



RESPONSE TO THE FINANCE AND PUBLIC ADMINISTRATION COMMITTEE'S CALL FOR VIEWS ON MANAGING SCOTLAND'S PUBLIC FINANCES

Alcohol Focus Scotland (AFS) is the national charity working to prevent and reduce alcohol harm. We aim to reduce the impact of alcohol in Scotland through the implementation of effective alcohol control policies and legislation. AFS welcomes the opportunity to respond to the Finance and Public Administration Committee's call for views on managing Scotland's public finances for the Committee's pre-budget scrutiny 2025-26.

Scottish Government Priorities

1. Are these the right priorities for the Scottish Budget 2025-26 and, if not, where should the Scottish Government focus its attention?

The forthcoming budget presents an opportunity for the Scottish Government to deliver on their ambition to move towards a wellbeing economy. Whilst 'growing the economy' is one of the Scottish Government's four priorities, it is unclear whether a wellbeing economy, i.e. one that shifts the definition of societal success beyond GDP growth to delivering shared wellbeing,¹ is still seen as central to this. We believe it should be.

A wide range of factors contribute to economic growth and the overall economic prosperity of a country, including health of the labour market, which is intrinsically linked to overall population health. As set out in the Scottish Government's Wellbeing Economy Monitor, preventable deaths are an indicator for assessing progress towards the development of a wellbeing economy, alongside measures on inequality and poverty.²

Unfortunately, preventable deaths, including those caused by alcohol, have been increasing in Scotland. The COVID-19 pandemic led to a tragic 25% rise in alcohol-specific deaths between 2019 and 2022; in 2022, 1,276 people lost their lives to alcohol-specific causes, the highest number since 2008.³ This significant increase in loss of life is likely caused by the pandemic's effects on changing drinking habits, particularly increases in high-risk and harmful drinking,⁴ combined with reduced access to services. In light of these increases, the Scottish Government has rightly recognised alcohol harm as a public emergency.^{5 6}

The Scottish Government should therefore also focus its attention on how the budget can contribute to addressing high and increasing rates of preventable deaths, such as those caused by alcohol. While there has been increased investment as part of the National Mission on Drugs over the last few years, it is unclear how much of this funding has been used to support the needs of people with alcohol issues. In practice there appears to be little to no impact on improving access to services, with a 40% decline in the number of people across Scotland accessing specialist alcohol treatment over the last 10 years.⁷ Investment in early access to treatment prevents more serious problems developing which offers better outcomes for people and costs savings for the NHS and public services. Public Health England has estimated that for every £1 spent on alcohol treatment, £3 is saved in the short-term, rising to £26 over ten years.⁸

Reducing alcohol consumption and related harm would not only stall the rise in preventable deaths, contributing to efforts to deliver on a wellbeing economy, it would also help deliver better public services through relieving avoidable demand on the NHS, social services and criminal justice system.

2. What taxation and spending decisions should the Scottish Government take to make most progress against each of the First Minister's four priorities, within the current financial climate?

Alcohol Focus Scotland recognises the unprecedented challenges and financial environment which Scotland is facing. For example, last year's Medium-Term Financial Strategy cited modelling studies indicating that resource spending requirements could exceed central funding projections by £1 billion in 2024-25 and £1.9 billion in 2027-28.⁹

Within this financial context, the cost of alcohol use to our society is deserving of attention. Most recent estimates are that alcohol use costs Scotland at least £5-10bn each year, with a cost of around £1.2bn to the economy due to labour and productivity costs and up to £0.7bn in health and social care costs.¹⁰ The pressure alcohol use places on our health service is evident when we consider that every 15 minutes, someone is admitted to hospital due to alcohol, with almost all (93%) of these being emergency admissions.¹¹ In 2019, an estimated 16% (over 85,000) ambulance callouts were alcohol-related, rising to 18.5% at weekends.¹²

To make progress against the First Minister's priorities, in particular those of delivering better public services and growing the economy, the Scottish Government should increase action on alcohol prevention and investment in services. The 21% reduction in drug-related deaths in 2022¹³ demonstrates what can be achieved in response to a public health crisis when dedicated focus and investment is given. There was a significant investment of £250 million in the National Mission on Drugs which set out a comprehensive four-year plan to address rising drugs deaths.¹⁴ Investment extended to Scottish Government staffing, with a team of 45 full time equivalent civil servants in the drugs division (as of December 2022), as compared to just 9.5 for alcohol.¹⁵

Given the very real possibility that alcohol deaths may reach an all-time high in Scotland this year, as they have already done in England, we require a proportionate response. A new alcohol strategy is required which commits both to investment in the full range of recovery-oriented alcohol services and to evidence-based preventative interventions to reduce alcohol consumption and future harms. This will both improve outcomes for people and reduce demand on our NHS, social services and criminal justice system. Primary preventative measures such as reducing affordability, restricting marketing and reducing availability cost little to implement.

On taxation, we propose that the Scottish Government use its fiscal powers to raise revenue from the sale of alcohol, making the 'polluter pay'. An alcohol harm prevention levy should be applied to retailers licensed to sell alcohol via a supplement on non-domestic business rates. The funds raised would help offset the significant costs to the public sector of dealing with the consequences of alcohol harm.

A similar approach was previously employed by the Scottish Government between 21 April 2012 and 31 March 2015.¹⁶ The Public Health Supplement was successful in raising significant revenue of £95.9m over its 3-year duration. It was applied to retailers licensed to sell both alcohol and tobacco with a rateable value of £300,000 or more. The supplement was regulated for through the Non-Domestic Rates (Levying) (Scotland) (No. 2) Regulations 2012, in exercise of the powers conferred by section 153 of the Local Government etc. (Scotland) Act 1994. In last year's Budget, the Scottish Government committed to revisiting a public health supplement in advance of this year's Budget.¹⁷ An alcohol harm prevention levy would ensure that retailers - who sell 85% of all the alcohol in Scotland¹⁸ - contribute financially towards reducing the impact of their alcohol sales on their local

community. It would also help to address the increased revenue that off-trade alcohol retailers have likely experienced following the implementation of minimum unit pricing (MUP) in 2018.¹⁹ Sales data show an overall increase in revenue for alcohol retailers,²⁰ with estimates on the additional revenue generated for retailers from MUP ranging from £32m per year (Fraser of Allander Institute) to £383m per year (Institute for Fiscal Studies).^{21 22} It is unclear how this impacts on profits, but producers themselves believe retailers are benefiting from increased profits.²³

The Fraser of Allander Institute estimates that, if set at the same level as the previous public health supplement (13p per pound of rateable value), the levy would raise £57m a year.²⁴ This rises to around £70m per year if set at 16p/£1, with each 1p increase in level raising £4.4m. The levy would principally affect large supermarket chains, making up 86% of the revenues raised.

Revenues would be pooled centrally into the Non-Domestic Rating Account (NRDA), from which the Scottish Government decides on the distributable amount. A political commitment as to how these additional funds should be used by local authorities to address alcohol harm should be agreed between the Scottish Government and COSLA.

AFS has engaged with people in recovery, recovery organisations, and service providers, collating their views on whether an alcohol harm prevention levy is needed and where revenues from a levy could be allocated. A summary of these views is provided in Appendix 1, with the following key points raised:

- There was unanimous support for the introduction of an Alcohol Harm Prevention Levy.
- It is seen by those in recovery as an important point of fairness and accountability that industry do not get to profit freely from the harm that alcohol products cause to public health.
- Residential rehabilitation and mental health services were the most mentioned areas for funding support, with other suggestions including peer support and support for recovery communities; support for families affected by problematic alcohol use; and education and awareness to tackle stigma.

Taxation

3. What actions should the Scottish Government take to grow the tax base and increase labour market participation, productivity, and Scotland's economic growth?

As noted above, an alcohol harm prevention levy through a new public health supplement on non-domestic rates would grow the tax base. According to estimates from the Fraser of Allander Institute, the levy would raise £57m a year, if set at the same level as the previous public health supplement (13p per pound of rateable value), with each 1p increase in level raising £4.4m.²⁵

Parts of the alcohol industry imply that there is a zero-sum game when it comes to public health action and economic growth. This is not the case. People can stay in work and work for longer if their health is not damaged, or their lives cut short, by alcohol harm.²⁶ People are more productive if they are not absent, or present but under-performing due to the effects of alcohol consumption.²⁷ More importantly people will live longer, healthier and happier lives - and will require less support from the NHS and other public services to do so.

It is estimated that alcohol use costs Scotland at least £5-10bn each year, with a cost of around £1.2bn to the economy due to labour and productivity costs and up to £0.7bn in health and social care costs.²⁸ Increased investment in alcohol prevention and support services would therefore be a win-win for Scotland's public services and our economy, as well as for the nation's health.

Appendix 1 – Lived Experience views on an Alcohol Harm Prevention Levy August 2024

1. Background

Alcohol Focus Scotland hosted three sessions to collect views on the introduction of an Alcohol Harm Prevention Levy from people in recovery from an alcohol problem, recovery organisations, and people working in alcohol services. A total of 38 people participated in three sessions, which took place in March and July 2024, as follows:

- In-person session with 12 people from Borders in Recovery – March 2024
- In-person session with 8 people from a recovery support group in the North-East of Scotland run by We Are With You (WAWY) – July 2024
- Webinar run jointly with Scottish Recovery Consortium (SRC) with 18 people in recovery, working in a recovery organisation, or working in an alcohol support or treatment service – July 2024

People who attended were asked whether they agreed with the idea of an Alcohol Harm Prevention Levy, whether they felt current services were lacking, and what they would like to see money raised from a levy be spent on. AFS are very grateful to those who came to these sessions for their time, and for being so open and honest about the personal experiences they have had throughout their recovery journey, and experiences with services they have interacted with. AFS will continue to advocate for those with lived experience and are committed to amplifying their voices throughout the policy process.

2. Principle of a levy

Not only was there unanimous agreement across the sessions that a levy is needed, but importantly it was seen as a means of accountability and a way to hold industry to account for the harm caused by alcohol. For example, one participant said they feel the industry is “winning” from the current situation by profiting from minimum unit pricing (MUP) while services are so overstretched. In general, people were surprised that MUP was not a tax and that any additional revenue from MUP went to the alcohol companies and not into the public purse. There was a real sense of outrage and strong reactions about alcohol companies getting a boost to their revenue from MUP, while the public health emergency of alcohol harm continues to go without an emergency response. There was much concern expressed by people in recovery about the wider impacts of alcohol consumption across the whole population, and the different physical and mental effects of alcohol consumption. For example, one participant from Borders in Recovery said: “I would like to see the money going into services for everybody because alcohol does bring a range of illnesses and risks and not just people drinking dependently.”

In addition, there was an acute awareness of the extent to which services are struggling, and a sense of frustration and unfairness that this is the case when money is being made from the sale of alcohol. This was summed up well in this contribution from a participant in the session with We Are With You:

“When you see the amount of money being generated off of alcohol sales, services like this [We Are With You] should feel the benefit. From coming here for just a few months, and you hear about tight budgets, that shouldn’t be a thing for a service that is helping so many people, and it is saving people’s lives at the end of the day and yet, they don’t have the budget to save lives.”

3. Why an Alcohol Harm Prevention Levy is needed

Participants in the session commented on a distinct lack of parity with drug services, as well as noting that services are often combined and that isn't always appropriate or desirable for those seeking treatment in relation to alcohol specifically.

Some of the specific areas that were mentioned where services are lacking, was in residential rehabilitation. This came across most strongly from the session with Borders in Recovery where one participant said it can cost up to £10,000 a week for residential rehab in their area. A similar issue was raised in each of the three sessions, with several people noting that in spite of investment from the Scottish Government, there remains a lack of available rehabilitation beds in their area. The result of this is many people have to travel to rehabilitation centres in Glasgow, which means being away from their families and support networks, which also is not practical for many people. This presents a significant barrier to recovery and clearly highlights a significant gap in funding.

It was noted that not only are services too expensive to access for many people, but often only available for a 6-week period and that is simply not enough. Conversations about this often overlapped with people's experiences of poor mental health. With many participants saying the treatment provided in rehabilitation for mental health was often not adequate to support people with complex or trauma-related mental health needs or those in crisis because of the waiting time to access services. We heard from one participant that:

"It used to be a lot easier to get into residential services but now it's a lot more difficult. If I was to contact my alcohol and drug team, it would take them about 3 weeks to get back to me. By that point I could be at the bottom of the Clyde. They don't have the staff, nor do they know how to communicate." [WAWY]

In summary, participants felt support for recovery is often prohibitively expensive, hard to access for practical reasons, comes with a lengthy waiting time, and is not long-term enough. They considered that these issues could be significantly improved by more funding support raised through a levy.

4. What funds raised by a levy should be spent on

4.1 Mental health support

The importance of mental health support was discussed in each of the three sessions, with two participants in the WAWY session noting the negative impacts of poor mental health had on their recovery. Funding for mental health support was specifically raised nine separate times across the three sessions, with specific suggestions being for better-resourced crisis services, and for mental health nurses in recovery hubs. The lengthy waiting time was seen as a specific barrier to accessing mental health support. For example, participants said -

"Speaking about mental health, now it's about 15-18 months to be seen by anyone. If you put more money back into services and provided that holistic approach, you wouldn't have as many folk seeking mental health services and their mental health would actually improve." [WAWY]

"I think it needs to be put into mental health services that are struggling, alcohol and drug services that are struggling, any sort of service that is helping people." [Borders in Recovery].

4.2 Peer support and recovery communities

It was noted that many recovery and peer support groups are run entirely, or almost entirely, on a voluntary basis. Expecting people to do this for free was not seen as a sustainable model of support. Furthermore, isolation was a particular problem referenced by people in recovery, as people identified peer groups, communities and activities as important parts of their recovery. Participants in the We Are With You group shared their experiences of how valuable peer support is -

“I have been through lots of recovery services, and I have now stopped drinking, but I have definitely found that being able to get out there and engage with my peers has helped me massively. There needs to be more money for that.” [WAWY]

“For addicts, isolation is the biggest thing. Stopping people from being isolated by providing money to do things is a huge thing.” [WAWY]

There was a specific call for more community link workers to help provide links between services and ensure that there is continued support for people as they move through different stages of their recovery.

In addition to funding support for recovery groups, all groups considered it was important for young people to have youth clubs and community groups providing spaces to socialise that do not involve alcohol.

4.3 Stigma and educating the workforce

Tackling stigma and educating the workforce also came up often as an area that could be improved through funding from a levy. Discussion focused particularly on the stigma that people had encountered when interacting with NHS staff and the police. It was suggested that workforce development and awareness work would be useful so that people who are often in vulnerable situations are not seen as the problem themselves, re-framing to people who deliver these public services that alcohol harm is a burden on our NHS, but the individual people who experience it are not.

4.4 Support for families

The importance of support for families, to understand what will help or hinder someone’s recovery, was also highlighted as deserving of additional funding, as stated by one participant –

“Families need help as well. There just isn’t enough services out there. It needs to be accessible as well because my family just don’t get it so there needs to be welcoming services where my family can go to receive support that I can’t provide for them.” [WAWY].

5. Summary

- Everyone that has provided input and shared their views with AFS has unanimously supported the introduction of an Alcohol Harm Prevention Levy
- It is seen by those in recovery as an important point of fairness and accountability that industry do not get to profit freely from the sale of alcohol without contributing to the cost of reducing the significant health harm which it causes.
- Residential rehabilitation and mental health services were the most frequently mentioned areas for additional funding support.
- Many other important contributions and suggestions were made as to what money from a levy could be spent on, specifically – peer support and support for recovery communities; support for families; and education and awareness-raising to tackle stigma.

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