



## **Spring Budget 2021: Sustain/Children's Food Campaign Representation.**

### **Children's Food Campaign**

Children's Food Campaign (CFC) aims to improve children and young people's health by campaigning for policy changes in our schools and communities that promote healthy and sustainable food environments. Children's Food Campaign is part of Sustain, the alliance for food and farming, and is supported by over 100 UK-wide and national organisations, including children's and health charities and professional bodies, trade unions, school food experts and environmental organisations.

### **Sustain, the alliance for food and farming**

Sustain is the UK alliance for better food and farming. We represent around 100 not-for-profit national organisations and many more at local level. During the Covid-19 pandemic, Sustain and its member organisations have been supporting community groups, food enterprises, food aid groups, schools and their caterers, local authorities, and government and industry liaison on the emergency food response. Sustain's campaigns and programmes include the Food Poverty Campaign, Food Power, Sustainable Food Places, Sugar Smart UK and Veg Cities.

### **Background**

All children have the right to a healthy and happy childhood, including access to adequate nutritious, affordable and culturally appropriate food. The Covid-19 emergency has further exposed and deepened household food insecurity, as well as risk of overweight, obesity and other serious diet-related conditions, and the need for renewed action to deliver a more equitable, accessible and healthy food environment for families.

### **1: Maintain and extend the Soft Drinks Industry Levy to drive investment in children's healthy food**

The Soft Drinks Industry Levy, which came into force in April 2018, has widely been praised for the impact it has had in triggering a 44% reduction in sugar levels of soft drinks from 2015-2018, according to Public Health England (PHE). This compares to just 2.9% lowering of sugar in other product categories covered by the voluntary sugar reduction programme, which is due to come to an end in 2021. In addition, the levy raised an estimated £336 million in revenues for the UK Exchequer in 2019/20 and is still forecast by the Office for Budget Responsibility (OBR) to raise around £0.3 billion in revenues per year, based on its current structure.

#### **Lower the entry threshold to 4.5g per 100ml**

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.*"<sup>1</sup> Under the Nutrient Profile Model (NPM) currently assesses any sugary drink with more than 4.5g sugar per 100ml scores 1 point, and drinks with 1 point are considered HFSS products, subject to advertising restrictions. This means that there are now a larger number of soft drinks reformulated to just below the 5g threshold that are deemed to be HFSS under the NPM, but not subject to the Levy. Independent analysis from the University of Cambridge (CEDAR), attached to this submission suggests that if these drinks HAD been included in the Levy, it would have raised an additional £50.3 million in revenues during the first year of implementation. Lowering the entry threshold of the Soft Drinks Industry Levy from 5g to 4.5g 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 Soft Drinks Industry Levy and the Nutrient Profile Model
- Maintaining the level of revenue flows from the Soft Drinks Industry Levy into the Exchequer, which the Government pledged would enable investment into children's healthy diets and exercise.

We further note from HMRC that 94.6% of current SDIL liabilities have occurred at the higher rate, for drinks containing 8g+ sugar per 100ml<sup>2</sup>. We would encourage HM Treasury to consider whether lowering the entry threshold might be accompanied by further review of the charging bands, that could additionally incentivise further reformulation at this higher level. This could, for example, explore a shift in the lowest band to 4.5g-7g per 100ml, a middle band of 7-10g per 100ml and introduce a new higher level of liability for drinks still containing 10g+ per 100ml.

#### Uprate the liability under the Levy

We encourage HM Treasury now to uprate the charges under the Soft Drinks Industry Levy, given there has been no change to these since introduction in 2018. As with other taxes and levies linked to public health (eg. alcohol, tobacco) this should at least be indexed to inflation. Given evidence that the introduction of the levy in itself has not had an adverse effect on the soft drinks industry's overall sales and profits, we call on the Government to uprate the levy for 2021/22 onwards, either at or above inflation rates, to continue incentivising healthier product formulations. At a time when the Exchequer is under extreme pressure and will need to raise taxes in some areas, focussing on incentivising further unhealthy product reformulation should be considered. In particular, given that 94.6% of liabilities under the levy come from the higher rate drinks, which contribute the highest

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<sup>1</sup> 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>

<sup>2</sup> <https://www.gov.uk/government/publications/soft-drinks-industry-levy-statistics/soft-drinks-industry-levy-statistics-commentary-2020>

levels of sugar to diets, the companies producing these drinks should disproportionately now incur an increase in their liabilities, to offset the costs to the NHS of treating obesity, Type 2 diabetes, dental caries and other diet-related diseases.

### Ensure Levy income is used for improving children's healthy diets and food, and tackling health inequalities

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. Despite the initial Office for Budget Responsibility income forecasts from the levy being revised following greater reformulation of products than originally envisaged, the Government pledged that the amount to be ringfenced to children's health investment for these purposes at £575m in 2018-19 and that the amount schools would receive would not fall below £415m per annum for the remaining period of the Comprehensive Spending Review<sup>3</sup>.

This pledge was then extended in the November 2019 Spending Round for the current 2020-21 Financial Year. HM Treasury has not yet confirmed the basis on which this pledge is being maintained into 2021-22, but we can assume it is no less than the £0.3 billion forecast by the Office for Budget Responsibility, or the £415 million underwritten by the original CSR pledge.

In 2018-19, levy income was allocated towards doubling the Primary PE & Sport Premium (from £160m to £320m), establishing a National School Breakfast Programme (up to £26m over two years, later extended for 2020-21 by another £11m), a one-year Healthy Pupils Capital Fund (£100m), and the Essential Life Skills programme (£22m over two years). Since 2019 however, the Department for Education has failed to publicly account for this money despite repeated requests.

We are therefore calling on the Government to use the Comprehensive Spending Review to announce a new multi-year Healthy Food Innovation Fund for schools, similar to the previous Healthy Pupils' Capital Fund to enable schools (and/or local communities working to improve on children's health, food environment and wellbeing) to invest in infrastructure, project innovation – from new cookery or kitchen facilities, food growing spaces, food and nutrition programmes, new food activity clubs, etc. We acknowledge the valuable role of PE and Sports in maintaining children's overall health and fitness. However, professional expertise is unanimous that you cannot outrun an unhealthy diet, and that maintaining a healthy weight is likely to be 80% food/diet-related and 20% exercise. We therefore call on the Government to commit a minimum of 50% of forthcoming SDIL receipts from the SDIL to the new healthy food fund.

Given the positive impact of the Soft Drinks Industry Levy in accelerating product reformulation and shifting focus of promotion and advertising towards low and no-sugar drinks, whilst voluntary reformulation programmes have lagged behind, we call on HM Treasury to consider extending use of fiscal measures (including further business levies, tax incentives or VAT reform), in support of healthy food and drink innovation, and the Government's strategy to reduce childhood and adult obesity rates.

### **Recommendations:**

- Maintain the **Soft Drinks Industry Levy** to incentivise product reformulation and raise revenues for investment in children's health.

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<sup>3</sup> 6 December 2018, Government Finance Bill debate, comments from Robert Jenrick MP on behalf of Government.

- Announce an intention to lower the applicable threshold for eligible drinks to 4.5g per 100ml in order to incentivise further reformulation and maintain revenue income and bring it into line with the current Nutrient Profile Model on HFSS food and drink. Further consider additional adjustments to the Levy banding in line with a lower threshold, in order to also introduce further incentives for reformulation for drinks at the higher rate from April 2022.
- Adjust the levy rate in line with (or above) inflation over the past 3 years, and then continue to maintain year on year increases with inflation.
- Consider further application of fiscal measures beyond the Soft Drinks Industry Levy with the objective of incentivising business food and drink reformulation towards healthier public purchasing and consumption.
- Ensure SDIL revenue, currently forecasted to generate £340m per annum for 2021-24 by the Office for Budget Responsibility, is invested in establishing a new multi-year children's healthy food fund for schools (and/or local communities).

## 2. Increase support for addressing child food poverty

Hungry children struggle to study and achieve. For many children living in households affected by low or unpredictable income and food insecurity, their school lunch may be their only proper meal of the day during term time. There is a good body of evidence on the positive impact of a healthy and nutritious meal on children's levels of concentration, behaviour and educational attainment, as well as on their mental health and overall wellbeing, ability to participate in physical activities. The Food Foundation estimates that 14% of households with children experienced food insecurity between March-September 2020, and it is likely this has since worsened<sup>4</sup>. Following months of lockdown due to Covid-19 it has never been so important to ensure all children who have experienced high levels of food insecurity, stress and anxiety, are able to access a nutritious meal.

### Free School Meals

Free School Meals are currently provided to all children for the first three years of primary schools (Reception, Years 1 and 2) under the Universal Infant Free School Meals scheme. Only four local authorities in England (Newham, Tower Hamlets, Islington and Southwark) currently extend this to all primary children. However, there is evidence of the positive impact that universal school meal eligibility has on children's health, social development and educational attainment<sup>5</sup>. Elsewhere, from Years 3 to 12, children are only eligible to continue free school meals if households are in receipt of Universal Credit or equivalent benefits, and since April 2018 this is further restricted to households in receipt of net income below £7,400 before benefits are applied.

In practice this means that millions of children in households coming under the Government definition of poverty are no longer eligible for Free School Meals.

It is estimated that removing the income threshold so that all children up to 16 years old from households in receipt of Universal Credit or equivalent benefits would mean that an additional 1.5 million children would benefit.

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<sup>4</sup> <https://foodfoundation.org.uk/new-food-foundation-data-sept-2020/>

<sup>5</sup> <https://www.iser.essex.ac.uk/files/uifsm-impact.pdf>

- As a result of the Covid pandemic and loss of income, food insecurity has risen steeply, with more families applying for Free School Meals. The Food Foundation has estimated there up to 900,000 new registrations of children for FSM during 2020<sup>6</sup>.
- The out-of-home and public sector catering sectors have been disproportionately disrupted by almost a year of lockdown, securing future business for these sectors will be part of the economic recovery.
- The value of Universal Infant Free School Meals did not increase for 7 years following its introduction in 2013; it has only been increased from £2.30 to £2.34 for the 2020/21 academic year. Whilst it may be possible for larger schools and multiple consortiums to provide meals without making a loss, there is evidence that this is not sustainable especially for smaller schools<sup>7</sup>, those with in-house catering teams or seeking to procure more seasonal, local and higher welfare and environmental standards, in line with the NHS Eatwell Plate. There is also evidence that many of those working in this sector and its supply chains do not earn the real living wage and may be amongst some of the households experiencing food insecurity during the current pandemic.
- The Local Authorities Catering Association (LACA) has advocated increasing the allowance to £2.51 per meal, whilst the Soil Association Food for Life Programme estimates that if the UIFSM cost had risen in line with inflation each year it should now be paying £2.70-2.80 per meal<sup>8</sup>. Ensuring school meals are adequately funded would not just support schools, it would also provide a much-needed boost to the school catering sector and food wholesale distribution networks who were hard hit during lockdown, providing a viable business model to enable them to build back better.
- At present eligibility for free school meals is available to pupils of all ages who qualify through benefit-related entitlements, and this should continue to be the case. The Government should ensure any eligible children over the age of 16 continue to be able to access free school meals whilst they remain in education.
- Prior to the Covid-19 emergency, children from households with No Recourse to Public Funds were not eligible for Free School Meals, despite evidence that these include many children experiencing the most acute forms of poverty, exclusion and food insecurity. The Government recognised this injustice by temporarily extending eligibility to certain categories of children from households with NRPF, including access to the Covid Summer Food Fund. Sustain's Right to Food campaign, along with many other organisations working on food insecurity, poverty and immigration rights, are calling for extension of eligibility to be made permanent as part of future policy and budget spending plans<sup>9</sup>.

### Universal Credit

- In March 2020, in response to the national lockdown, Chancellor of the Exchequer Rishi Sunak announced a temporary uplift of £20 per week in basic Universal Credit and Working Tax Credit.
- Analysis by the Joseph Rowntree Foundation indicates that unless this is maintained and now made permanent, around 6.2 million families will experience a drop in income of

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<sup>6</sup> <https://foodfoundation.org.uk/demand-for-free-school-meals-rises-sharply-as-the-economic-impact-of-covid-19-on-families-bites/>

<sup>7</sup> <http://www.schoolfoodplan.com/spotlight-on-small-schools-taskforce-action-15/>

<sup>8</sup> <https://www.foodforlife.org.uk/whats-happening/state-of-the-nation>

<sup>9</sup> [https://www.sustainweb.org/publications/covid\\_19\\_right\\_to\\_food\\_nrpf/](https://www.sustainweb.org/publications/covid_19_right_to_food_nrpf/)

around £1,040 per year, and that 500,000 people including 200,000 children will fall into poverty.

- The increase in Universal Credit has been cited as one of the key lifelines to families, helping to keep them afloat during the recent crisis. Given the situation looks set to continue for most of 2021, and that the longer term economic and social impact of the current emergency is likely to be felt for much longer, it is inconceivable that this 'lifeline' should now be removed from the nation's most vulnerable households.
- However, the £20 uplift to Universal Credit does not apply to those families on legacy benefits such as Employment Support Allowance, Job Seeker's Allowance and Income Support. This is of particular concern for thousands of disabled people and their carers who already face higher risk of poverty and are currently facing rising costs of living and additional barriers to securing work.
- Sustain supports the calls of the Joseph Rowntree Trust, and a wide coalition of poverty and inequality organisations, on the Government to maintain and make permanent the £20 increase to Universal Credit and Working Tax Credit, and to extend the same uplift to legacy benefits.

### Healthy Start

- Currently, pregnant women under the age of 18 and pregnant women and families with children aged 1-4 years old in receipt of Universal Credit and earning £408 or less a month from employment are eligible for healthy start food and vitamin vouchers.
- As of December 2020, uptake of the Healthy Start Scheme in England was just 50.7% and 56% in Wales. This means that across both nations almost 50% of women and children eligible for the scheme are not accessing it.
- With input from Sustain, other civil society organisations and public health teams, the [National Food Strategy part one](#) set out several proposals to improve the scheme and increase uptake. These included increasing the value of the food vouchers from £3.10 to £4.25 as well as extending the scheme to all pregnant women and households with children under the age of 4 in receipt of Universal Credit.
- We welcome the Government's commitment to increase the value of the scheme to £4.25 from April 2021. This will ensure families are able to benefit from more fresh fruit and vegetables and go some way to increasing uptake of the scheme.
- However, if the scheme was extended to include all pregnant women and families with children under the age of 4 in receipt of Universal Credit, an additional 290,000 women and children could benefit and have a healthy start in life. According to the National Food Strategy, this extension would cost an additional £110 million a year.
- The National Food Strategy also proposes a £5million promotional campaign to increase awareness and uptake of the scheme, amongst both beneficiaries and retailers who could take part in the scheme.
- The rapid progress of the scheme's digitisation is important, including modernising the scheme's application process and the introduction of a smartcard for purchases, to improve take-up and reduce stigma.
- Covid-19 has impacted low-income families the hardest and as stated above, this has resulted in an increase in demand for food aid. We therefore urge the Government to extend the scheme to all pregnant women and mothers with children under 4 in receipt of Universal Credit from April 2021 and to launch an accompanying promotional campaign.

- If promoted through a campaign to reach those who could benefit, the increase in value and eligibility would increase uptake across England and Wales, improve the health of mothers and young children and reduce the need for food aid through a dignified, 'cash first' approach.

#### **Recommendations:**

- Maintain and protect the Government's commitment to Universal Infant Free School Meals as a vitally important mechanism for protecting the diets of young children.
- Invest £1 billion per year in expanding eligibility for Free School Meals to include every child from Year 3 upwards still in full-time education from a household where the parent or guardian is in receipt of Universal Credit or equivalent benefits.
- The definition of 'equivalent benefits' should include extension to children in households with No Recourse to Public Funds (NRPF) who meet the same eligibility criteria, adjusting income levels to ensure equal access, and should encompass both categories of NRPF family covered by the temporary Covid extension in eligibility and other categories of NRPF families, including undocumented children and low-income migrant households.
- Increase the payment per meal from £2.30 to at least £2.51 for the 2021-22 academic year, so that schools and caterers can ensure school food can meet upgraded healthy school food standards, supports high standards of nutrition, animal welfare and environmental production, and is in line with the NHS Eatwell Plate.
- In the longer term, the Department for Education should work towards provision of universal school meals in line with school food nutritional standards for all primary school children.
- Beyond school lunches, we further encourage the Government to build on the success of the National School Breakfast Programme by establishing legislation to enable all state-funded schools with evidence of significant need (eg. 50% of all pupils in bands A-F according to the IDACI index) to provide a free healthy breakfast to all pupils each day and require the Department for Education to provide necessary resources to achieve this.
- Extend Healthy Start voucher eligibility to all pregnant women and families with children under 4 in receipt of Universal Credit and invest in a £5 million promotional campaign to increase awareness and uptake of vouchers. Provide funds to accelerate digitisation of Healthy Start so as to deliver maximum impact in increasing uptake of a higher value, expanded scheme.
- Make permanent the £20 increase to Universal Credit and Working Tax Credit, and to extend the same uplift to legacy benefits.

#### **For more information:**

Barbara Crowther, [barbara@sustainweb.org](mailto:barbara@sustainweb.org), +44 7753 837945

Children's Food Campaign Co-ordinator

Sustain, the alliance for better food and farming

[www.sustainweb.org](http://www.sustainweb.org)