



# Funding the Smokefree Generation

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

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Together we will beat cancer



# Reference

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# Cancer Research UK

Cancer Research UK is the world's largest independent cancer charity dedicated to saving lives through research. We support research into all aspects of cancer through the work of over 4,000 scientists, doctors and nurses. In 2020/21, we committed £388m towards cancer research. Our ambition is to accelerate progress and see 3 in 4 patients surviving their cancer by 2034.

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# 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

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

#### *Tobacco industry charge:*

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

## 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

*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)*

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.

## ... 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.

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).

*[...] 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)*

## 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 reduce tobacco control directly and should be considered for inclusion within tobacco control strategies.



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