The Alcohol Health Alliance UK (AHA) is an alliance of more than 60 non-governmental organisations dedicated to promoting evidence-based policies to reduce the harm caused by alcohol. Members include medical royal colleges, national treatment providers, and charities such as Cancer Research UK. A full list is available online.

Summary of representation

- Alcohol harm continues to rise to record levels, with the total societal cost of alcohol harm in England most recently estimated at upwards of £27.4 billion per year in costs to healthcare, crime and disorder, social services, and productivity.
- Alcohol duty is one of the most cost-effective policies to tackle health and economic harms associated with alcohol consumption.
- Successive freezes and cuts to alcohol duty by previous governments have cost the Exchequer £28.3 billion, increased the relative affordability of alcohol, and in turn increased consumption leading to more harm.

We recommend the following measures to improve public health and raise much-needed revenue for the Treasury:

- Reintroduce the alcohol duty escalator with immediate effect to ensure taxation keeps pace with inflation by automatically uprating duty by RPI+2% every year.
- Ensure alcohol duty is targeted at products sold in shops and supermarkets which have become increasingly more affordable in recent years.
- End cider and wine exceptionalism by increasing cider duty rates so they begin to equalise with that of beer of the same strength (ABV) and commit to ending the temporary wine easement in February 2025.
- Commit to reviewing alcohol duty rates as part of a comprehensive national alcohol strategy to ensure health harming industries make a more meaningful contribution to reduce the societal cost of alcohol.

We also urge the Treasury to **commit to ring-fenced funding for alcohol treatment services that have been decimated in recent years.**

Policy rationale

The cost of alcohol harm and deepening inequalities

As one of the leading preventable risk factors driving ill health, the harm caused by alcohol has a significant and growing impact on our population health and wider economy.

Alcohol harm skyrocketed during the pandemic: between March 2020 and March 2021, there was a 58.6% increase in the proportion of respondents drinking at increasing risk and higher risk levels.[1] Modelling has indicated that if alcohol use does not return to pre-pandemic levels there could be an additional 150,000 cases of nine alcohol-related diseases, and up to 10,000 additional deaths by 2035, costing the NHS £1.2 billion.[2] UCL's Alcohol Toolkit Study shows that

[1] Public Health England (2021) Monitoring alcohol consumption and harm during the COVID-19 pandemic: summary.
[2] Boniface, S., Card-Gowers, J., Martin, A., Retat, L., and Webber, L. (2022) The COVID hangover: Addressing long-term health impacts of changes in alcohol consumption during the pandemic. Institute of Alcohol Studies and Health Lumen.

unfortunately we are far from returning to 2019 levels of higher-risk drinking, and deaths have already increased at a faster pace than the modelling predicted.[3]

The latest available data indicates that in 2022, for the third year in a row, alcohol-specific deaths have continued to reach record highs across the UK, up 33% from 2019. In England, 7,912 deaths in 2022 were wholly a result of alcohol.[4] Not only does alcohol have a devastating impact on the health and wellbeing of individuals, families and communities, but also affects frontline services and overall productivity. In 2018 Public Health England estimated that 18% of the total working years lost were due to alcohol consumption, more than the ten most common types of cancer combined, and largely concentrated in the most deprived areas.[5]

The most recent estimates put the total cost of alcohol harm in England alone at £27.44 billion per year. This is broken down into £4.91 billion to the NHS and healthcare, £14.58 billion in crime and disorder, £2.89 billion to social services and £5.06 billion to the wider economy through reduced productivity, absenteeism and unemployment.[6]

Alcohol harm disproportionately affects people in more disadvantaged communities, with the rate of alcohol-specific deaths in the most deprived decile double that in the least deprived, and more concentrated in the North East and North West of England.[7]

Despite rising rates of harm, there has been no comprehensive alcohol strategy since 2012, in which many of the planned policies were either not implemented or of unclear status.[8] The alcohol industry continues to profit massively from a health harming product: £11.2 billion of alcohol industry revenue is estimated to come from sales made at levels harmful to health in the UK each year,[9] and almost a quarter (23%) of all industry profits comes from the heaviest drinking 4% of the population.[10]

Affordability, alcohol harm and the role of alcohol duty

There is strong and consistent evidence of the link between alcohol affordability, consumption, and harm rates.[11]

Alcohol became 14% more affordable between 2010 and 2020, and is a staggering 72% more affordable than in 1987.[12] The bulk of this trend has been driven by the increasing availability of cheaper drinks in the off-trade, and a shift towards drinking at home rather than in pubs, bars

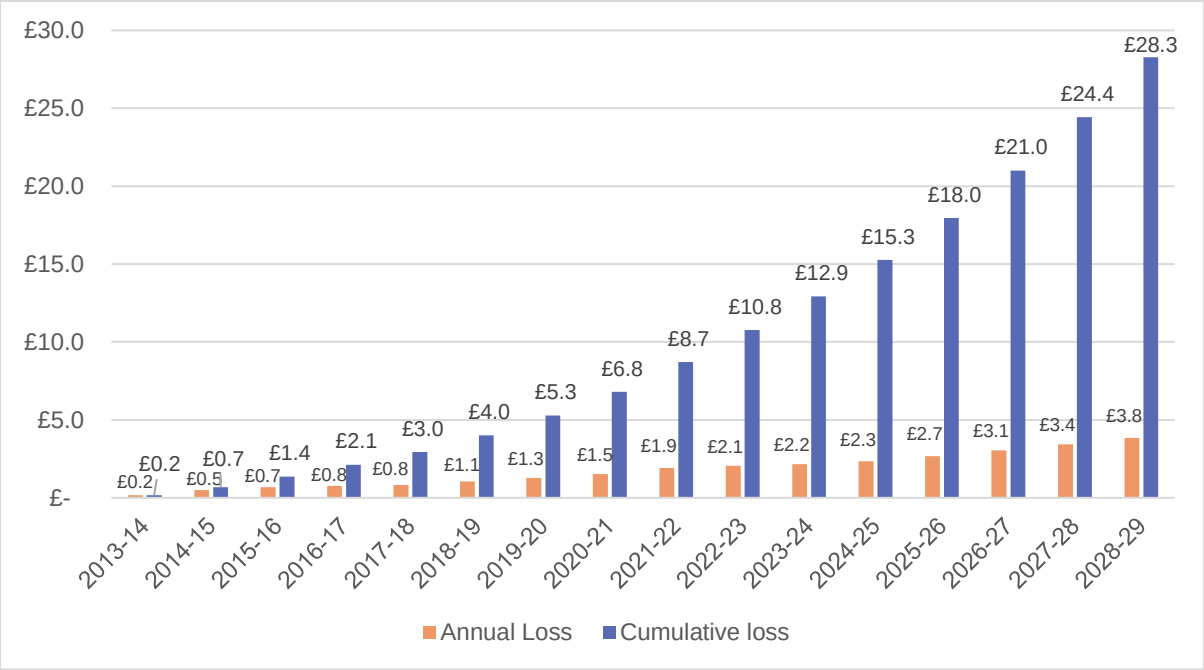
[3] UCL, Alcohol in England, Alcohol Toolkit Study (accessed August 2024).
[4] Office for National Statistics (2024) Alcohol-specific deaths in the UK: registered in 2022.
[5] Public Health England (2020) Working years of life lost due to alcohol mortality.
[6] Institute of Alcohol Studies, Economy (accessed 27 August 2024).
[7] OHID (2023). Local Alcohol Profiles for England: short statistical commentary, March 2023.
[8] Everest, G., Marshall, L., Fraser, C., and Briggs, A. (2022) Addressing the leading risk factors for ill health: A review of government policies tackling smoking, poor diet, physical inactivity and harmful alcohol use in England. The Health Foundation
[9] Jawad, A., and Reed, E. (2023) Holding us back: tobacco, alcohol and unhealthy food and drink. Obesity Health Alliance, Alcohol Health Alliance, and Action on Smoking and Health
[10] Bhattacharya, A., Angus, C., Pryce, R., Holmes, J., Brennan, A., and Meier, P. (2018) How dependent is the alcohol industry on heavy drinking in England? *Addiction*
[11] Moore, S.C. et al. (2021) 'Alcohol affordability: implications for alcohol price policies. A cross-sectional analysis in middle and older adults from UK Biobank'. *Journal of Public Health*.
[12] NHS Digital (2022) Statistics on alcohol, England 2021

and restaurants.[13] Successive cuts and freezes to duty implemented by previous governments since 2012 have meant alcohol duty rates have fallen significantly in real-terms over the last decade. In 2024/25 compared with 2012/13:

- Beer duty is 32% lower
- Draught beer duty is 38% lower
- Cider and spirits duty is 25% lower
- Draught cider duty is 32% lower
- Wine duty is 18% lower

Not only has this resulted in higher rates of alcohol harm and the associated costs described above, but there is also a direct cost implication for the Exchequer. In the Spring 2024 Budget, the freeze to alcohol duty rates was estimated by the government to cost the Treasury £1.7 billion between 2024-2029. Successive cuts and freezes to alcohol duty since 2013 mean that by 2028-29, the total cumulative foregone revenue will reach £28.3 billion (see Figure 1).[14]

Figure 1. Cumulative and annual impact of alcohol duty cuts since 2012 on government finances (£billions)[15]



Increasing alcohol duties will therefore contribute revenue towards the £22 billion fiscal 'black hole' identified by the Chancellor, support the new government's public health missions to address social determinants of health and halve the gap in healthy life expectancy between richest and poorest, as well as furthering the cross-governmental economic growth mission.

Reintroducing the alcohol duty escalator

[13] Roberts, J. (2024) Dispelling six industry myths about alcohol taxation. Institute of Alcohol Studies.
[14] HM Treasury Spring Budget 2023 & 2024, HM Treasury Autumn Statement 2022 & 2023, HM Treasury Growth Plan 2022, and HRMC Alcohol Bulletin and IAS Spring 2023 Budget Analysis.
[15] HM Treasury Spring Budget 2023 & 2024, HM Treasury Autumn Statement 2022 & 2023, HM Treasury Growth Plan 2022, and HRMC Alcohol Bulletin and IAS Spring 2023 Budget Analysis.

Alcohol taxation is one of the most cost-effective alcohol control measures, reducing the harmful use of alcohol and providing governments revenue to offset the economic cost of alcohol.[16]

The alcohol duty reform introduced in 2023 was a welcome shift that recognised the public health potential of effective taxation. Products are now taxed based on strength, meaning that drinks that cause the most harm are taxed the most. For the public health benefits of alcohol taxation to be realised, it is crucial that duty is not outpaced by inflation.

In 2023/24, alcohol duty receipts collected by HMRC stand at £12.6 billion for the whole of the UK - not even half of the estimated annual societal cost of alcohol (£27.4 billion).[17] Reintroducing a duty escalator that ensures alcohol tax increases by RPI +2% every year is the first step towards ensuring the duty paid by the alcohol industry balances out the cost of harm caused.

Every 5 or 10 years, the duty escalator mechanism should be reviewed to consider the latest evidence base on alcohol-related costs to society, and the uplift can be adjusted accordingly as alcohol harms decrease. This will incentivise producers to reduce alcohol harm through reformulating the strength of products and creating alcohol-free alternatives.

A legacy of the previous Labour government, the alcohol duty escalator in place between 2008-2013/14 curbed alcohol affordability, consumption, and led to a fall in deaths from alcohol-related liver disease (the most common cause of alcohol-specific deaths).[18] Modelling has indicated that if we had returned to an RPI+2% alcohol duty escalator in 2020, over a 12-year period it could:[19]

- Save over 4,700 lives in England and 420 lives in Scotland.
- Prevent more than 160,000 hospital admissions in England, and more than 8,700 in Scotland.
- Save £794 million for NHS England and £46 million in Scotland.
- Prevent more than 260,000 crimes in England and just under 32,000 in Scotland.
- Save the economy £156 million in England and £13 million in Scotland by reducing workplace absences.

Rather, cuts and freezes implemented by the previous government between 2012 and 2019 are estimated to have led to:[20]

- 2,223 additional deaths in England and Scotland
- 65,942 additional hospitalisations in England and Scotland
- £341 million in additional costs to the NHS
- Over 100,000 additional alcohol-attributable crimes
- Over 500,000 additional lost days of work, at a cost to the economy of £62 million

[16] World Health Organization, SAFER: Raise prices on alcohol through excise taxes and pricing policies (Accessed 27 August 2024)
[17] HM Revenue & Customs (2024) Alcohol bulletin commentary (May to July 2024).
[18] Williams, R. et al. (2018) 'Gathering momentum for the way ahead: Fifth report of the Lancet Standing Commission on Liver Disease in the UK' *The Lancet*.
[19] Angus, C. & Henney, M. (2019). Modelling the impact of alcohol duty policies since 2012 in England and Scotland. The University of Sheffield and IAS.
[20] Angus, C. & Henney, M. (2019). Modelling the impact of alcohol duty policies since 2012 in England and Scotland. The University of Sheffield and IAS.

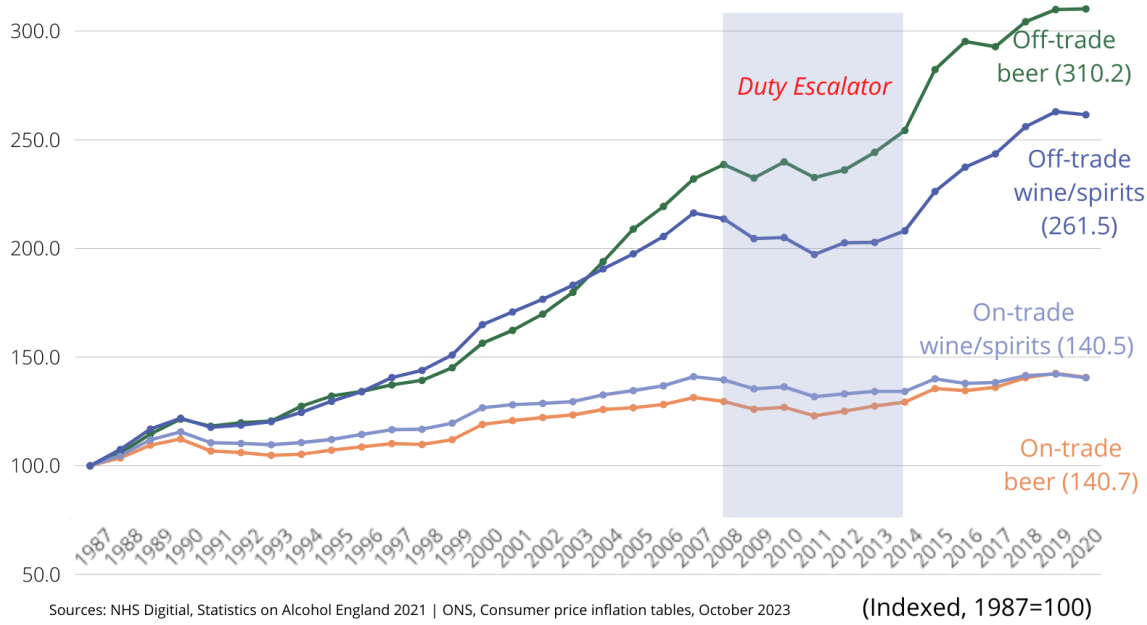
Furthermore, the Spring 2024 Budget freeze on alcohol duty alone is estimated to lead to 16,569 more hospital admissions and 1,507 more deaths over a five-year period, compared with if duty had gone up with inflation.[21]

Alcohol duty and the hospitality industry

Alcohol industry representatives argue that duty increases disproportionally affect the hospitality sector. However, the recent reforms to alcohol duty and the introduction of draught relief mean that public health goals can be achieved by targeting products sold in shops and supermarkets that are linked to the majority of alcohol harms.

Across the board freezes to alcohol duty do not support the hospitality industry, as they help supermarkets maintain much lower prices on alcohol, driving people to consume more at-home.[22] Pub landlords have made it clear that cheap supermarket alcohol is the biggest threat to their business survival.[23] Figure 2 indicates how the previous alcohol duty escalator had a larger impact on managing affordability in the off-trade than in the on-trade, therefore helping to close the widening gap in price between pubs and supermarkets. However, it also shows how in recent years, affordability of products bought in shops and supermarkets has increased substantially, in line with increasing rates of alcohol harm.

Figure 2: Rising affordability of alcohol by on- and off-trade



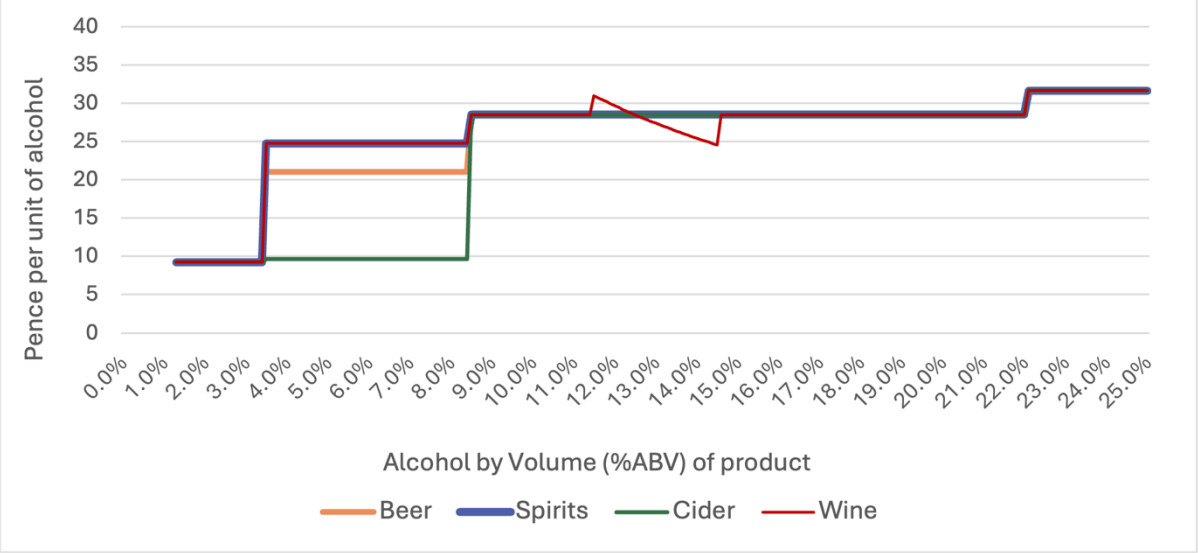
Bringing wine and cider in line with the reformed alcohol duty system

The shift to a strength-based alcohol duty system was a clear achievement of the recent alcohol duty reform. Wine producers were given an 18 months 'easement' to adjust to the new system

[21] Angus, C (in press). Modelling of the health and economic impacts of alcohol and tobacco tax policy in England: Spring Budget 2024, Sheffield Addictions Research Group
[22] Roberts, J (2024). Dispelling Six Industry Myths About Alcohol Taxation, Institute of Alcohol Studies.
[23] Bhattacharya, A (2017). Pubs Quizzed: What Publicans Think About Policy, Public Health and the Changing Trade, Institute of Alcohol Studies.

where all products with a strength of 11.5%-14.5% ABV were taxed as if they were 12.5% ABV – creating a temporary distortion to the new system (see Figure 3)

Figure 3. Duty rates in pence per unit – during temporary wine easement



With 85% of wine sold in the UK falling within this ABV range, it is essential that the easement ends in Feb 2025 as planned so wine is treated as other products already are, and the strength-based system can have maximum impact.

Despite the Wine Spirit and Trade Association's claims that "wine is already part of a strength-based system, it's just pinned to a particular point,"[24] Figure 3 clearly shows that this is untrue. The wine industry have also been vocal about the increased administrative burden that the new system will require, namely checking and recording the content of products. While this will involve additional costs, the wine industry already manages to meet varying labelling and duty requirements all over the world, so producers will be well used to providing retailers and wholesalers with the information they need, including the ABV. Marginally increased red tape for the wine industry is outweighed by the clear health benefits of the reforms. Some representatives of the wine industry have also voiced concerns about the difficulty in controlling the strength of their product. However, winemakers already regularly increase or reduce the strength of their products by altering the levels of sugar through various farming and mechanical processes.[25]Cider remains treated preferentially with a rate of less than half that of beer for the 3.5-8.4% ABV band, in which most common ciders fall. This structure incentivises cider producers to continue making cheap, high-strength, low-quality cider (such as 'white' ciders) that cause considerable health harms to consumers. It is possible to exceed the Chief Medical Officers' low-risk drinking guidelines (14 units) by buying a single 2.5 litre bottle of cider for just £3.99. At a total of 19 units, this equates to 22p per unit.[26] As a result, these options tend to be

[24] Beale, M (2024) Miles Beale / Gareth Davies. YouTube
[25] Roberts, J (2024) Making the wine duty 'easement' permanent would negate the public health objective of the duty reform. The Institute of Alcohol Studies
[26] Budgens listing, Omega white cider 2.5 litre (accessed 27 August 2024).

favoured by those seeking alcohol at the cheapest possible price – often the most high-risk, vulnerable or underage drinkers. Bringing cider duty in line with beer would incentivise the production of weaker, less harmful drinks.

The cider industry has argued that low rates of cider duty help to conserve a key local industry in some areas. However, whilst 40% of GB cider and perry production is in Herefordshire, these jobs only accounted for 1% of the total number of jobs in the county in 2017l suggesting that an increase in cider duty would not be significantly harmful to the local economy.[27] There are also only seven local authorities in the UK where alcohol production accounts for more than 1% of jobs (the most has only 3.3%).[28]

Review of alcohol duty rates as part of a national alcohol strategy

We believe that a 'polluter pays' model of taxation could be an important revenue-raising tool for the Treasury to consider, and we would strongly support further exploration of this in line with the new government's commitment to the responsible management of public finances. Exploring this model would also signal that the Treasury is taking a role in recouping the costs to the public purse, and wider society, from health-harming products such as alcohol (and from the highly profitable industries that produce and sell these products).

In the Prime Minister's recent 27th August speech setting the tone for the Autumn Budget, he highlighted that those with the broadest shoulders should bear the largest burden. The stark contrast between the multibillion-pound annual profits of the alcohol industry, and the state of our public finances (hugely exacerbated by preventable illnesses from products such as alcohol) make this an area where not only does the industry have the broad shoulders with which to take on this burden, but arguably also have a responsibility to. A 'polluter pays' model could therefore begin to redress the balance of public finances picking up the tab for health-harming products sold at huge profit to international conglomerates.

The World Health Organization highlight that health taxes such as alcohol duty have the potential to save lives; mobilise revenue; address health inequities; reduce burdens on health systems; and target noncommunicable disease risk factors for the achievement of Sustainable Development Goals.[29]

Returning to the alcohol duty escalator as a Labour legacy policy and expanding on this work to effectively tackle alcohol harm would advance four of five of the new government's missions: kickstarting economic growth; taking back our streets; breaking down barriers to opportunity, and building an NHS fit for the future.

The Treasury should work in partnership with both the new Health and new Crime Mission Boards to review alcohol duty rates as part of a new and comprehensive national alcohol strategy. The introduction of minimum unit pricing in England would be an extremely effective complimentary policy to alcohol duty increases and we urge the new government to review the evidence from Scotland. Addressing affordability and ensuring the industry contributes in a more meaningful way to the societal cost of alcohol harm are key pillars in effectively reducing the number of people affected by alcohol harm.

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[27] Social Market Foundation (2019) Pour decisions? The case for reforming alcohol duty
[28] Institute of Alcohol Studies (2017) Splitting the bill: alcohol's impact on the economy
[29] World Health Organization, Health taxes (accessed 28 August 2024).

Commit to ring-fenced funding for commissioning alcohol treatment services

Every £1 spent on alcohol treatment yields £3 of social return, increasing to £26 over 10 years,[30] and recent data indicates that 59% leave services following successful treatment.[31] Yet only 1 in 5 of dependent drinkers are predicted to be in treatment in England,[32] and services have faced significant cuts in recent years.

Since 2015/16, the overall public health grant has effectively been cut by 28% per person in real terms and now stands at £3.6bn, equivalent to just 2.2% of the NHS England budget.[33] The amount local authorities reported spending on drug and alcohol services fell by 27% in real terms from 2014–15 to 2021–22.[34] Despite recent increases as a result of the government's 10-year drug strategy,[35] spending has still not matched 2014-15 levels, and is not sufficient to tackle the massive unmet need for alcohol treatment.[36] There is also no forward plan for this funding currently in place.

Research carried out for the fifth Lancet Liver Commission found that the level of access to treatment compared to those who need treatment in England is half that in Scotland and Wales.[37] In 2018, an AHA working group estimated that it would cost an additional £170 million annually for England to have the same proportion of access to treatment as Scotland. As part of the Spending Review, we urge HM Treasury to commit to long-term ring-fenced funding for commissioning alcohol treatment services.

[30] Public Health England (2018) Alcohol and drug prevention, treatment and recovery: why invest?.
[31] National Audit Office (2023) Alcohol treatment services.
[32] Public Health England (accessed September 2021) Public health dashboard.
[33] The Health Foundation (2024) Options for restoring the public health grant.
[34] National Audit Office (2023) Alcohol treatment services.
[35] DHSC and the Home Office (2021). Largest ever increase in funding for drug treatment
[36] National Audit Office (2023) Alcohol treatment services.
[37] Williams R et al (2018) Gathering momentum for the way ahead: fifth report of the Lancet Standing Commission on Liver Disease in the UK. Lancet, in press.