

DR PENNY BREEZE, PROF ALAN BRENNAN, PROF AMELIA LAKE, DR HELEN MOORE, DR ROB PRYCE, DR CHRISTIAN REYNOLDS, DR REBECCA WELLS AND DR LUKE WILSON, HEALTHEI CONSORTIUM - WRITTEN EVIDENCE (FDO0015)

The acceptability and effectiveness of pricing policy to reduce the consumption of foods high in fat salt and sugar (HFSS) in the UK [Dr Penny Breeze and HEALTHEI consortium]

1. Dr Penny Breeze is a health economist and Senior Research Fellow at the University of Sheffield. This submission aims to provide evidence for future policy tools that could prove effective in preventing obesity and is prepared on behalf of a collaboration of researchers from the University of Sheffield, Teesside University and City, University of London working on an NIHR funded programme grant to evaluate the health, economic and wider societal outcomes of food taxes in the UK (Health Economic Analysis incorporating effects on Labour outcomes, Households, Environment and Inequalities (HEALTHEI) for food taxes, (NIHR133927). In her oral evidence session to the committee on 14th March 2024, Professor Amelia Lake mentioned this research.
2. This research has focussed on assessing the potential implementation of a new tax on foods, to add to the existing VAT and soft drinks industry levy. A rapid review of evidence of food and drinks taxes from high income countries found that taxes on food and drinks are effective in reducing the consumption of unhealthy foods, with evidence of a reduction in obesity¹. The review identified a broad range of food tax designs and example design specifications grouped according to whether they targeted fat, sugar, salt, meat or a combined nutrient approach. Across all nutrient targets there is evidence that taxes lead to price rises, which reduce the purchasing and consumption of targeted foods.
3. We respond to the following questions: "*Lessons learned from international policy and practice, and from the devolved administrations, on diet-related obesity prevention.*" and "*Policy tools that could prove effective in preventing obesity amongst the general population, including those focussed on the role of the food and drink industry in tackling obesity.*" Focusing our response on food and drinks taxes.

¹ Moore HJ, Connor N, Burrows A, Breeze P, O'Malley CL, Lake AA. Identification of tax options for high fat, sugar, salt foods for the HEALTHEI Project: a mixed-methods study. *The Lancet*. 2023 Nov 1;402:S70. [https://doi.org/10.1016/S0140-6736\(23\)02116-5](https://doi.org/10.1016/S0140-6736(23)02116-5)

4. The evidence review and stakeholder engagement identified that there are advantages and disadvantages to alternative food tax design with no single preferred option drawing a clear consensus ². However, stakeholders expressed an inclination for taxes targeting sugar, salt and combined nutrient profiles to complement and reinforce existing government policies. Taxes on meat and fat were associated with less well-established associations with health outcomes. Stakeholders expressed concern about the implementation of food taxes on the cost of living during a period of high food price inflation.
5. The media contribute to the public debate on food policy in the UK, and negative representation of food policy was anticipated to be a barrier to implementation at a public workshop held in Teesside. Analysis of the media coverage of food and drinks taxes demonstrates that the media consistently present similar pro- and anti-tax arguments across countries and food products ³. Negative arguments tend to focus on the cost impact for less affluent households, and positive arguments focus on health benefits.
6. Food policies affecting the population as a whole, including pricing policies, are expected to generate improvements in health and cost-saving to the National Health Service ⁴. The cost to implement population-level policies can be low, and in the case of taxes these are income generating, for government. Therefore, taxes are an efficient policy tool to address obesity, without diverting or utilising NHS resources. Population-level policies, in contrast with policies targeting at-risk groups, have greater impact in areas of deprivation and can be effective in reducing health inequalities ⁴. An evaluation of a regional-level policy to restriction advertisements for HFSS products on the Transport for London (TfL) estimated that the policy would have resulted in lifetime health gains, NHS cost-savings and a reduction in health inequalities ⁵. The findings are driven by the distribution of poor

² Connor N, Moore HJ,, Burrows A, Breeze P, Reynolds C, O'Malley C, Snell, J, Lake, A. Evidence from a rapid review to identify high fat, sugar, salt food tax options for the Health Economic Analysis incorporating effects on Labour outcomes, Households, Environment and Inequalities (HEALTHIEI) Project. UK Congress on Obesity 2023. Belfast, UK. <https://www.nature.com/articles/s41366-023-01431-0#Sec55>

³ Cisneros AB, Headings R, Wells R, Reynolds C, Vogel C, Breeze P. Understanding the use of media analysis in public health research through food tax debates (HEALTHIEI Project): a scoping review. *The Lancet*. 2023 Nov 1;402:S9. [https://doi.org/10.1016/S0140-6736\(23\)02060-3](https://doi.org/10.1016/S0140-6736(23)02060-3)

⁴ Breeze PR, Thomas C, Squires H, Brennan A, Greaves C, Diggle P, Brunner E, Tabak A, Preston L, Chilcott J. Cost-effectiveness of population-based, community, workplace and individual policies for diabetes prevention in the UK. *Diabetic Medicine*. 2017 Aug;34(8):1136-44. <https://doi.org/10.1111/dme.13349>

⁵ Thomas C, Breeze P, Cummins S, Cornelsen L, Yau A, Brennan A. The health, cost and equity impacts of restrictions on the advertisement of high fat, salt and sugar products across the transport for London network: a health economic modelling study. *International Journal of Behavioral Nutrition and Physical Activity*. 2022 Jul 27;19(1):93.

health outcomes for less affluent groups, which generates a greater potential for health benefits from the policy.

7. The impact of food taxes will depend on the industry response and the decision to reformulate products or pass-on price rises to consumers. Evaluation of the Soft Drinks Industry Levy suggests that the levy was not directly passed on to consumers, but products were reformulated⁶. Previous research on tax pass-through for alcohol and tobacco indicates that taxes are passed-on to the prices of high price products whereas prices rise less than the tax increase for low price products^{7 8}. Preliminary analyses of the pass-through of VAT changes for chocolate and sweet confectionery between 2008 and 2012 indicate that prices rise more than the tax change for high price products, and less than the tax change for low price products. If we assume that less affluent households prefer low price products, this tax pass-through pattern will mitigate the impact on overall food spend for less affluent households. However, the effect will also reduce the health benefits of the policy in those groups.
8. In summary, food taxes have the potential to reduce the purchasing and consumption of foods that are high in sugar, salt and saturated fat (HFSS). The impact of food taxes, and subsequent effects on the cost of living for less affluent households is a key consideration for the acceptability of the policy. In contrast, population-level policies are associated with greater health benefit for individuals from areas of deprivation and can be an effective tool to reduce health inequalities. The extent to which taxes pass-through to consumers is important in determining the impact of the policy on household spending and historical patterns of pass-through suggest some of the negative consequences of the policy for households will be mitigated by industry responses.

28 March 2024

6 Scarborough P, Adhikari V, Harrington RA, Elhoussein A, Briggs A, Rayner M, Adams J, Cummins S, Penney T, White M. 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 medicine*. 2020 Feb 11;17(2):e1003025.

7 Wilson LB, Pryce R, Angus C, Hiscock R, Brennan A, Gillespie D. The effect of alcohol tax changes on retail prices: how do on-trade alcohol retailers pass through tax changes to consumers?. *The European Journal of Health Economics*. 2021 Apr;22:381-92.

8 Wilson LB, Pryce R, Hiscock R, Angus C, Brennan A, Gillespie D. Quantile regression of tobacco tax pass-through in the UK 2013–2019. How have manufacturers passed through tax changes for different tobacco products?. *Tobacco control*. 2021 Nov 1;30(e1):e27-32.