



**Submission to HM Revenue and Customs re: a consultation on a new UK-wide Soft Drinks Industry Levy that will apply to the production and importation of soft drinks containing added sugar.**

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**Q1. B**

Heart of Mersey (HoM), part of Health Equalities Group is England's largest regional heart health charity working across the North West to reduce the risk of cardiovascular disease and related conditions such as cancer, diabetes and stroke. Heart disease and stroke prevention are major contributors to preventable illness, premature mortality and health inequalities.

HoM was first established in 2003 due to the disproportionate early death rates from heart disease and stroke in Merseyside. The key risk factors of adult smoking, 'healthy eating' and physical activity were worse than the England average and life expectancy for both men and women were lower.

All of the above remain the same in 2016 and, whilst death rates from cardiovascular disease have fallen, they are still worse than the England average. The biggest single factor which has led to the reduction in premature heart disease has been the fall in smoking. However, prevalence remains high, and this together with poor diets, are key contributors to continuing health inequalities across Merseyside.

As evidence shows that choices that influence lifestyles in early years can impact through the life course, Heart of Mersey is keen to do everything possible to enable children and young people to enjoy healthier diets both in primary school and through their teenage years.

Since 2013, Heart of Mersey has works with local authorities in the North West to deliver **Food Active**, a healthy weight campaign. This experience helps to inform our response.

Food Active fully supports Government's proposals for a soft drinks industry levy to combat obesity. The soft drinks industry levy is a vital measure in the fight against overweight and obesity in the UK.

Across the UK, obesity levels are rising. Nearly a quarter (21.9%) of 4-5 year olds and almost a third (33.2%) of children aged 10-11 year olds carry excess weight. In the North West this rises to 22.9% and 33.8% respectively. <sup>1</sup>

This trend continues into adulthood with 63.8% of adults identified as being overweight or obese. Those living in the most deprived areas are at greater risk of being overweight or obese.<sup>2</sup>

Health problems associated with being overweight or obese cost the NHS more than £5 billion every year<sup>3</sup>. Sugar is a major contributor to the obesity epidemic with Britons on average eating 700g of sugar a week<sup>4</sup>—that's 140 teaspoons per person and a whopping 2240 calories.

Teenagers consume the most sugar; 74.2g sugar per day (contributing to almost double the amount recommended for energy), closely followed by children aged 4—10 years, (consuming 60.8g sugar per day) and adults aged 19—64 years, 58.8g sugar per day.

Added sugars are not a necessary component of a balanced diet. And it is these 'free' or 'added' sugars which are of most concern. The liver handles high intakes of sugar in a way that is damaging to our health, especially if we are overweight or not physically active. This can lead to an increased risk of diabetes, heart disease and other health problems.

Obesity has a huge financial impact. The UK currently spends about £6 billion a year on the medical costs of conditions related to obesity and overweight.

As part of the Food Active work we have compiled a local evidence base in support of a sugary drinks tax, this includes:

- A review of the evidence for public health policy interventions, exploring the impact and effectiveness of food taxes, with a specific focus on sugar-sweetened drinks;
- Insight work to explore economic drivers of behaviour change, with a specific focus on the taxation of sugar-sweetened drinks;
- Modelling of the impact of obesity policies and interventions: weight loss, health outcomes and their cost effectiveness;
- A survey to establish local activity to address obesity and healthy weight.

This research supports evidence that reducing the intake of SSBs can reduce individual rates of obesity<sup>5</sup>. Modelling commissioned by Food Active has demonstrated the efficacy of taxes in reducing consumption of sugary drinks, and in turn of reducing overweight prevalence.<sup>6</sup>

**Q5.a - Do respondents agree that a definition of 'added sugars' as set out in the consultation is sufficient to capture the types of sugar commonly added to soft drinks?**

We agree with the 'added sugar' definition as proposed.

We are broadly supportive of the proposal to exclude pure fruit juices from the levy and recognise the contribution that pure fruit juices contribute to the five-a-day fruit and vegetable consumption. However current guidelines recommend a maximum of 150ml pure fruit juice per day<sup>14</sup>, and it is important to note that the majority of single serve portions currently available have a great volume than this. Is it therefore an area of concern and should be monitored.

**Q6 – Would requiring liable producers and importers to pay the levy on cordials and dilutables at diluted volumes present reporting or compliance problems for particular businesses? If so, please provide evidence and suggest any alternative approaches.**

We support the proposal to tax dilutable cordials, squash and syrups according to diluted volumes at their recommended dilution ratio as stated on the packaging.

Ongoing monitoring of consumption of dilutables will be vital to ensure that consumers do not compensate for the reduction in sugar by increasing the volume of the concentrate. This data should be made publically available.

**Q7 – Respondents are invited to submit views on the treatment of liquid drinks flavourings as regards the soft drinks industry levy.**

Liquid drinks flavouring can represent a significant addition of sugar to drinks, in particular hot drinks which can contain up to 25 teaspoons of sugar per serving<sup>7</sup>. We support their inclusion in the levy with separate thresholds and rates.

**Q8 – Do respondents agree that a minimum proportion of 75% milk is necessary to ensure that only nutrient-rich milk drinks are exempt from the levy? If not, what alternative test or treatment would you propose and why?**

We recognise the contribution that milk plays in providing nutrients to the diet. However we do not support the proposal of exempting drinks with a minimum proportion of 75% milk. This proportion is too low.

We propose that only milk drinks with under 5% added sugar should be exempt from the levy. The existing School Food Standards are clear that drinks with more than 5% added sugars or honey are considered 'less healthy' and thus are not allowed to be served to children at any time during the school day.<sup>8</sup>

Manufacturers have shown ability to work out which of their drinks are under the 5% threshold and can therefore be sold into schools. They have also been incentivised by the Standards to reformulate existing products or bring out lower or no added sugar products which are compliant.

**Q10 – Do respondents agree with the proposed treatment of candy sprays, ice lollies, and dissolvable powders?**

We support the exclusion of ice lollies from the levy.

Candy sprays should be included within the levy. These products are composed of sugar sweetened soft drinks, often with significant amounts of added sugar.

In addition some candy spray products are marketed under the same brand as popular sugar sweetened soft drinks and represent an opportunity for brands to build brand loyalty with children.

**Q13 - Respondents are invited to submit any evidence that the final levy design could have potentially adverse impacts on groups with protected characteristics.**

We agree with the impact assessment conclusion that adverse impacts on groups with protected characteristics will be negligible.

The levy will help make all groups healthier by encouraging soft drinks manufacturers to reduce sugar from their products and encourage people to consume healthier choices.

**Q20 – Do respondents agree products which are given away free of charge should still be liable to the levy? If not, please provide examples of where relief may be appropriate and why.**

Yes – we support the proposal to include products which are given away free of charge in the levy. Free sampling of products is an established marketing technique, and we support tighter regulation and greater protection for children from marketing of unhealthy food and drinks products across the board.

**Q22 – What is the best model for achieving the small operator policy intent - a production exemption for small operators or a small universal relief?**

We support a production exemption for small operators. Large operators should not benefit from a small universal relief.

**Q25 – Should added sugar soft drinks imported into the UK for consumption while travelling internationally be exempted from the levy, provided evidence is provided that the drinks have left the UK? If not, why?**

We believe these products should not be exempt from the levy. There should be consistency of

approach for UK importers or manufacturers regardless of where the products end up being consumed.

**Q29 – Do respondents agree that producers of soft drinks should include all of the drinks they produce which are liable to the levy (UK markets and exports) when determining their eligibility for relief as a small operator?**

Yes, this is a logical and fair approach, and closes down potential for regulatory loophole which bigger manufacturers could exploit.

**Q40 – Do respondents agree that the above proposals for compliance and penalties are appropriate?**

We agree that penalties are an important measure to encourage manufacturers and importers to comply and create a level playing field. We support the proposals for compliance and welcome HMRC's commitment to ensuring that the levy is enforced.

**Q43 – Do respondents have any other concerns or suggestions around potential compliance risks?**

We strongly welcome the introduction of the soft drinks industry levy. To ensure it has the greatest impact on protecting children's health, it is vital that it is evaluated so that it can be refined and adjusted to continually deliver public health gains. In the North West we suffer some of the worst health in the country and particularly welcome the levy given it has the potential to address broader inequalities, as children from the most deprived groups are significantly more likely to be overweight or obese than their peers from affluent backgrounds.

We encourage the Government should fund a rigorous evaluation of the soft drinks levy that should be conducted and published independently of Government. This should include analysis of consumer retail data (including products not included such as milk based drinks) and analysis of consumption trends.

**Other points**

Evidence from other countries with similar taxes suggest that these types of tax are most effective when there is a price differential between products that are subject to the tax compared to those that aren't at the point of sale.<sup>9</sup>

Therefore, for the levy to be even more effective in protecting children by reducing their consumption of sugary soft drinks, we recommend the following measures:

- Consider adjusting the higher rate of the levy so it increases incrementally in line with the sugar content.
- Consider committing to adjust the rates of the levy in line with consumption.

In summary, we fully support the soft drinks industry levy and are pleased the Government has taken this bold and important first step to protect the future health of children.

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<sup>1</sup> Public Health Outcomes Framework (2015) <http://www.phoutcomes.info>

<sup>2</sup> Newton, J. N. et al. (2015). Changes in health in England, with analysis by English regions and areas of deprivation, 1990-2013: a systematic analysis for the Global Burden of Disease Study 2013

<sup>3</sup> PHE (2010). The Economics of Obesity

<sup>4</sup> How to cut down on sugar in your diet: <http://www.nhs.uk/livewell/goodfood/pages/how-to-cut-down-on-sugar-in-your-diet.aspx>

<sup>5</sup> Escobar, M., Veerman, J., Tollman, S., Bertram, M., and Hofman, K. (2013). 'Evidence that a tax on sugar sweetened beverages reduces the obesity rate: a meta analysis'. BMC Public Health. 13: 1073.

<sup>6</sup> Collins B, Capewell S, O'Flaherty M, Timpson H, Razzaq A, Cheater S, et al. (2015) Modelling the Health Impact of an English Sugary Drinks Duty at National and Local Levels. PLoS ONE 10(6): e0130770. doi:10.1371/journal.pone.0130770

<sup>7</sup> [Hot Drinks Survey 2016 - All Data - Action on Sugar](http://www.actiononsugar.org/News%20Centre/Surveys%20/2016/170862.pdf). <http://www.actiononsugar.org/News%20Centre/Surveys%20/2016/170862.pdf>

<sup>8</sup> The School Food Standards (2016). [http://www.schoolfoodplan.com/wp-content/uploads/2015/05/School\\_Food\\_Standards\\_140911-V2e-tea-towel.pdf](http://www.schoolfoodplan.com/wp-content/uploads/2015/05/School_Food_Standards_140911-V2e-tea-towel.pdf)

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<sup>9</sup> World Health Organisation. (2016). 'Report of the Commission on Ending Childhood Obesity'.  
[http://apps.who.int/iris/bitstream/10665/204176/1/9789241510066\\_eng.pdf?ua=1&ua=1](http://apps.who.int/iris/bitstream/10665/204176/1/9789241510066_eng.pdf?ua=1&ua=1)