks on the poor if it was a price point thing and it's saying that, you know, we'd reduce the price of cigarettes if it wasn't for this pesky levy or whatever. (P16)

While participants acknowledged that some fundraising mechanisms would have regressive effects, they typically perceived this argument as being weak due to the resulting progressive effects on health:

That has always been the argument of the industry which otherwise is very happy to see half of its consumers die prematurely while following manufacturer's instructions. So the hypocrisy is quite spectacular. The story about regressivity is it's not as regressive as you might think when you actually do the sums and also in terms of the benefits when you look at the reduction in smoking for a given price rise, then the benefits in the most disadvantaged groups are disproportionately great. [...] So it might be regressive in terms of the finance but it's progressive in terms of individuals' health, it's progressive in terms of inequalities for public health. (P03)

Fairness

Some participants predicted that the industry would characterise a charge or additional tax as unfair and unjustified. One rationale for this position may be that tobacco products are already subject to substantial excise tax duty, and those taxes may be expected to pay for harms caused by tobacco:

They would say, oh yeah, we already pay excise taxes, that's for that, right? It would be a difficult sell because of the existence of excise taxation. (P12)

So, yes, that would be the big one, that you're taking more money from us. You're already taking money off us, enough to pay for all your treatment twice over. This is just an attack. (P16)

Participants suggested that industry would also raise objections about being treated differently to other unhealthy commodity industries:

If you worked in the tobacco industry you might say well, drinking, because drinks can kill you, can't they? And eating unhealthy food can kill you, and stuff, as well, so, are we all polluters. (P14)

I mean, they would definitely argue that it was unfair and it was unfair for them to be targeted, there were many other industries which were selling products which are harmful for health and that is true. Why should tobacco be targeted in this way when, you know, depending how you measure it you could say alcohol actually has more negative impact so why are you not focusing on the alcohol industry. (P07)

Social responsibility and harm reduction

A small number of participants predicted that industry would seek to avoid regulation by emphasising corporate social responsibility activities and the adoption of reduced-risk products:

Yes, they tried to make the argument that they're responsible citizens and that they're providing money, they're also making the argument that they're shifting their whole industry to less harmful products, e-cigarettes et cetera. They're trying to make this huge argument around the world, 97 per cent of the market remains in combustible cigarettes, so the whole thing is a sham. (P10)

Illicit trade

Some participants expected industry to make the case that imposing a charge or additional taxes would drive trade in illicit tobacco:

I mean, the argument they would use there is the argument they've been using for a while now, which is they would be focusing on the illegal and illicit. Because their argument is consistently that price regulation or taxes push people to the illicit market, which disadvantages the local store holders and the system because they lose the revenue. (P22)

Whatever you're going to do they're going to say it's going to increase illicit trade. (P10)

One participant dismissed the veracity of such claims, but suggested that the industry have had success with this argument in Canada:

My understanding of the economics is that there's practically no relationship between cost, the price of tobacco and the level of smuggling and illicit... But that is always the argument they'll put. You probably know that the previous Canadian government was sort of persuaded and so they dropped... And if anything I think illicit went up. (P06)

4.6.5 Contextual factors: COVID-19, Brexit and devolution

Participants discussed the impacts that COVID-19 and Brexit may have on policymaking in this area, as well as discussing how a fund might be pursued in the context of devolution. The COVID-19 pandemic was discussed by many participants.

Many perceived the pandemic as an opportunity for policy advocacy, based on a reinvigorated focus on health improvement and a need for additional revenue:

It's quite interesting actually, with COVID and prevention, how, kind of, attitudes have changed in, kind of, central government where people are listening a lot more, thinking, well, actually, yeah, I get it, you know, we need everyone to be fighting fit. [...] Stopping smoking is still high on the political agenda. (P14)

I think in the current environment, I think it's going to be easier to sell because like you say, you can point to the strains in the health system that are resulting from the pandemic and a need to really deal with that effectively and having a broader array of taxes to try to do that and then to use the revenues from those taxes to deal with health more broadly, I think in the current environment that's more sellable. (P04)

We're bankrupt 'cause of COVID, we need to raise money to improve the health of the nation, this is one way of doing it, but it's for tobacco control. And actually, what you could do is then say the money we're currently using for tobacco control that goes to local Government and NHSE, would come from that ring-fenced polluter pays fund. So you could argue that it is actually then helping the country recover from COVID because you're now using 200 million...no sorry, £120 million from...that you wouldn't otherwise have had. (P15)

One participant reflected on how the secondary effects of the pandemic present further opportunities to advocate for tobacco control:

Yeah, I mean, because of COVID, homelessness is having a moment, let's weave it into that conversation. Because you can. You can weave...smoking's great. It's one of those topics you can get into anything. And so you can always weave it into conversations and if you weave it into a number of them, people start thinking you're triangulating what they're hearing. (P17)

In contrast with the above perspectives, some participants saw COVID-19 as an obstacle to a policy to introduce a tobacco control fund. Some argued that the uncertainties created by the pandemic will have increased governments' desire for flexibility and control over spending:

At the moment things are so uncertain that that would be an additional reason that you need to build in flexibility. (P07)

In the current environment when governments are trying to deal with all the economic fallouts of the pandemic and little sorts of rigidities just make it a little bit harder for them to be able to handle that. (P04)

Particularly with COVID, to be able to react to public health emergencies needs flexibility, so in principle ring-fencing actually fetters flexibility. (P16)

Others identified how a focus on COVID-19 has disrupted attempts to move a tobacco control fund up the political agenda:

I mean I think because of COVID we haven't been able to make as much noise around this as we would have wished, so obviously the smoke-free 2030 roadmap that was launched back in January sort of sets out the principles for what we're trying to achieve and why we would need a levy and the fact that the public are behind this. But we haven't been able to do much noise since to gauge the reaction of the industry. (P08)

One participant identified both COVID-19 and Brexit as opportunities, as they will reduce GDP and provide the motivation for raising additional revenue:

I suppose there's one positive in that both COVID and Brexit are going to cut GDP. There is going to be...one of the components is going to be an increased focus on revenue raising and tobacco industry, the multinationals are visibly rich, they're visibly profitable, and as we've discussed you can tax until the pips squeak and they will still go on selling their product and producing revenue for the state. That is one small positive. (P03)

Another potential advantage of Brexit, identified by several participants, was that the UK will be free to change the structure of its tobacco excise duty once it is no longer subject to the EU Tobacco Products Directive:

Now the UK is leaving the European Union and won't be subject to the tobacco tax directive, I think there's room for pushing more towards a uniform-specific tax system which will in the end has a greater impact, as long as you have the regular adjustment. (P04)

Some participants discussed how devolution would affect policymaking in this area. Those participants agreed that a tobacco control fund should ideally be a UK-wide policy. One academic participant working in Scotland explained that, while a UK-wide implementation is preferable, devolved legislatures and executives can drive policy progress by acting independently:

[A devolved approach is] not desirable. We'd obviously want UK. But we've done stuff in Scotland before the rest of the UK and we've seen the real benefits of different nations upping the ante on different policy aspects. It's not ideal. (P06)

A public sector participant suggested that new rules governing trade within the UK limits Scotland's ability to act independently in this policy area:

Well, the only thing that is more bleak than Brexit for us is, and you haven't asked about it but it's the elephant in the room for us, is the Internal Market Bill. The Internal Market Bill ends our possibilities of doing anything like minimum unit pricing for tobacco and so we will just have to look to things like the fund done at UK level, so most of our effort will now be trying to persuade UK ministers to do a complete one-eighty and start taking public health as seriously as we do and our ministers can't see that happening. (P16)

5. Discussion

This study explores potential means of designing, advocating, and administering a UK tobacco control fund, synthesising insights from international literature and the perspectives of professionals with expertise in tobacco control, economics and public health policy. Combining analyses of 85 international pieces of academic, grey and policy literature, 24 in-depth expert interviews and two expert discussion groups allowed a rigorous and wide-ranging examination of the state of tobacco control funds internationally, the possible routes to creating a fund in the UK, and the challenges that must be met in doing so. Participants were predominantly enthusiastic about establishing a tobacco control fund, highlighting the need for substantial additional funding if targets for smokefree generations are to be met.

The analysis answered three research questions: how might revenue for a tobacco control fund be raised?; how should a tobacco control fund be used?; and how should a tobacco control fund be promoted to policymakers and the public?

5.1 Principles of fundraising

Before designing a fundraising mechanism, it may be crucial to determine whom should bear the cost of a fund. Specifically, whether industry should be permitted to pass costs on to consumers through pricing, with the benefit of disincentivising consumption, or whether a fund should seek to extract funds from industry profits while avoiding the potentially regressive effects of price increases. Participants varied in their perspectives, but the need for policymakers to set clear goals was evident, as further design decisions rely on that foundational principle. Participants' perspectives on this issue were consistent with a recent Public Health England report on fiscal and pricing policies (87), which highlights that policy success depends on policy goals. The report finds that aiming to achieve both health promotion and revenue raising objectives with the same policy can create trade-offs, but suggests that achieving both is possible when demand for a product is relatively price inelastic, as is the case with tobacco (87). From this perspective, permitting costs to be passed on to customers and ensuring that costs are paid by industry may each be valid goals.

Three broad approaches to raising funds were identified in the literature and examined in the interviews and discussion groups: raising excise tax on tobacco sales, hypothecated excise tax and a tobacco industry charge. Each approach presented legitimate strengths and weaknesses, which are summarised briefly in Appendix C. Hypothecation was seen as least politically plausible due to strong governmental resistance, particularly from the UK Treasury. Raising excise taxes was seen as politically feasible and administratively simple, while a tobacco industry charge could be more challenging on both counts. However, if the chosen outcome is to follow the polluter pays principle and ensure the industry pays for a fund, an industry charge may be the most logical route. Participants discussed various specific models for raising revenue. While no one specific model was advocated for by more than a few participants, each one included elements that may be instructive in policy design, such as in identifying precedent for extracting funds from industry via DHSC, and identifying mechanisms to raise taxes without increasing retail prices.

5.2 Administration and advocacy

This report synthesises literature and expert perspectives on what type of body should oversee a fund, how fundraising targets should be set and how responsibility for paying a charge might be apportioned between different companies. Participants also discussed how a fund should be spent, exploring the arguments for and against investing in treatment, prevention, cessation services, communications campaigns, research, advocacy, health charities and school programmes. Participants exhibited broad agreement on the usefulness of funding activities such as media communications, research, advocacy, and monitoring, while other areas were more controversial. There was widespread support for making health inequalities a key focus of all activities.

On the topic of advocacy, the report synthesises experts' perspectives on promoting a tobacco control fund policy to the public and policy makers, and anticipating industry responses. While participants foresaw some political challenges, particularly around hypothecated taxes, they also portrayed the current political context as one that offers many opportunities for promoting a tobacco control fund. Similarly, while COVID-19 and Brexit both present challenges, participants also identified various advocacy opportunities that the turbulence of the political and public health landscapes may present. The polluter pays principle from environmental law was predominantly seen as a metaphor that could be usefully applied to the tobacco industry, and, while participants anticipated fierce industry resistance, they typically suggested that that resistance could be overcome.

5.3 Key considerations for policy design

The synthesis of the scoping exercise, expert interviews and deliberative discussion groups did not lead to one clear policy recommendation. Rather, analysis identified a set of key considerations that must be engaged with in designing a tobacco control fund policy. In this section, each of these considerations is identified in turn, and the dominant suggestions emerging from the data are summarised.

1. *Should industry be permitted to transfer costs to consumers through pricing?*

Policy design must be based on setting firm goals about whether fundraising should allow industry to pass costs on to consumers in retail price increases. Participants were divided on this fundamental principle, with some valuing discouraging consumption through price and others valuing avoiding regressive effects while directly impacting tobacco industry profits.

2. *How should funds be raised?*

The principal approaches for raising funds are increasing excise taxes and implementing a new tobacco industry charge. Choosing an approach may be informed by the goals set under the previous decision point. Excise taxes are relatively simple to implement but may be more challenging to ring-fence for tobacco control.

Regressivity is typically an inherent part of raising taxes, but this might be mitigated by implementing price controls, if desired. A tobacco industry charge is likely to be more complex to create but may present a clearer route to a ring-fenced fund and may require less ongoing negotiation. The PPRS may be valuable as a precedent for bypassing HM Treasury opposition to hypothecation.

3. *How should a fund be administered?*

Independence is generally preferable, but a UK Government-run fund with an independent advisory group comprising varied tobacco control expertise is an acceptable, pragmatic compromise. Independence from industry influence is essential. Fundraising and the use of funds must be monitored and evaluated, and systems must be flexible to address any inefficiencies identified.

4. *How much should be raised, and from whom?*

Calculate funding goals based on what is needed to meet Smokefree targets. Transnational tobacco companies should be liable to pay, and companies' liability could be apportioned by factors such as profit, market share and sales volume. Legislation may be necessary to mandate the sharing of the data necessary to apportion liability for payment.

5. *What types of activity should be within the remit of a tobacco control fund?*

Core activities that a fund might be used to pay for include preventing initiation and facilitating cessation of tobacco use, mass media communications, research and advocacy. Activities must target health inequalities. A fund should pay for monitoring of fundraising mechanisms and evaluation of funded activities. Funding decisions should be distributed at national and local levels to ensure appropriate activities at different scales.

6. *How should the idea of a tobacco control fund be promoted?*

The public are likely to support a policy where funds raised from tobacco sales are used for tobacco control. There is strong political support for tobacco control and tobacco pricing policies, but resistance to a tobacco control fund and hypothecation must be overcome by presenting clear, robust policy proposals that are sensitive to the ideological orientation of policymakers. The polluter pays principle may be valuable but requires clarity about who is considered the polluter. Transnational tobacco companies will likely resist a tobacco control fund, highlighting: potential economic costs; unfairness towards tobacco companies and people who smoke; existing corporate social responsibility activities; and a perceived risk of stimulating illicit trade.

6. Policy Recommendations

This report brings together a range of views from expert stakeholders working across tobacco control, tobacco control economics, tobacco taxation and public health policy. Based on this report and building on the findings of previous research, Cancer Research UK has identified the following policy recommendations.

COVID-19 has put public health at the forefront of policy-making, with the pandemic demonstrating the importance of governments across the UK taking bold action on critical public health matters. Smoking remains the biggest cause of cancer in the UK, and worldwide. Much of this impact falls on deprived communities – who in England are not projected to achieve ‘smokefree’ until well into the mid-2040s (7) – highlighting huge health inequalities between the richest and poorest. The UK has an opportunity to reduce this inequity and sustain the huge progress made so far towards achieving a smokefree generation.

Achieving smokefree targets will require bold and comprehensive tobacco control strategies...

Cancer Research UK is determined to reduce deaths from smoking-related cancers by preventing people from starting to smoke and helping those who do to quit. Most people who smoke started as children and want to stop, but they need support and access to evidence-based measures to do so. It’s also essential that measures are put in place to prevent people from starting to smoke in the first place. In order to achieve smokefree ambitions, governments across the UK will need to put in place ambitious and comprehensive control strategies with action at a local, regional and national level. This should include ensuring that proven tobacco control measures are delivered sufficiently and effectively, such as public health campaigns, locally commissioned stop smoking services, tobacco dependency treatment in the NHS and policies that reduce the attractiveness of tobacco.

This will require increased funding – which a tobacco control fund would deliver

However, delivering the ambitious interventions that will be necessary to help us eradicate smoking for good will require increased investment in tobacco control – which means finding a reliable, sustainable and sufficient source of funding.

In this study, nearly all stakeholders agreed on the need for a tobacco control fund so that the UK Government can achieve its goal of making England smokefree by 2030. Importantly, though stakeholders presented different revenue-raising methods - each with their own merits and disadvantages - they agreed that action was essential and should not be delayed.

1. Cancer Research UK calls for the UK Government to take decisive action on smoking, and level up deprived communities, by setting up a tobacco control fund to pay for the recurring costs of tobacco at a local, regional and national level. This fund will allow for the measures set out in respective tobacco control strategies across the UK to be effectively and successfully implemented.

If enacted correctly, a tobacco control fund will be a giant step forward for the UK Government on its path to delivering its smokefree target in England and leaving a legacy of significantly improving cancer prevention. A tobacco control fund would be a vital new source of funding for a comprehensive tobacco control approach, which amongst other things would give much-needed resources to local bodies for planning services and support. Additionally, the fund would also help free up the UK's public health budget for use in other important areas of health.

There are several key principles that a tobacco control fund should follow

In addition to identifying revenue-raising options, the stakeholders who took part in this study also helped identify a set of key principles that the UK Government should keep in mind regardless of which options they chose.

2. Key principles of a Tobacco Control Fund...

- ✓ Raises a predictable and sufficient amount, allocated yearly, to fund a comprehensive tobacco programme.
- ✓ Funds comprehensive tobacco control strategies which are focused on preventing people from starting to smoke and helping them to stop rather than treating smoking-related disease.
- ✓ Does not replace current funding streams which allow the NHS to treat smoking related disease.
- ✓ Has a key focus on tackling smoking-related inequalities.
- ✓ Is run in an independent and transparent way, using the right expertise and without any interference or input from the tobacco industry.
- ✓ Is distributed in a fair and proportionate way nationally between the UK nations, and regionally between local authorities.

A polluter pay's approach should be adopted for this fund

A number of the revenue-raising options identified by this report could be used to establish a tobacco control fund and our research highlights key considerations to help guide the UK Government's choice. Stakeholders identified that whichever mechanism is chosen, it must be clearly guided by what the fund is directly trying to achieve – whether that is to primarily raise revenue, or directly reduce prevalence.

Cancer Research UK believes that the current priority is raising the necessary income to provide sustainable and reliable funding for services and interventions that prevent smoking uptake and help people stop. Furthermore, we believe that rather than having the costs of a fund passed on to people who smoke, we should instead aim to directly penalise the tobacco companies who make large profit from putting lives at risk and creating immense pressure on NHS resources. Tobacco is the only product that is lethal when used as intended, killing at least half of its users long-term. Tobacco companies are also highly profitable, with the pandemic appearing to have had little impact on these profits. Therefore, Cancer Research UK recommends that – regardless of the exact mechanism chosen for achieving this – a ‘polluter pays’ approach be taken to raise revenue for the tobacco control fund.

3. Companies who profit at the expense of human lives while also risking the stability of the NHS should be made to pay for the damage they cause. We are calling on the UK Government to adopt a ‘polluter pays’ approach by raising revenue from tobacco companies who continue to aggressively push a deadly product.

The time to make significant progress on reaching smokefree by 2030 is now, and Cancer Research UK will support UK Government efforts to raise revenue to properly fund tobacco control. Sustained funding cuts to tobacco control over the years have meant that there has been a lack of support to stop smoking. This has likely contributed to widening smoking inequalities which are estimated to have caused thousands more smoking-related cancer cases in the most deprived areas compared to the least deprived. If the UK Government is truly serious about setting ambitious tobacco control strategies that will achieve smokefree aims, as well as levelling-up the country and closing the inequality gap across the UK, then committing to a tobacco control fund is fundamental.

Governments in Scotland, Wales and Northern Ireland should opt-in...

Smoking rates remain stubbornly high in the Scotland, Wales and Northern Ireland and action is needed to address this. It’s therefore important that the revenue from this fund can benefit people who smoke across the UK. Beyond raising revenue, the measures raised should also be explored as novel methods to reduce prevalence.

4. We recommend that governments in Scotland, Wales and Northern Ireland:

- Work with the UK Governments on setting up the fund
- Opt-in to the tobacco control fund
- Commit to ensuring that any revenue gathered from it is dedicated towards tobacco control measures.

Beyond raising revenue, the measures raised should also be explored as novel methods to reduce prevalence

Achieving smokefree ambitions will require looking beyond our existing box of tobacco control tools and looking towards novel techniques. Whilst the purpose of this research was to identify revenue raising mechanisms to fund tobacco control, many of the interventions raised by this report would help to achieve tobacco control aims beyond just their ability to raise revenue. For example, stakeholders identified that a cap on market retail prices could limit industry's opportunity to keep their value products particularly cheap to avoid the most price sensitive consumers – who are more likely to be from more deprived backgrounds - from stopping smoking. By doing so the industry lessens the desired impact of taxation increases to reduce smoking prevalence amongst the UK's most deprived.

5. We are calling for the governments across the UK to consider novel measures – including some of the ones raised by this report – to reduce tobacco prevalence and achieve smokefree aims.

7. Strengths and limitations

This study combines evidence from international academic, policy and grey literature with primary data from expert interviews and discussion groups to explore the possibility of creating a UK tobacco control fund and triangulate suggestions for policy and advocacy.

The robust, methodical scoping exercise ensured that the rest of the research was built on a thorough understanding of international and domestic political contexts and precedents that might inform policy design and advocacy for a UK tobacco control fund. The analysis of the international literature informed the data collection instruments to ensure that interviews covered the relevant topics to bolster those understandings with professional insights to help answer key questions about how a tobacco control fund might be approached in the UK.

The purposive, targeted approach to sampling ensured that the research sample included a usefully broad range of professional expertise, and the depth of the interviews ensured that that expertise was represented thoroughly. The research sample for the interviews exhibits a balance between the different sectors and areas of expertise, such that no subcategory of participant was overrepresented. Understanding the experiences and perspectives of senior figures within a field is useful in policy research due to the extent to which policy is constructed through the discursive engagement of different coalitions of policy actors (88). Synthesising experiences across different areas of relevant expertise is a valuable means of arriving at pragmatic, grounded policy recommendations that are likely to represent the needs of different categories of actors.

While the interviews were valuable in producing rich data based on deep professional insights into relevant aspects of tobacco control, the one-on-one nature of the interviews meant that perspectives from one discipline were not in direct dialogue with perspectives from others. The key benefit of the discussion groups was to create informed dialogue between experts with different background and perspectives so that those perspectives could be challenged, and robust, pragmatic conclusions could be drawn. The process of presenting analysis of interview data to senior professional experts to stimulate group discussions helped to tease out and interrogate key issues within that analysis, moving towards pragmatic recommendations for policy through interdisciplinary discussion.

This study is subject to limitations related to the research design, contextual factors and the nature of policy research. The qualitative nature of the primary research data is such that the analysis is representative of the depth and diversity of opinion within the research sample, but the research cannot make any predictions about the frequency of specific stances within any wider population. As such, the value of qualitative policy research is in identifying useful reasoning and novel ideas, not making generalisations about how commonplace specific opinions are.

The research design was impacted substantially by the COVID-19 pandemic. Initially the primary research was intended to involve face-to-face interviews, and deliberative groups that would have been larger, longer, and more intensive than the discussion groups that replaced them. Instead, interviews were all conducted through online videoconferencing software, with the exception of one telephone call, and the scope of the deliberative groups was reduced to better allow for the videoconferencing medium. However, the research team felt that these changes had a net positive impact on the project. With online meetings becoming commonplace in 2021, participants were predominantly equipped to participate in online

interviews with minimal technical issues and working from home likely made scheduling more straightforward. The researchers felt that the online discussion groups were effective, and any negative impacts of not being able to assemble participants in the same room were likely outweighed by the flexibility provided by not being limited by geography in determining composition of groups, enabling discussion between experts in the UK, the US and South Africa. Beyond practical concerns, the pandemic affected the data as the primacy of the COVID-19 on the news and public health agendas meant that conversations often returned to that topic, which was frequently associated with uncertainty about the economic and political context. However, this may represent a benefit as participants were able to reflect on the extent to which the pandemic represents either an obstacle or an opportunity for policymaking in this area.

This study was affected by certain limitations inherent to policy research. The complexity of policies and policymaking environments is such that transferring learning from one policy to a different policy and legislature is inherently imperfect. The importance of complexity is well established in policy studies literature.⁽⁸⁹⁾ For example, the US tobacco MSA may contain valuable lessons for tobacco control policy in the UK, but the importance of the differences in time periods and legislative contexts cannot be discounted.

The specific area of policy on which the research focused is relatively complex, and it became evident during data collection that designing a tobacco control fund policy demands a broad range of expertise, including technical knowledge and understanding of what is achievable within the relevant governmental bodies. As such, few participants possessed the breadth of knowledge to be able to present comprehensive recommendations for policy. More commonly, participants presented general principles for policymaking. The discussion groups were found to be valuable as the inclusion of different areas of expertise and sectoral perspectives helped move toward more well-rounded recommendations.

Finally, an important aspect of the research design to consider is that the sample did not include the perspectives from any aspect of the tobacco industry. This was a deliberate choice based on the tobacco industry's track record of subverting evidence and policy processes to undermine effective smoke-free policy, and is consistent with Article 5.3 of the guiding principles of the World Health Organisation Framework Convention on Tobacco Control (90). While protecting the research from tobacco industry influence is a strength, it is important for readers to be aware of the absence of the voice of the tobacco industry when considering the conclusions.

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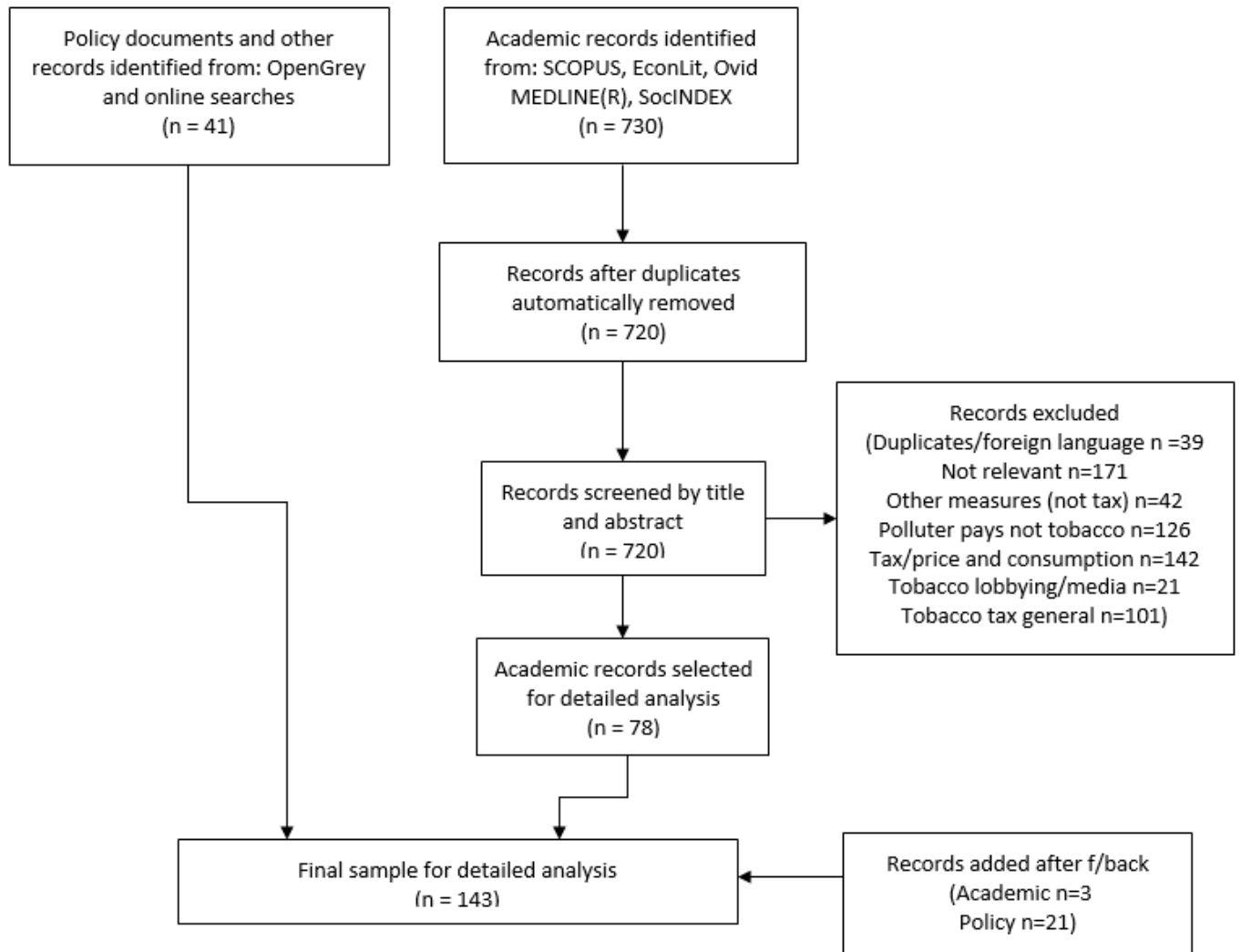
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Appendices

Appendix A: PRISMA diagram illustrating selection process for literature inclusion in scoping exercise



Appendix B: Summary of literature used in scoping exercise

B1: Academic literature

| Author(s) | Year | Title |
|----------------------------------------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Aguinaga Bialous S, Glantz SA (51) | 1999 | Arizona's tobacco control initiative illustrates the need for continuing oversight by tobacco control advocates |
| Balbach ED, Glantz SA (39) | 1998 | Tobacco control advocates must demand high-quality media campaigns: the California experience |
| Bird RM (91) | 2015 | Tobacco and Alcohol Excise Taxes for Improving Public Health and Revenue Outcomes: Marrying Sin and Virtue? |
| Borland R, Winstanley M, Reading D (55) | 2009 | Legislation to institutionalize resources for tobacco control: the 1987 Victorian Tobacco Act |
| Branston JR, Gilmore AB (10) | 2019 | The failure of the UK to tax adequately tobacco company profits |
| Branston JR, Gilmore AB (67) | 2015 | The extreme profitability of the UK tobacco market and the rationale for a new tobacco levy |
| Branston JR, Gilmore AB (66) | 2014 | The case for Ofsmoke: the potential for price cap regulation of tobacco to raise 500 million per year in the UK (first published online Jan 2013) |
| Centers for Disease Control Prevention (52) | 2001 | Tobacco use among adults--Arizona, 1996 and 1999 |
| Centers for Disease Control Prevention (53) | 1997 | Tobacco tax initiative--Oregon, 1996 |
| Chaloupka FJ, Yurekli A, Fong GT (77) | 2012 | Tobacco taxes as a tobacco control strategy |
| Chantornvong S, McCargo D (57) | 2001 | Political economy of tobacco control in Thailand |
| David AM, Haddock RL, Bordallo R, et al (58) | 2017 | The use of tobacco tax revenues to fund the Guam Cancer Registry: A double win for cancer control |
| Elder JP, Edwards CC, Conway TL, et al (40) | 1996 | Independent evaluation of the California Tobacco Education Program |
| Farquhar JW (41) | 1996 | The case for dissemination research in health promotion and disease prevention |
| Freeman B, Gartner C, Hall W, et al (54) | 2010 | Forecasting future tobacco control policy: where to next? |
| Gao S, Zheng R, Hu T-w (92) | 2012 | Can increases in the cigarette tax rate be linked to cigarette retail prices? Solving mysteries related to the cigarette pricing mechanism in China |
| Gilmore AB, Tavakoly B, Taylor G, et al (68) | 2013 | Understanding tobacco industry pricing strategy and whether it undermines tobacco tax policy: the example of the UK cigarette market |

| Author(s) | Year | Title |
|-------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Hamilton WL, Biener L, Rodger CN (47) | 2005 | Who supports tobacco excise taxes? Factors associated with towns' and individuals' support in Massachusetts |
| Heiser PF, Begay ME (48) | 1997 | The campaign to raise the tobacco tax in Massachusetts |
| Hellowell M, Smith KE, Wright A (69) | 2016 | Hard to Avoid but Difficult to Sustain: Scotland's Innovative Health Tax on Large Retailers Selling Tobacco and Alcohol. |
| Hu T (70) | 1997 | Cigarette taxation in China: lessons from international experiences |
| Hu T-w, Sung H-y, Keeler TE (42) | 1994 | Tobacco Taxes and the Anti-Smoking Media Campaign: The California Experience |
| Johnson LT (65) | 2006 | Distributional Preferences in Contingent Valuation Surveys |
| Jones AS, Austin WD, Beach RH, et al (93) | 2007 | Funding of North Carolina Tobacco Control Programs Through the Master Settlement Agreement |
| Koh HK (49) | 1996 | An analysis of the successful 1992 Massachusetts tobacco tax initiative |
| Lum KL, Barnes RL, Glantz SA (37) | 2009 | Enacting tobacco taxes by direct popular vote in the United States: lessons from 20 years of experience |
| Martin CB, Beerline D, Breslow L (43) | 1998 | Getting key players to work together and defending against diversion--California |
| Max W, Sung H-Y, Lightwood J (44) | 2013 | The impact of changes in tobacco control funding on healthcare expenditures in California, 2012-2016 |
| Miller G (45) | 2012 | Cancer. California weighs tobacco tax hike to fund research |
| Minh HV, Ngan TT, Mai VQ, et al (59) | 2016 | Tobacco Control Policies in Vietnam: Review on MPOWER Implementation Progress and Challenges |
| Ngan TT, Huyen DTT, Minh HV, et al (60) | 2019 | Establishing a tobacco control fund in Vietnam: some learnings for other countries |
| Novotny TE, Siegel MB (46) | 1996 | California's Tobacco Control Saga. |
| Pierce-Lavin C, Geller AC (38) | 1998 | Creating statewide tobacco control programs after passage of a tobacco tax: executive summary |
| Ritch WA, Begay ME (50) | 2002 | Smoke and mirrors: how Massachusetts diverted millions in tobacco tax revenues |
| Ross H, Tesche J, Vellios N (94) | 2017 | Undermining government tax policies: Common legal strategies employed by the tobacco industry in response to tobacco tax increases |
| Slama K (76) | 2006 | Background information for adopting a policy encouraging earmarked tobacco and alcohol taxes for the creation of health promotion foundations |
| Sloan FA, Mathews CA, Trogon JG (63) | 2004 | Impacts of the Master Settlement Agreement on the tobacco industry |

| Author(s) | Year | Title |
|------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------|
| Smith KE, Savell E, Gilmore AB (95) | 2013 | What is known about tobacco industry efforts to influence tobacco tax? A systematic review of empirical studies |
| Themba-Nixon, M. Sutton, C.D. Shorty, L., et al (64) | 2004 | More Money More Motivation? Master Settlement Agreement and Tobacco Control Funding in Communities of Color |
| Tsai Y-W, Yen L-L, Yang C-L, et al (56) | 2003 | Public opinion regarding earmarked cigarette tax in Taiwan |
| Vardavas CI, Filippidis FT, Agaku I, et al (61) | 2012 | Tobacco taxation: the importance of earmarking the revenue to health care and tobacco control |
| Wilson N, Weerasekera D, Edwards R, et al (62) | 2010 | Characteristics of smoker support for increasing a dedicated tobacco tax: national survey data from New Zealand |
| Wright A, Smith KE, Hellowell M (82) | 2017 | Policy lessons from health taxes: a systematic review of empirical studies |

B2: Policy documents and other grey literature

| Author(s) | Year | Title | Document type |
|---------------------------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| APPG on Smoking and Health (21) | 2019 | Delivering the vision of a 'Smokefree Generation' | Research report |
| APPG on Smoking and Health (80) | 2017 | Burning Injustice: Reducing tobacco-driven harm and inequality | Research report |
| ASH and Breathe2025 (22) | 2019 | Consultation response to Advancing our health: prevention in the 2020s | Consultation response |
| ASH in England (23) | 2020 | ASH briefing on the Smokefree 2030 Fund, ASH | Third sector briefing |
| ASH in England (96) | 2020 | Big tobacco's attempts to infiltrate UK health policy completely unacceptable | Media briefing |
| ASH in England (97) | 2019 | Smoking and Poverty | Third sector report |
| ASH in England (20) | 2018 | Tobacco Transition Fund | Third sector proposal |
| ASH in England (79) | 2015 | HM Treasury Consultation Tobacco Tax Levy: Response from Action on Smoking and Health | Consultation response |
| ASH in England (98) | 2015 | Smoking Still Kills: Protecting children, reducing inequalities | Research report |
| Association of Directors of Public Health (26) | 2020 | ADPH Statement: Budget 2020 | Third sector briefing |
| Cancer Research UK (24) | 2019 | Cancer Research UK submission to the open consultation, 'Advancing our health: prevention in the 2020s' | Consultation response |
| Cancer research UK (84) | 2015 | Cancer Research UK Briefing: Tobacco Tax & Pricing | Third sector briefing |
| Cancer Research UK (81) | 2015 | Cancer Research UK FAQ: Tobacco Industry Levy | Third sector briefing |
| Congressional Research Service (99) | 2020 | FDA Regulation of Tobacco Products | Research report |
| Currie L, Townsend J, Roux ML, et al (100) | 2012 | Policy recommendations for tobacco taxation in the European Union: Integrated research findings from the PPACTE project. Technical Report. | Research report |
| Featherstone, H (74) | 2018 | A review of the Pharmaceutical Price Regulation Scheme policy measures over the last 25 years | MSc dissertation |
| International Agency for Research on Cancer (101) | 2011 | Effectiveness of Tax and Price Policies for Tobacco Control | Research report |
| OECD (102) | 1992 | The Polluter-pays principle: OECD Analyses and Recommendations | OECD report |
| OfGem (36) | 2018 | About the Energy Company Obligation (ECO) scheme | Website |

| Author(s) | Year | Title | Document type |
|------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Reed, H (Landman Economics) (103) | 2015 | A UK tobacco levy: The options for raising £500 million per year (A research report for ASH) | Government briefing |
| Scottish Environmental Protection Agency (104) | 2020 | For overview in Scotland, see Scottish Environmental Protection Agency (SEPA) website | Website |
| Seely, A (House of Commons Library) (71) | 2011 | Hypothecated taxation: House of Commons briefing | Third sector briefing |
| Smokefree Action Coalition (78) | 2020 | Smokefree 2030 - Frequently Asked Questions | Third sector briefing |
| Smokefree Action Coalition (25) | 2019 | Roadmap to a Smokefree 2030 | Third sector report |
| The Union (83) | 2014 | Sustainable Funding Models for Tobacco Control: a Discussion Paper (International Union against Tuberculosis and Lung Disease) | Third sector report |
| UK Government (18) | 2015 | Tobacco levy: response to the consultation | Government consultation response |
| UK Government (75) | 2014 | The Pharmaceutical Price Regulation Scheme | Government guidance |
| UK Government (105) | 2014 | Tobacco levy: consultation | Government consultation |
| UK Government (106) | 2007 | The Producer Responsibility Obligations (Packaging Waste) Regulations 2007 | Government legislation |
| UK Government (DEFRA) (34) | 2020 | Carrier bags: why there's a charge | Policy paper |
| UK Government (DEFRA) (33) | 2019 | Single-use plastic carrier bags charge: data in England for 2018 to 2019 | Research report |
| UK Government (HM Revenue & Customs) (32) | 2019 | Soft Drinks Industry Levy statistics | Research report |
| UK Government (HM Revenue & Customs) (31) | 2016 | Soft Drinks Industry Levy – policy paper | Policy paper |
| UK Parliament (73) | 2006 | National Health Service Act 2006 | Government legislation |
| United Nations (107) | 1992 | Rio Declaration on Environment and Development: Report of the United Nations Conference | United Nations report |
| US Food & Drug Administration (108) | 2018 | Report to the House Committee on Appropriations: Tobacco Product User Fees | Government report |
| US Food & Drug Administration (109) | 2018 | Section 919 of the Federal Food, Drug, and Cosmetic Act - User Fees | Government guidance |

| Author(s) | Year | Title | Document type |
|------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| US Government Accountability Office (28) | 2019 | Tobacco User Fees: Further Action Needed to Ensure Calculations Are Based on Complete and Accurate Data (Report to Congressional Requesters) | Government report |
| US Government Accountability Office (27) | 2014 | Tobacco product regulation: Most FDA spending funded public education, regulatory science and compliance and enforcement activities | Government report |
| WHO (30) | 2016 | Earmarked tobacco taxes: Lessons learnt from nine countries | Research report |
| WHO (19) | 2015 | WHO Report on the Global Tobacco Epidemic: Raising taxes on Tobacco | Research report |
| WHO (29) | 2010 | Hypothecation of tax revenue for health | Research report |

Appendix C: Summary of interview and discussion groups participants' arguments for and against different high-level approaches to raising funds for a tobacco control

| Approach | Arguments for | Arguments against |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Increase excise tax | <ul style="list-style-type: none"> • Simple and efficient and simple to implement • Politically well understood and supported • Reduces initiation through increased retail prices • Can be made more effective post-Brexit through greater focus on specific taxation | <ul style="list-style-type: none"> • Potentially challenging to guarantee additional revenue will be passed on to a dedicated fund • Raising prices is regressive • A substantial fund would demand a dramatic tax increase |
| Hypothecated excise tax | <ul style="list-style-type: none"> • Likely to receive public support • Could be added on top of existing excise taxes without harming existing revenue to general funds | <ul style="list-style-type: none"> • Very challenging to sell hypothecation to HM Treasury; only viable if HM Treasury can be bypassed • More complex to set up than existing tax model. |
| Industry charge | <ul style="list-style-type: none"> • Bypass HM Treasury opposition to hypothecation of excise tax • Likely to receive public support • Could be designed to avoid regressivity • Potentially politically viable • May be warranted by uncompetitive nature of tobacco market • Will reduce tobacco industry profits if loopholes are closed to prevent costs being passed on to consumers • Once a charge is set up, annual negotiations with the Treasury are not necessary | <ul style="list-style-type: none"> • Demands substantial resources to set up and maintain • May face political challenges and resistance from industry • A novel policy may present many unknown loopholes for industry, and industry are adept at obfuscating profits • An aggressive charge may motivate companies to leave the UK |

Appendix D: Interview coding framework

Themes based on *a priori* knowledge and themes that emerged from the literature review are presented in standard type, while themes that emerged inductively during the coding process are italicised.

| Theme and subthemes | Description |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Participant's professional role | Any relevant details of the participants professional role to contextualise other statements |
| Policy goals and preferences <ul style="list-style-type: none"> • Tensions between increasing revenue and reducing consumption | Participants' high-level policy goals related to generating revenue and/or disincentivising purchasing |
| Designing a policy <ul style="list-style-type: none"> • Preferred designs for raising funds • Description of specific means of raising funds • Determining how much industry should pay <ul style="list-style-type: none"> ○ What can industry afford ○ <i>Dividing fees between different companies</i> ○ <i>Health costs</i> ○ <i>Price per unit</i> ○ <i>Profit or turnover</i> ○ <i>Other approaches</i> • Best uses of funds <ul style="list-style-type: none"> ○ Tensions between a tobacco control specific fund and a more general health fund • Lessons from other countries • Inclusion of harm reduction products | Discussion of practical considerations of designing a policy, related to: fundraising mechanisms; determining what industry should be expected to pay; how funds should be used; examples from other countries; the role of harm reduction products in any policy; the role of maximum and minimum prices; and challenges of implementation. |

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| <ul style="list-style-type: none"> • Implementation process and challenges • <i>Maximum and minimum pricing</i> | |
| <p>Unintended consequences</p> <ul style="list-style-type: none"> • Impacts on health inequalities and vulnerable groups <ul style="list-style-type: none"> ○ Health inequalities and regressivity ○ Heavy smokers ○ Socioeconomically deprived individuals ○ Young people • Impacts on illicit trade • Impacts on tobacco consumers • Impacts on tobacco industry behaviour | <p>Potential unintended consequences of potential policies, including on specific societal groups, the illicit trade and tobacco industry activities.</p> |
| <p>Advocacy and policymaking</p> <ul style="list-style-type: none"> • Opportunities and barriers for advocacy and implementation <ul style="list-style-type: none"> ○ Covid and Brexit ○ Brexit context ○ How to sell it politically <ul style="list-style-type: none"> ▪ Likely political resistance ○ How to sell it to the public ○ <i>Industry arguments and rebuttals</i> <ul style="list-style-type: none"> ▪ <i>Industry are already shifting to less harmful products</i> ▪ <i>Economic arguments; jobs; harms to retailers</i> ▪ <i>Arguments about fairness</i> ▪ <i>The need to get industry on-side</i> ▪ <i>Illicit trade</i> ▪ <i>Undermining evidence base</i> ▪ <i>Punishing poor smokers / regressivity</i> ▪ <i>The value of a life</i> ▪ <i>General points</i> | <p>Discussion of considerations for policymaking and advocacy, including opportunities and barrier, the use of the 'polluter pays' metaphor, and what specific legislation may be required.</p> |

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| <ul style="list-style-type: none"> • The 'polluter pays' metaphor • What legislation will be required | |
| <p>Gaps in knowledge and evidence</p> | <p>What are the gaps in knowledge and what evidence do we need to address such gaps?</p> |
| <p>Contextual factors</p> <ul style="list-style-type: none"> • Brexit • Covid-19 • Devolution | <p>Any discussion of the effect that Brexit, Covid-19 or devolution will or might have on policymaking in this area</p> |
| <p>Approach discussed</p> <ul style="list-style-type: none"> • Excise tax <ul style="list-style-type: none"> ○ Hypothecated • Industry levy | <p>Codes to disambiguate whether participants are discussion excise taxes, hypothecated excise taxes or an industry levy, specifically.</p> |