



Response to the Scottish Parliament Finance and Public Administration Committee Pre-budget scrutiny - Call for views

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 responding to Scotland's long-term fiscal pressures for the Committee's pre-budget scrutiny 2026-27.

Question 1: What actions should the Scottish Government be taking now to start to address these 'Scottish specific fiscal sustainability challenges'?

Alcohol Focus Scotland recognises the unprecedented challenges and financial environment which Scotland is facing. For example, the 2023 Medium-Term Financial Strategy cited modelling studies indicating that resource spending requirements could exceed central funding projections by £963m in 2026-27 and by £1.8bn in 2027-28.¹

Within this financial context, the cost of alcohol use to our society should be recognised and addressed. 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.² 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 most of these (around 90%) being emergency admissions.³ In 2019, an estimated 16% (over 85,000) ambulance callouts were alcohol-related, rising to 18.5% at weekends.⁴ Our justice system is also significantly impacted, with alcohol-related crime costing an estimated £1 billion a year.⁵

The scale of the harm caused by alcohol to Scots and the Scottish economy demonstrates a clear imperative to implement cost-effective and evidence-based preventative policies to reduce alcohol harm. This is in alignment with the Scottish Government's ambition of a wellbeing economy, who state that "It is not simply "grow first, redistribute and clean up later", but a model that is equitable, sustainable and dynamic from the outset," and define a wellbeing economy as "an economic system operating within safe environmental limits, that serves the collective wellbeing of current and future generations."⁶

To reduce this financial burden, Scotland needs a new alcohol strategy encompassing action across all three types of prevention - primary, secondary and tertiary - to ensure primary prevention policies are in place, problems are identified early, and services are adequately funded and able to meet the needs of people with alcohol problems. These calls for action are supported by more than 70 organisations.⁷ The most effective interventions – such as

restricting alcohol marketing and reducing the availability of alcohol – cost little to implement.

Whilst our economy suffers from the impact of alcohol use, businesses are profiting from the sale of alcohol. In addition, off-trade retailers have experienced a financial windfall as a consequence of the life-saving policy of minimum unit pricing (MUP). The Social Market Foundation estimates this windfall at around £65m per year (£54 million after VAT).⁸ The Scottish Government should use its fiscal powers to recoup some of this additional revenue, making the ‘polluter pay’. An Alcohol Harm Prevention Levy applied to alcohol retailers via a supplement on non-domestic business rates could generate around £60m per year, with 86% of the revenue coming from large supermarket chains.⁹ The funds raised would help offset the significant costs to the public sector of dealing with the consequences of alcohol harm and support the implementation of a new alcohol strategy.

Question 2: To what extent does the Scottish Government’s 2025 MTFS and its FSDP demonstrate effective medium- and longer-term financial planning? Can any improvements be made in future years?

The MTFS highlights key areas that align with our work, particularly the focus on investing in prevention to reduce demand on public services. A new alcohol strategy is needed which is prevention focussed and includes the WHO’s ‘best-buy’ policies to tackle alcohol harm. However, as highlighted by Audit Scotland in 2024, the Scottish Government needs to change its approach to public spending and public service delivery.¹⁰

There is a notable difference in the financial planning and investment that has been made in tackling the drugs deaths crisis, compared to alcohol deaths in Scotland. The Scottish Government considered alcohol a public health emergency in 2021 alongside drugs deaths - since when alcohol-specific deaths have since risen to a 15-year-high – yet the actions taken have not been proportionate to the scale of the problem.

This has been recognised by Audit Scotland, who commented on the significant gap in effort and funding in their recent report into alcohol and drug services, noting that while the National Mission on Drugs has provided a focus on drug-related harm, “there have been no equivalent developments specifically focusing on reducing alcohol harm.” The Auditor General, himself, stated: “The creation of the National Mission has in part been at the expense of focus on alcohol deaths and alcohol services.”¹¹ As the National Mission on drugs deaths is ending in 2026, now is the time for more medium and longer term work to bring alcohol up to parity and address the scale of the problem.

Audit Scotland’s specific recommendation is that by mid-2025 the Scottish Government must “work with key stakeholders to identify and agree actions to increase focus and funding for tackling alcohol-related harm.” The Director-General for Health and Social Care and Chief Executive of NHS Scotland has confirmed that the Scottish Government accepts this recommendation.¹² Consultation with stakeholders has begun on priorities for drugs and alcohol post-2026, however concerns have been expressed that the focus remains predominately on drugs.

Question 3: How adequately does the MTFS and the FSDP address the Scottish-specific fiscal sustainability challenges?

AFS agrees with the risks identified in the MTFS and FSDP, such as demographic changes, which pose a significant challenge to our health system and health spending. In order to adequately address these risks, fiscal planning should be more joined up with evidence on effective public health policy and clear lines of accountability required where areas of the strategy and delivery plan are not implemented. As stated above, Audit Scotland have consistently reported slow progress in addressing the challenges of alcohol and drug harm since 2009, pointing to a lack of drive and leadership by the Scottish Government.¹³ They note reductions in funding to Alcohol and Drug Partnerships (ADPs) over several years including a 20% reduction in core funding in 2016/17. We have seen a significant investment of £250 million in drug treatment to address rising drugs deaths since 2021.¹⁴ However, a similarly comprehensive and cohesive approach to tackling alcohol harm is lacking.

AFS also recognises the fiscal challenges facing the health service and therefore are calling for an alcohol harm prevention levy to fund the much-needed increased investment in tackling alcohol harm, identified by Audit Scotland. An alcohol harm prevention levy would ensure that shops - who sell 76% of all the alcohol in Scotland¹⁵ - contribute financially towards reducing the impact of their alcohol sales on their local community. It would also help to address the financial windfall that off-trade alcohol retailers have experienced following the implementation of minimum unit pricing (MUP) in 2018, estimated at around £65m per year (£54 million after VAT) by the Social Market Foundation.¹⁶ After investigating the options available to the to recoup this revenue, they concluded that a levy on non-domestic rates is the best option for Scotland and other devolved administrations.

The Fraser of Allander Institute have further estimated 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.¹⁷ 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.¹⁸

Furthermore, 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. There was unanimous support for the introduction of an Alcohol Harm Prevention Levy, with it viewed by those in recovery as an important point of fairness and accountability that those who profit from the sale of alcohol should contribute to the costs of reducing the significant health harm it causes.

Question 5: What should the next Scottish Spending Review prioritise?

The next spending review presents an opportunity for the Scottish Government to deliver on its 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, 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.

However, as explained above, 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 2023. In 2023, 1,277 people lost their lives to alcohol-specific causes, the highest number since 2008¹⁹. 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, combined with reduced access to services. In light of these increases, the Scottish Government has rightly recognised alcohol harm as a public emergency.

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, little of this has been directed towards supporting people with alcohol issues. In practice, access to services has got worse, with an analysis by Alcohol Focus Scotland showing a 40% decline in the number of people across Scotland accessing specialist alcohol treatment over the last 10 years.²⁰ 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.²¹

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. Given that Audit Scotland have also highlighted the need for more focus and funding on alcohol harm by mid-2025, this must be addressed by the next Spending Review.

Question 6: Faced with an ageing population, what actions should the Scottish Government take to increase labour market participation, with a view to growing the tax base?

Reducing alcohol harm would significantly improve labour market participation as there is an estimated £1.2bn cost in lost productivity due to alcohol.²² That includes sickness absence, unemployment and premature mortality. Not only is reducing preventable deaths the right thing to do, but it would also have a positive impact on the tax base and labour market participation.

Whilst the industry positions itself as a positive economic force by providing jobs, the Social Market Foundation found that the bulk of alcohol-related jobs in Scotland are in low paid positions.²³ The evidence shows that ‘beverage serving activities’ is one of the lowest paying industries in the ONS Annual Survey of Hours and Earnings. Prioritising a healthier workforce over industry interests would be better for the Scottish economy and the Scottish people.

This is why we are calling for more action to reduce alcohol harm, including an alcohol harm prevention levy to support prevention measures – ensuring that we have a healthier workforce and a true wellbeing economy.

Question 9: To what extent does the Scottish Government’s PSR Strategy demonstrate the vision and leadership required to drive progress? How well does it enable progress to be tracked, and outcomes measured?

The PSR is right to acknowledge that there is a need to bring focus onto prevention, and that this has not yet happened. The Scottish Government note in the PRS that – “despite the importance of prevention, we have not moved the dial sufficiently to prevent damaging experiences and reduce the risk of future need that leads to expensive demand for public services.” This aligns with the findings of the Integrated Joint Boards Accounts Commission, which stated in 2024 that “Collaborative, preventative and person-centred working is shrinking at a time when it is most needed. Instead of a focus on care at the right place at the right time, there is a shift to reactive services with little capacity to invest in early intervention and prevention.”²⁴

This is the case with action to address alcohol consumption and harm. As highlighted in the PSR Strategy as an example of the effectiveness of primary prevention measures, Scotland’s minimum unit pricing (MUP) policy has saved and improved many lives. However, MUP cannot - and was never intended to – tackle Scotland’s problematic relationship with alcohol on its own. MUP was one of 20 actions set out in the Scottish Government’s 2018 Alcohol Framework, many of which are still to be implemented.

With the pandemic leading to a record number of alcohol-specific deaths, a new dedicated alcohol strategy is required which has prevention at its core:

Primary Prevention which is low cost and creates an health-promoting environment which prevents problems developing in the first place. There is a strong international evidence base for action. The World Health Organization’s identifies the ‘best buy’ policies as: increasing the price of alcohol, reducing its availability, and controlling how it is marketed.
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Secondary Prevention which enables the early identification of those experiencing, or at risk of, alcohol harm. See example below.

Tertiary Prevention which reduces the harm experienced by those with more severe alcohol problems by providing intensive, person-centred, recovery-oriented support.

Such an approach will both improve outcomes for people and reduce demand on our NHS, social services and criminal justice system, ultimately saving money. The upfront investment in secondary and tertiary prevention could be funded through an Alcohol Harm Prevention Levy applied to alcohol retailers via a supplement on non-domestic business rates. It is estimated that this could generate around £60m per year.²⁷

Secondary Prevention Example –improve early detection of liver disease

Liver disease is one of the leading causes of premature deaths in Scotland, above breast cancer and suicide,²⁸ with cases of chronic liver disease expected to increase by 54% from 2019 to 2044.²⁹ Over 70% of liver disease deaths are attributable to alcohol³⁰ and over 60% of alcohol-specific deaths are due to liver disease.³¹ It is known as the ‘silent killer’ as three-quarters of cirrhosis patients are diagnosed in emergency departments, when it is too late for effective treatment or intervention.³² If detected earlier, alcohol-related liver disease can be reversed.

Expanding liver testing in community alcohol settings will enable those at high risk to be identified sooner and provided with care and support to address their liver problem and their alcohol use. Non-invasive liver tests like FibroScan have been found to improve abstinence amongst people who are using alcohol services^{33 34} and are recommended for use amongst those who consume alcohol at harmful levels by the National Institute for Health and Care Excellence (NICE) in England and Wales.³⁵

In North-East Glasgow, FibroScans have been used since 2019 to identify liver damage among people attending alcohol services. Around 400 scans a year are conducted, identifying around a quarter of patients as having significant liver fibrosis and 1 in 10 as having possible cirrhosis. Insights from this approach should guide the deployment of these technologies in community alcohol settings across Scotland. Investment in devices and healthcare staffing and training will be vital to ensure early detection resources reach high-need areas.

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