The Alcohol Treatment Levy

A 1% increase in alcohol duties, ring-fenced for alcohol treatment to reduce the burden on public services and save lives.

Background

Alcohol is a major cause of both physical and mental ill-health, **costing the NHS an estimated £3.5 billion** annually in England alone. Although harms can be experienced across the population, they are particularly acute among very heavy and dependent drinkers. The heaviest-drinking 4% of the population currently consumes around a third of all the alcohol purchased.

People drinking at such high levels **need support** both to turn their lives around and to reduce the costs to public services.

Alcohol **treatment services** play an essential role in providing this support. However, they currently face a funding crisis which has left many areas with drastically reduced provision. Often, these are areas with very high need and very few resources.

Cutting treatment provision does not save money, it simply adds to costs further down the line, while leaving dependent drinkers and their families to fall through the net.

The Government has recently announced its intention to publish a new **national alcohol strategy**. We welcome this development. However, any ambition to reduce suffering and the burden of alcohol on public services will not be deliverable in a context where treatment provision continues to decline.

The Alcohol Treatment Levy

To address the acute problems facing the alcohol treatment system, we propose a **1% 'treatment levy' on alcohol duties**, used to create a central top-up fund for local treatment budgets.

This small increase in duties would provide around **£100 million for treatment** each year, as well as reducing costs to other public services – leading to estimated **savings of around £300 million**.

This would allow for better, more comprehensive and more innovative treatment. It would **help reduce the huge levels of unmet need** and ensure the new alcohol strategy will be able to achieve its goals.

Most importantly, it would help to **transform the lives** of thousands of people and their families currently struggling with alcohol dependence.

In introducing a treatment levy, the Government would show not only that it understands what needs to be done to reduce harm among the heaviest drinkers, but that it is prepared to take the steps necessary to put those changes in place.

Alcohol Concern
Promoting health; improving lives

We are a charity working to significantly reduce alcohol harm in the UK through improving knowledge about alcohol and, through that, creating change across policy, culture, behaviour and treatment. Formed from the merger of Alcohol Research UK and Alcohol Concern, our new identity launches in November 2018.

The problem we face

The costs of alcohol dependency

Alcohol **costs the NHS around £3.5 billion** annually in England alone. In 2017:

- **5,507 deaths** in England were directly attributable to alcohol: an **increase of 11%** since 2006.
- 82% of alcohol-related deaths were caused by alcoholic liver disease: a preventable condition which is **increasing** in prevalence in the UK as it falls across the rest of Europe.[1]
- There were **337,000 hospital admissions** caused primarily by alcohol, which is **17% higher** than in 2006. The total number of hospital admissions for which alcohol is a factor is closer to one million, or about **7% of all hospital admissions**.[2]

On average, alcohol-related hospital admissions stay **twice as long as other patients**, creating further pressure on resources.[3]

Alcohol harms can affect anyone drinking at high levels, but both the risks and impacts become acute among very heavy and dependent drinkers. Just **4% of the population drink around 30% of all the alcohol**.[4] These people need support if they are to reduce their drinking and avoid becoming overly reliant on public services.

Despite this, the vast majority of dependent drinkers are not receiving structured support. Public Health England estimates that of around 595,000 dependent drinkers in England, **less than 20% are currently accessing treatment**.[5] Between 2013 and 2018, the number of new people entering treatment for alcohol fell by 19%.[6] The impact of this on both individuals and families – including the estimated **200,000 children** of dependent drinkers – is enormous.[7]

At the same time, our alcohol treatment services are facing a **financial crisis**. Recent studies have found swingeing cuts to funding, loss of staff and commissioning expertise, and severely reduced capacity for provision.[8] Our 2018 report, *The hardest hit: addressing the crisis in alcohol treatment services*, sets out these challenges in detail.

Spending on alcohol treatment in England[9]

Alcohol treatment services are funded through the local public health grant, which was cut by 6.2% in 2016/17, with further annual cuts of around 3.9% expected until 2020.[10]

Currently, English local authorities spend around £170.5 million on alcohol treatment annually.[11] Between 2015 and 2018, this expenditure fell by 16%. According to Ministry for Housing, Communities and Local Government data, between 2016 and 2018 alone **more than two-thirds of local authorities cut their alcohol treatment budgets**. In that period, 17 local authorities have seen budget cuts of more than 50%. The Health Select Committee recently found that 72% of local authorities were planning **further cuts** to alcohol treatment before 2020.[12]

Alcohol treatment budget cuts **do not affect all areas equally**; more than half of the local authorities experiencing the most severe cuts were also in the top two quintiles for numbers of dependent drinkers as a percentage of the total population. Just 12% of respondents to the Hardest Hit survey felt funding in their area was sufficient to meet local need.

The situation is liable to worsen. The 2017 Drug Strategy states that from 2020 funding for substance use services will come from business rates retention, which risks widening already severe **health and social inequalities** as more deprived areas have access to even smaller amounts of money, while often experiencing higher levels of alcohol harm.

[1] Public Health England (2017). The 2nd atlas of variation in risk factors and health care for liver disease in England. P.17
[2] Health and Social Care Information Centre (2018). Statistics on alcohol, England 2018. pp. 6-11.
[3] Health Innovation Network (2017). Tackling alcohol use in NHS hospitals: a resource pack. p. 10.
[4] Public Health England (2017). The public health burden of alcohol and the effectiveness and cost-effectiveness of alcohol control policies: an evidence review. p.26
[5] Pryce, R. et al. (2017). Estimates of alcohol dependence in England based on APMS 2014, including estimates of children living in a household with an adult with alcohol dependence.
[6] Department of Health (2018). Adult substance misuse statistics from the National Drug Treatment Monitoring Systems 1st April 2016 – 31st March 2017.
[7] See Alcohol and Families Alliance (2018). Families first: an evidence-based approach to protecting UK families from alcohol-related harm.
[8] Alcohol Concern and Alcohol Research UK (2018). The hardest hit: addressing the crisis in alcohol treatment services; The Recovery Partnership and Adfam (2018). State of the sector 2017: beyond the tipping point; Advisory Council on the Misuse of Drugs (2017). Commissioning impact on drug treatment.
[9] The data in this report concerns England primarily. Treatment expenditure and outcomes in Scotland and Wales are reported separately. In Wales there has been a similar fall in alcohol-only treatment presentations recently to England (9,480 in 2016-7 compared to around 12.5 thousand between 2012 and 2015) see Welsh Government (2018). Treatment data – substance misuse in Wales 2016-7 p. 18. In Scotland, the ratio of treatment provided compared to numbers in need is 2-3 times higher than in England, though access rates fell by 10% from 2014 to 2016 (Drummond, C. and Rice, P. (2017). Access to specialist alcohol treatment in England and Scotland – presentation to Lancet Liver Commission, July 2017).
[10] British Medical Association (2017). Feeling the squeeze: the impact of cuts to public health budgets in England.
[11] Ministry of Housing and Local Government. Local authority revenue expenditure and financing. This and subsequent estimates are based on our analysis of the annual local authority returns provided by MHLG, unless otherwise specified.
[12] Health and Social Care Committee (2016). Public health post-2013 inquiry. p.24

Cost saving through greater investment

The public costs from alcohol come in large part from a subset of the dependent drinker population: the 9% sometimes described as 'high-need, high-impact'. These are people with **complex needs**, for example severe mental health problems, who can find it very difficult to access support from either mental health or substance use services.[13] This can lead to a range of problems that may end in homelessness, arrest or acute ill-health.

If not supported through treatment, dependent drinkers with complex needs are often **admitted to hospital multiple times**, in many cases because nowhere else is available in moments of crisis. It is estimated that this small number of 'frequent attenders', which makes up only 9% of all dependent drinkers, are responsible for around 365,000 hospital admissions in England annually, at a cost of £848 million – 59% of all alcohol-related hospital admission costs.[14]

Supporting hospital and treatment services to introduce 'assertive outreach' approaches to support this group is estimated to **save between £1.86 and £3.42 for every £1 invested**.[15] But this requires upfront investment which is often not feasible in a context of severe budget cuts.

Where approaches of this kind have been introduced, cost-savings have been considerable. For example:

- The Blue Light multi-agency project in Sandwell, focusing on a small number of high-need, high-impact drinkers, created a cost saving of £142,838 in one year.[16]
- A multi-agency project in Solihull, targeting just 11 dependent drinkers who made frequent visits to the accident and emergency department (A&E) in one hospital, cut A&E costs by £75,000 in six months.[17]
- An assertive outreach pilot in South London hospitals netted a saving of £10,569 per patient.[18]

Hospital-based alcohol care teams also play a vital role in ensuring that individuals in need of treatment get the support they need. Public Health England estimates that a seven-day service of this kind in a hospital can save 2,000 bed days per year, creating a saving of £3.85 for every £1 invested.

Why is investment needed?

An increase in funding is needed to:

- Create further treatment capacity to **support the new alcohol strategy**.
- Ensure more of the 80% of dependent drinkers currently not accessing services are helped to **move towards recovery**.
- **Provide investment** in assertive outreach programmes and 24/7 alcohol care teams in hospitals, **saving money** and **reducing pressure** on beds, especially in A&E.
- Allow services to **retain staff**, **attract expertise**, and **develop skills**.
- **Prevent widening health inequalities**. A central fund is needed to ensure areas hit hardest by changing income structures – often the areas which suffer disproportionately from alcohol harm – are able to provide alcohol treatment services to meet their areas' needs.
- Allow services to **meet the increased demand** created by potentially increased levels of alcohol screening in hospitals.[19]

How cuts look in local areas

We have compared treatment budgets for all English local authorities between 2014 and 2018.[20] In this period:

- In Brighton and Hove spending on alcohol services fell 96%.
- In Manchester spending on alcohol services fell by 77%.
- Stoke-on-Trent has the third highest alcohol-specific mortality rate of all English local authorities. Between 2016 and 2018, the total treatment budget fell 48% from £2.6 million to £1.4 million.
- In Kingston-upon-Hull, the third most deprived English local authority, the treatment budget fell 61% between 2016 and 2018.[21]

Many of the areas with the highest levels of alcohol-related hospital admissions and treatment need are those with the poorest treatment outcomes.[22] Cuts in treatment funding risk increasing already severe health and social inequalities, which may be further exacerbated as local authorities become more dependent on business rates.[23]

[13] Institute of Alcohol Studies (2018). Alcohol and mental health: policy and practice in England.
[14] Professor Colin Drummond, personal communication (August 2018). See also Neale, J. et al (2016). Frequent attenders to accident and emergency departments: a qualitative study of individuals who repeatedly present with alcohol-related conditions.
[15] Public Health England (2018). Secondary care alcohol specialist services: alcohol care pathways for CQUIN 9. Presentation to PHE Alcohol Leadership Board, July 2018.; Drummond, personal communication.
[16] Ward, M. and Bailey, M. (2017). The Sandwell multi-agency management group for high-impact problem drinkers – interim evaluation.
[17] Hodgkiss, D. (2017). Multi-agency approach to care planning for high-frequency users and complex patients. Presentation to Local Alcohol Partnerships national conference July 2017.
[18] Professor Colin Drummond, personal communication (August 2018).
[19] The NHS 'Preventing ill-health by risky behaviours – alcohol and tobacco CQUIN' sets ambitious targets for screening patients in hospitals. It is predicted this may lead to up to 50,000 dependent drinkers being identified.
[20] Collective Voice, who represent many of the larger treatment providers, believe that official MHCLG data may present an even more positive picture than is actually the case. Their analysis of local data suggested that the actual value of contracts to NHS and third sector providers was often lower than appeared in the official returns. See Collective Voice (2016). Supplementary written evidence [to the Health and Social Care Committee] submitted by Collective Voice (PHP0113).
[21] See also BMA, Feeling the squeeze, p.6
[22] Public Health England (2017). 2016/17 alcohol and drugs treatment commissioning tool: guidance document. p.11
[23] Home Office (2017). 2017 Drug Strategy. p.20

The solution

About the Alcohol Treatment Levy

To address this crisis, we propose a simple solution: a 'treatment levy' to provide a direct source of income to support local services and reduce costs to the wider community.

To establish this fund, the Government should introduce a **1% above RPI increase in alcohol duties** across the board. This would yield around **£100 million annually** which, split according to the Barnett Formula, would produce around £85 million additional funding for England annually.

Distributing this money to local authorities according to a formula setting out level of need, current expenditure, health outcomes and deprivation would ensure it was spent proportionately. Governments often resist hypothecated taxation on the principle it limits the way money can be spent, but this proposal **maintains the principle of local control**.[24]

Current expenditure on tackling alcohol misuse in English local authorities is £208 million, of which £170.5 million is spent on treatment. An injection of £85 million would, therefore, **boost overall funding by around 50%**.[25]

Public Health England estimates that for every additional £1 invested in local alcohol treatment provision, £3 is saved in wider social costs. Therefore, investment on this scale could lead to overall **savings of around £300 million UK-wide**.[26] This return could be much higher if the additional investment is targeted at high-need, high-impact drinkers.

What could additional funding achieve?[27]

- £13.5 million would allow all district general hospitals to employ an Alcohol Care Team capable of providing 24/7 cover. Public Health England estimates that this would produce a net saving of £36-42 million.
- £68 million would fund 60,000 additional places for a six-month course of community psychosocial treatment, bringing the unmet need figure down from 80% to 70%.
- £8.25 million would provide 10,000 additional five-day sessions of inpatient detoxification.
- £9 million would allow 3,000 more dependent drinkers to attend residential rehabilitation for a month.

Why this solution?

The background on alcohol duties
Between 2008 and 2012, the Government increased alcohol duties by 2% above RPI annually. This 'duty escalator' was scrapped for beer in 2013 and for wine and spirits the following year. Since then duties have been cut or frozen every year except for an RPI increase in the 2017 Spring Budget. In real terms this means that in 2018/19 beer duties will be 16% lower than in 2012, cider and spirits duties will be 8% lower and wine 2% lower.[28] The Government estimates that these cuts have cost the Treasury £4 billion over the period and could cost a further £4.4 billion to 2022/23.[29]

The argument for a treatment levy
Around 23% of alcohol industry revenue comes from the 4% of the drinking population who consume at the most harmful levels.[30] This means that around **£8 billion of alcohol industry revenue derives from this group** – compared to which the budgets for treatment of these drinkers are already vanishingly small.

The industry has a **responsibility** to the services that help support individuals whose lives have been devastated by their products.

The Government has signalled its concern over the impacts of dependent drinkers on individuals and their families, particularly through the creation of a £6 million fund to foster innovation in supporting children of dependent parents. It has also committed to revitalising its approach to alcohol harm reduction through the development of a new alcohol strategy. In addition, proposed improvements in NHS provision require the prevention of severe alcohol-related illnesses, as well as reducing the pressure on A&E services caused by alcohol.

The impact of a treatment levy
A levy of just 1% on alcohol duties would greatly **increase the capacity of Governments** across the UK to meet their goals in respect to alcohol treatment: improving lives, supporting families and reducing costs to wider public services. It would allow thousands more people to receive support, encourage innovation, support effective approaches such as assertive outreach and create stability in a system that is currently under enormous pressure. It would **save many millions of pounds** in future costs and help **improve the lives of individuals, families and communities** affected by alcohol.

[24] Murray, R. (2018). Hypothecated funding for health and social care: how might it work?; Seeley, A. (2011). Hypothecated taxation. House of Commons Library Note SN01480.
[25] New funds would need to add to baseline expenditure, and not be used to divert existing money elsewhere. In order to receive money from the levy fund, local authorities would have to commit to monitoring expenditure to demonstrate it had increased by the amount received in their budget returns to Government.
[26] Public Health England (2018). Alcohol and drug prevention, treatment and recovery: why invest?
[27] Estimates based on Public Health England commissioning toolkit 2016/17 treatment unit costs.
[28] Institute of Alcohol Studies (2017). Budget 2017 analysis.
[29] HM Treasury (2018). Alcoholic drinks: excise duties - written answer (17 July 2018).
[30] Battacharya, A et al. (2018). How dependent is the alcohol industry on heavy drinking in England?