RECIPE FOR CHANGE

September 2024

Autumn Budget 2024 representation: Recipe for Change

About Recipe for Change

Recipe for Change is a coalition of 46 health organisations, Royal Medical Colleges and food campaigners led by Sustain, Obesity Health Alliance, The Food Foundation and Action on Salt and Sugar, with support from British Heart Foundation, and Impact on Urban Health. The campaign was launched in September 2023, calling for a new industry levy to help make our food healthier, while raising revenue that can be invested back into children's health. This is building on the success of the Soft Drinks Industry Levy to date which has reduced the sales weighted average sugar in soft drinks by 46% since 2015, while raising £300-350 million every year in revenues. This money has been used to establish the National School Breakfast Programme, support the Holiday Food and Activities Programme and double the Primary School Sports & PE Premium, the former of which provides crucial access to healthy and affordable food for children living in lower income areas.

Our campaign call to action:

1. For Government to build on the success of the Soft Drinks Industry Levy by introducing a new levy on unhealthy food.

2. For businesses to change the recipes of the food and drink that they sell to make them healthier for all of us.

3. To invest revenue raised from the levy in children's health and access to good food.

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Summary of recommendations for the Autumn 2024 Budget:

1. Issue an HM Treasury and Department for Health and Social Care joint call for evidence on measures to incentivise healthier food and drink production beyond the Soft Drinks Industry Levy, including use of further financial levers.
2. Announce the extension of the Soft Drinks Industry Levy to include sugary milk and alternative milk-based drinks, and also to open cup drinks across the whole soft drinks category, to be introduced in April 2025.
3. Strengthen the Soft Drinks Industry Levy to incentivise further product reformulation and increase revenues for investment in children's health:
    - 3.1 Announce an intention to uprate the liability under the Levy starting no later than April 2025.
    - 3.2 Initiate a review of the current tiered approach to the Soft Drinks Industry Levy, and options for incentivising further sugar reduction and/or maximising its revenue potential.
    - 3.3 Maintain a stated commitment to ensuring revenues from the Soft Drinks Industry Levy and any further healthy food and drink levies support government investment in programmes to support children's health.

1. **Issue an HM Treasury and Department for Health and Social Care joint call for evidence on measures to incentivise healthier food and drink production beyond the Soft Drinks Industry Levy, including further financial levers.**

"We want the next generation to be chasing their dreams, not a dentist appointment. They should be aspiring to reach their potential, not reach a doctor."
Prime Minister Keir Starmer, announcing Labour's Health Action Plan & manifesto pledge.

Poor population health is increasingly damaging our economy, reducing our participation in the workforce and our productivity, and increasing the need for medical attention, social care and welfare support.

For example, the total economic impact of obesity and overweight in the UK is estimated to be £98 billion per year, with the direct costs to the NHS of medical conditions at £19 billion per year [1]. Costs tied to loss of productivity are estimated to be up to £15.1 billion annually[2]. Whilst there have been recent developments in drug-based and surgical interventions for people living with obesity, they have vast financial implications for the NHS and could only reach their maximum potential if the most cost-effective upstream measures to prevent obesity developing in the first place are also implemented.

To make our health and care services sustainable, the government is now clear that we must deliver a 'prevention first' revolution. The new cross-government Health Mission has rightly identified healthy weight and obesity as a key focus for action as part of the "prevention to ill-health" workstream.

Four of the top five risk factors for poor health are related to diet[3]. High salt consumption is strongly associated with high blood pressure – increasing risk of major conditions such as stroke (by 23%) and cardiovascular disease (by 14%)[4], and sugar consumption is also linked with various chronic health conditions such as type 2 diabetes and musculoskeletal ill-health, as well as cardiovascular disease and a range of cancers[5].

As much as 85% of the salt we eat is already in our food when we buy it[6], and just three categories – biscuits, confectionery and desserts – are responsible for almost 60% of the added sugar that we eat at home[7]. 66% of children in the UK exceed salt intake recommendations and 95% exceed sugar recommendations[8].

Introducing levers to incentivise production of healthier food and drink, including reformulation, is crucial for improving public health. The Soft Drinks Industry Levy (SDIL) has been highly effective in accelerating product reformulation and shifting focus of promotion

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[1] Frontier Economics (2023) Unhealthy Numbers: The Rising Cost of Obesity in the UK **https://www.institute.global/insights/public-services/unhealthy-numbers-the-rising-cost-of-obesity-in-the-uk**

[2] Ibid

[3] National Food Strategy (2021), Global Burden of Disease 2019 data, NFS analysis **https://www.nationalfoodstrategy.org/the-report/**

[4] P. Strazzullo et al (2009), Salt intake, stroke and cardiovascular disease: meta-analysis of prospective studies. BMJ 2009;339:b4567 **https://www.bmj.com/content/339/bmj.b4567**

[5] World Health organisation (2021), Obesity and Overweight **https://www.who.int/news-room/fact-sheets/detail/obesity-and-overweight**

[6] British Heart Foundation (2022), Reducing the UK's salt intake: potential benefits **https://www.bhf.org.uk/what-we-do/policy-and-public-affairs/creating-healthier-environments/reducing-the-uks-salt-intake**

[7] National Food Strategy (2021), The impact of a tax on added sugar and salt: IFS analysis **https://www.nationalfoodstrategy.org/the-report/**

[8] Food Foundation (2021). Children's Future Food Enquiry **https://foodfoundation.org.uk/sites/default/files/2021-09/Childrens-Future-Food-Inquiry-report.pdf**

and advertising towards low and no-sugar drinks, with an overall sales-weighted average reduction of sugar of 46%[9]. However voluntary reformulation programmes have lagged behind, with average sugar reduction of just 3.5%, indicating that further levers for reformulation are now needed[10]. Our policy recommendation is therefore to expand the approach taken by the Soft Drinks Industry Levy to other food and drinks categories.

In the UK, food manufacturers have made some progress with salt reduction, as well as reducing sugar levels in sweetened drinks, breakfast cereals and yoghurts. Many want to continue making their products healthier but require legislation to do so to create a level playing field[11].

Meanwhile, on calorie reduction, the 2018 Public Health England report *Calorie reduction: the scope and ambition for action*, established the evidence base for this work and included an initial ambition for a 20% calorie reduction to be achieved by 2024 across all sectors of industry[12]. The most recent reporting on calorie reduction in February 2024 found that 'generally limited progress has been achieved in working towards the ambitions and guidelines set for the calorie reduction workstream. In addition, total volume and calorie sales increased in a number of food categories in the retailer and manufacturing sector.'[13] The report signalled that it would continue to monitor this area but will also explore other levers if progress is not made. With this voluntary programme due to end by December 2025, the government needs to set out what approach it wants to take to speed up progress and which other levers could now be deployed. The new Government's cross-departmental Health Mission provides a key opportunity for HM Treasury to play a catalytic role in using financial incentives and penalties, building on the success of the soft drinks work.

The National Food Strategy has proposed one such lever. It estimated that an industry-wide sugar and salt levy could reduce average salt intake by up to 0.9g per day and average sugar intake by up to 15g[14].

Up to two million cases of food-related ill health could be prevented by introduction of an industry-wide levy on salt and sugar in manufactured food and drink, according to research by the London School of Hygiene and Tropical Medicine, commissioned by Recipe for Change. This includes over 1 million cases of cardiovascular disease (CVD), 571,000 cases of type 2 diabetes, 11,000 cases of cancer and 249,000 cases of respiratory disease[15].

This could provide gains of around 3.7 million quality adjusted life years, with an economic value worth £77.9 billion over 25 years.

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[9] Office for Health Improvement & disparities (2022), Sugar reduction programme: industry progress 2015 to 2020 **https://www.gov.uk/government/publications/sugar-reduction-programme-industry-progress-2015-to-2020**

[10] Ibid

[11] Biteback 2030, (2022) "We need a level playing field" – businesses support more government action **https://www.biteback2030.com/our-activists/stories/we-need-a-level-playing-field/**

[12] Public Health England (2018) Calorie Reduction: the scope and ambition for action **https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800675/Calories_Evidence_Document.pdf**

[13] Public Health England (2024) Calorie Reduction programme industry progress 2017 to 2021 **https://www.gov.uk/government/publications/calorie-reduction-programme-industry-progress-2017-to-2021/calorie-reduction-programme-industry-progress-2017-to-2021**

[14] Griffith R et al (2021) The impact of a tax on added sugar and salt. See: **https://www.nationalfoodstrategy.org/the-report/**

[15] Recipe for Change (2023), Evidence Briefing 1: Health and economic benefits of an upstream sugar and salt levy **https://www.recipeforchange.org.uk/policy-and-evidence/sep23-recipe-for-change-evidencebriefing/**

Taking a more targeted approach to categories of high sugar intake, a more focused sugar levy applied industry-wide on biscuits, confectionery, cakes and desserts alone could still prevent up to 800,000 cases of chronic diseases over 25 years, including over 300,000 cases of CVD and type 2 diabetes, almost 9,000 cases of cancer and 150,000 cases of respiratory disease[16]. This would support more than 1 million quality adjusted life years with an economic value of £23 billion over 25 years.

A targeted approach such as above, should seek to align with the categories already included in existing legislation such as the 9pm watershed and online advertising restrictions or the list of eligible food and drinks in the price and location promotions regulations. The product categories that have been included in voluntary sugar, salt and calorie programmes, with especial focus on the inclusion of discretionary food and drink items that contribute less nutritional benefit to the diet, would be a good place to start.

The National Food Strategy estimated that a new levy could generate between £2.9bn–£3.4bn per year for HM Treasury. This includes £2.3bn–£2.8bn from a sugar tax and £570m–£630m from a salt tax[17]. This would provide significant additional revenues for the Treasury to direct into relevant departmental budgets to enable funding of programmes to support children's health and wellbeing, and increase access to healthier food such as fruit and vegetables.

While our research has led to our call for further industry levies on manufacturers to incentivise further reformulation or shift of product portfolios towards healthier food and drink (or pay the penalty of not doing so), we also recognise and support complementary proposals within the food and drink sector, such as Nesta's proposal for mandatory health targets at retail. Similar measures for the out-of-home sector will also be needed.

A call for evidence would enable complementary approaches to be explored by the government, as well as send a clear signal to the food and drink industry of the intent to move beyond voluntary programmes. It would also ensure that a full overview of the evidence from the existing SDIL programme and modelling for a potential expansion could be robustly evaluated and align all relevant areas of government around this evidence.

Recommendation 1: We recommend HM Treasury works alongside the Department of Health and Social Care to issue a joint call for evidence on further options for using incentives for healthier food and drink production, including financial incentives, in support of the Government's strategy to reduce childhood and adult obesity rates.

2. **Announce an extension of the Soft Drinks Industry Levy to include sugary milk- and alternative milk-based drinks, including open cup drinks across the whole soft drinks sector, to be introduced in the next financial year starting in April 2025.**

Whilst we need bolder measures across the food industry to incentivise healthier production, sale and consumption, there are some immediate short-term opportunities to strengthen the existing Soft Drinks Industry Levy.

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16 Recipe for Change (2023), Evidence Briefing 2: Health and economic benefits of an upstream sugar and salt levy on select categories of food **https://www.recipeforchange.org.uk/policy-and-evidence/sep23-recipe-for-change-evidence-briefing-2/**

17 National Food Strategy (2021), The Report **https://www.nationalfoodstrategy.org/wp-content/uploads/2021/07/National-Food-Strategy-Recommendations-in-Full.pdf**

We note that while milk and milk-alternative based drinks remain out of scope of the current SDIL, there has been a long-standing commitment by HM Treasury to review this.

The threat of future expansion of SDIL has supported some successful voluntary reformulation of milk-based drinks in the retail sector (a 24.5% reduction in sugar levels[18]), although this is not consistent across all manufacturers. Meanwhile, evidence from the out of home (OOH) sector drinks continue to have unhealthily high levels of sugar. There has also been a rise in sale and consumption of plant-based milk alternatives as well as new forms of sugary milk-based beverages, such as bubble tea.[19] There are also a growing proliferation of commercial "growing up" and "toddler" milks (both milk and plant-based alternatives) aimed at very young children. Government guidance states very clearly that these are not necessary for young child nutrition. We note that these now constitute the largest source of free sugars in the diets of 12–18-month-olds, and should be considered alongside other drinks mentioned here. Please see the Budget submission by First Steps Nutrition Trust on this subject.

The government's most recent sugar reduction report for the out-of-home sector shows that open-cup milkshakes showed a 12.7% increase in sugar content and a 12.2% increase in calories per single serving from baseline.

In December 2022, the Office for Health Improvement and Disparities (OHID) published new data on the SDIL and the final report on the Sugar Reduction Programme. The SDIL achieved a 46% reduction in sales weighted average sugar between 2015 and 2020 for retailer and manufacturer products and a 44% reduction in the simple average sugar between 2017 and 2020 for out of home products.

In contrast, much smaller reductions in the sugar content of food and drink have been achieved under the voluntary Sugar Reduction Programme. In certain product categories, some companies made good progress, highlighting the scope for reformulation. However, for juice and milk-based drinks specifically, only five out of the eleven product categories have met their target; in some categories sugar content actually increased (Table 1).

Table 1: *Target and actual percentage change in total sugar content of juice and milk-based drinks in the voluntary sugar reduction programme (2017 – 2020)*

	% change in sugar content	
Product category	**Target**	**Actual**
Retailer and manufacturer		
Pre-packed milk-based drinks*	-20	-29.7
Pre-packed flavoured milk substitute drinks*	-20	-6.9
Pre-packed fermented (yogurt) drinks*	-20	-7.1
Coffee and tea powders, syrups and pods as consumed	-20	-20.3
Hot chocolate and malt powders, syrups and pods as consumed	-20	5.1

[18] Office for Health Improvement & disparities (2022), Sugar reduction programme: industry progress 2015 to 2020 **https://www.gov.uk/government/publications/sugar-reduction-programme-industry-progress-2015-to-2020**

[19] Guardian 16 May 2024 **https://www.theguardian.com/business/article/2024/may/16/its-going-gangbusters-how-britain-fell-in-love-with-bubble-tea**

Milkshake powders, syrups and pods as consumed	-20	-34.2
Pre-packed blended juices*	-5	-2.8
Pre-packed mono juices	0	-1.7
Out of home		
Open cup milkshakes	-20	8.5
Open cup hot/cold drinks	-20	-5.2
Blended juices	-5	-9.1

Notes. Data from Sugar reduction – industry progress 2015 to 2020 (Figures 32, 33, 39), OHID, 2022. Percentage change in sugar content is the simple average except where marked with an asterisk, where sales weighted average is used. Simple average is the simple arithmetic mean and was used when sales data was unavailable; products are given equal weight. Sales weighted average is the mean weighted by total sales. This gives more weight to products with higher sales. Green cells are targets met, red cells are targets not met.

- In a survey of out-of-home drinks and snacks conducted by Action on Sugar some hot and cold milk-based drinks were found to contain anything from 30g to over 70g sugar per made-up drink, more than double the recommended maximum daily intake for an adult[20].
- Nesta's analysis of calorie consumption using Kantar Worldpanel data indicates that drinks contribute 12% of all calories consumed in the OOH sector[21]. Whilst 4% of this is derived from very high sales of coffee, their analysis also flags very high levels of sugar in flavoured milks and hot chocolate drinks, with averages in excess of 300kcal per drink. This is more than half the recommended calorie intake for any single meal occasion.

Inclusion of milk-based sugary drinks in the levy would address a further area of excess sugar consumption in adult and children's diets alike. The SDIL model could be developed in a way that recognises the intrinsic lactose levels present in natural milk, and applies to all added sugar and free sugars in processed products, including plant-based alternatives. According to analysis of the National Diet and Nutrition Survey (NDNS)[22], if all powdered drinks (e.g. hot chocolate) and made-up drinks with more than 5g per 100ml are considered eligible for inclusion in the Soft Drinks Industry Levy, it is estimated that 14% of respondents in the NDNS consume eligible powdered drinks and 14% consume these milk-based drinks. In children, 16% consumed an eligible powdered drink and 12% consumed an eligible made-up drink. Powdered drinks (undiluted) were estimated to contain on average 57.6g of total sugar (48.3g free sugars) per 100g, and made up drinks 8.4g per 100g (4.8g free sugars).

These drinks, especially those produced in large out-of-home corporations, are produced to a standardised formula, and whilst it will require an adjustment to the SDIL regime there should be a way to apply an industry levy to high sugar drinks, including "open cup" drinks served in the out-of-home sector. We acknowledge that inclusion of milk-based drinks will require adjustments to the SDIL model:

[20] Action on Sugar Survey of Out of Home sector (2023) **https://www.actiononsugar.org/sugar-awareness-week/sugar-awareness-week-2023/sugar-awareness-week-survey**

[21] How eating out contributes to our diets, Nesta (2022), using Kantar Out of Home service data April – December 2021. **https://media.nesta.org.uk/documents/How_eating_out_contributes_to_our_diets_Nesta_Report.pdf**

[22] Unpublished analysis conducted by University of Sheffield HEALTHEI research programme shared with Recipe for Change coalition. Further details on request

- A reconsideration of thresholds for eligibility that recognises intrinsic natural lactose in plain milk and only accounts for added sugars or free sugars.
- A specific regime for enforcement in the out-of-home sector for open cup drinks, to enable very high sugar hot and cold milkshakes to be eligible for the levy.

Recommendation 2 – HM Treasury should develop the model of the SDIL to include sugar milk and alternative milk-based drinks in the next financial year starting in April 2025, in a way that recognises existing progress but supports reformulation and product innovation where this has not happened, and also makes provision for open cup drinks across the soft drinks sector.

3. Strengthen the operation of the Soft Drinks Industry Levy to incentivise further product reformulation and increase revenues for investment in children's health

The Soft Drinks Industry Levy (SDIL), which came into force in April 2018, has been highly effective in incentivising the soft drinks industry to reduce sugar from soft drinks, which contribute significantly to children's sugar consumption. It has triggered a 46% reduction in sugar levels of soft drinks from 2015-2020, according to the Office Health Improvement and Disparities (OHID)[23]. This compares to just 3.5% lowering of sugar in other product categories covered by the voluntary sugar reduction programme. In addition, the levy has raised over £1.8 billion for the UK Exchequer since 2018, with the latest (provisional) receipts from 2022/23 increasing to £355 million from £334 million in 2021/22. Recent research suggests that the levy may have already prevented over 5000 cases of obesity per year amongst Year 6 girls alone[24], as well as being associated with a 12.1% reduction in admissions for carious tooth extractions amongst children aged 0-18 years[25].

However, there is evidence that the SDIL is not yet meeting its full potential, either in terms of pushing further reformulation or in driving revenues for the Exchequer. The charging rates and banding have not changed since its first introduction in 2018, whilst the reported income from the SDIL has remained roughly stable, indicating ongoing buoyant sales of soft drinks containing high levels of sugar, especially in the upper tier rate, over 8g. We believe there are several ways in which the SDIL could now be working much harder to incentivise further sugar reduction in eligible drinks, and delivering better value and impact for a healthier nation.

Recommendation 3.1 - Announce an intention to uprate the liability under the Levy, starting no later than April 2025.

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[23] Office for Health Improvement & disparities (2022), Sugar reduction programme: industry progress 2015 to 2020 **https://www.gov.uk/government/publications/sugar-reduction-programme-industry-progress-2015-to-2020**

[24] N Rogers et al. (2023), Associations between trajectories of obesity prevalence in English primary school children and the UK soft drinks industry levy. PLOS Medicine
https://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1004160

[25] N Rogers et al (2023) Estimated impact of the UK soft drinks industry levy on childhood hospital admissions for carious tooth extractions: interrupted time series analysis **https://nutrition.bmj.com/content/6/2/243**

The SDIL has been in existence for six years, but unlike other excise duties, has never been uprated, or to trigger further reformulation or wider shifts in production, marketing, sale and consumer purchase of sugary drinks.

At the same time, the consistent level of receipts reported by HMRC[26] suggests that the SDIL is not yet maximising its potential in driving reformulation, and the charging rates could be working harder to incentivise further change. Around 90% of receipts from the SDIL derive from the upper tier of drinks above 8g, indicating that the current model is not yet sufficient to drive further reformulation. As the levy revenue increased in the year 2022/23, this also signals that we have not yet reached the revenue maximisation point, and uprating the liability is an opportunity to test this further. We note that other excise duties for tobacco and alcohol have routinely been adjusted to support progress in prevention of ill health and progressively disincentivise production and sales of these products.

We encourage HM Treasury now to announce an intention to uprate the charges under the Soft Drinks Industry Levy, given there has been no change to these since introduction in 2018. If the rates had been increased in line with inflation, the charging regime would currently sit at 22.7p per litre (instead of 18p) for drinks over 5g per 100ml, and 30.3p per litre (instead of 24p) for drinks over 8g per 100ml[27]. Taking this calculation, if the SDIL had been uprated with inflation we estimate that revenues from SDIL would now be closer to £425-450 million instead of £355 million (based on the provisional revenues for 2022/23 reported in HMRC statistics bulletin)[28]. As with tobacco previously, there is also potential to consider over-indexing at the higher-tier band of drinks, for the most sugary products, effectively penalising the highest contributors of excess sugar into the marketplace.

In line with the approach to SDIL, which gave the industry time to reform before being enacted, an announcement in the 2024 Autumn Budget of an intent to start uprating liabilities from the 2025/26 fiscal year could in itself act as a stimulus for further action.

We note that the Government is working to lower inflation rates. Unlike tobacco and alcohol, the introduction of the SDIL in 2018 had no impact on inflation rates, as the industry sought instead to reformulate to reduce and avoid liabilities[29]. It is therefore not anticipated that smaller changes in uprating SDIL would produce any inflationary effect. We also note that sales of soft drinks overall have not been impacted by the levy, and the sector as a whole remains in growth[30].

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[26] Soft Drinks Industry Levy statistics commentary 2023, HMRC **https://www.gov.uk/government/statistics/soft-drinks-industry-levy-statistics/soft-drinks-industry-levy-statistics-commentary-2021**

[27] Calculations using Bank of England inflation calculator, using Consumer Pricing Index (CPI) data from the Office of National Statistics (ONS) **https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator**

[28] Our internal calculation based on approx. 90% of liabilities at the upper tier being levied at 30p, and 10% at 24p.

[29] Scarborough P, Adhikari V, Harrington RA, Elhussein A, Briggs A, Rayner M, et al. (2020) Impact of the announcement and implementation of the UK Soft Drinks Industry Levy on sugar content, price, product size and number of available soft drinks in the UK, 2015-19: A controlled interrupted time series analysis. PLoS Med 17(2): e1003025. **https://doi.org/10.1371/journal.pmed.1003025**

[30] Office for Health Improvement & disparities (2022), Sugar reduction programme: industry progress 2015 to 2020 **https://www.gov.uk/government/publications/sugar-reduction-programme-industry-progress-2015-to-2020**

In particular, given that the overwhelming majority of receipts under the levy come from the higher-tier drinks[31], which contribute the highest levels of sugar to diets, there is evidence that the SDIL could be working much harder at this level to either drive additional reformulation or increase future revenues for HM Treasury, and an over-indexing approach might also drive further reductions of sugar consumption and/or increase the government's ability to spend on public health.

Recommendation 3.2 Initiate a review of the current tiered approach to the Soft Drinks Industry Levy, and options for incentivising further sugar reduction and/or maximising its revenue potential

Another approach to leverage further reformulation would be for HM Treasury to review the effectiveness of the current tiered approach in continuing to incentivise lowering of sugar levels in soft drinks. Independent research published in February 2020 notes that, while the overall percentage of drinks with more than 5g sugar fell from 49% to 15% from 2015 to February 2019, "*After the implementation of the SDIL, we observed a peak in the proportion of intervention drinks with a sugar level between 4.5 and 5.0 g per 100 mL (see S5 Appendix), suggesting that many manufacturers chose to reformulate to just below this threshold.*'[82] The threshold structure of the SDIL has led to manufacturers reformulating their drinks to avoid the lower threshold, but these drinks still contain a significant amount of sugar. A typical 330ml can of Fanta Pineapple and Grapefruit (formerly Lilt) contains over half of a child's daily sugar limit, and is considered an HFSS product in other regulations, but is not subject to the SDIL.

Lowering the threshold to 4.5g would bring the SDIL in line with the current nutrient profiling model (NPM) which categorises food and drink as 'less healthy' or 'healthier' and is used in planned advertising restrictions, and also aligns with existing location-based promotions and forthcoming multi-buy price promotion restrictions.

Lowering the entry threshold of the Soft Drinks Industry Levy from 5g, and adjusting the upper band would therefore result in:

- Triggering new incentives for business to undertake additional product reformulation, removing more sugar from soft drinks.
- Providing a consistent policy approach between the SDIL and the Nutrient Profile Model.
- Maintaining the level of revenue flows from the SDIL into the Exchequer, which the Government pledged would enable investment into children's healthy diets and exercise.

As noted above, around 90% of revenues derive from liabilities in the higher tier of drinks, and revenues are remaining fairly stable indicating there is little reformulation taking place at this level. A review of the tiered approach could also explore whether the threshold for the

[31] HM Revenue and Customs (2023), Soft Drinks Industry Levy statistics commentary 2023, **https://www.gov.uk/government/statistics/soft-drinks-industry-levy-statistics/soft-drinks-industry-levy-statistics-commentary-2021**

[32] Scarborough P, Adhikari V, Harrington RA, Elhussein A, Briggs A, Rayner M, et al. (2020) Impact of the announcement and implementation of the UK Soft Drinks Industry Levy on sugar content, price, product size and number of available soft drinks in the UK, 2015-19: A controlled interrupted time series analysis. PLoS Med 17(2): e1003025. **https://doi.org/10.1371/journal.pmed.1003025**

higher tier could now be reduced, which alongside an uprating of the higher tier could act as a refreshed incentive for reformulation or drive additional revenues for investment in children's health. Alternatively, there could be scope for an additional band to be introduced.

Putting the current tiered approach under review would also allow for consideration of milk-based and milk-alternative drinks to be integrated into the SDIL programme, adjusting the entry and threshold levels for all drinks simultaneously so might be considered in parallel.

Recommendation 3.3 - Maintain a commitment to ensuring revenues from SDIL and any further healthy food and drink levies support government investment in programmes to support children's health.

The SDIL has consistently brought in revenues of around £300-350 million every year (provisional receipts from 2022/23 show this has in fact increased to £355 million). Whilst incentivising the reformulation of drinks was the primary objective, the introduction of the levy was also accompanied by a commitment to use revenue raised to increase investment in children's health.

While the levy has not been hypothecated since 2021, Government ministers have confirmed that the existence of the SDIL has enabled them to invest in programmes including doubling the Primary PE & Sport Premium, establishing a National School Breakfast Programme and the Holiday Food and Activities Programme.

The Government has already committed to invest £315 million in breakfast provision in every state-funded primary school, funded via other fiscal measures including ending tax loopholes for private schools and abolishing non-dom tax status. We therefore strongly recommend that revenues from current and future food and drink levies continue to be similarly directed into departments and programmes supporting children's health, and that this should remain a core principle of any use of healthy food and drink levies. As illustrated by recent Health Foundation polling, there is a clear public mandate for levies on less healthy food and drink, where revenues are then associated with programmes to support healthier lives, such as increasing access to fresh fruit and vegetables for those on the lowest incomes[33].

Recipe for Change coalition

September 2024

[33] Health Foundation/Ipsos polling, August 2024 **https://www.health.org.uk/news-and-comment/charts-and-infographics/what-action-does-the-public-think-the-government-should-take-on-tobacco-alcohol-and-unhealthy-food**