House of Commons Health and Social Care Committee Childhood Obesity Inquiry 2018

Submission from Dr Oliver Mytton and Prof Martin White on behalf of the SDIL Evaluation team, April 2018.

Background

The Soft Drinks Industry Levy (SDIL) evaluation team is led by Prof Martin White of the Medical Research Council Epidemiology Unit and Centre for Diet and Activity Research (University of Cambridge), with partners from the London School of Hygiene and Tropical Medicine and University of Oxford.

It is a four and a half year study (2017-2020) of the impacts of the SDIL, funded by the National Institute for Health Research (details available at: https://www.journalslibrary.nihr.ac.uk/programmes/phr/1613001/#/).

The study is grounded in a 'systems approach', and will examine:

- whether, how and for whom the levy has an effect on:
    - changes in the soft drinks available (size and sugar content) and their marketing
    - purchases of soft drinks
    - short term changes in childhood obesity and dental caries
    - potential medium and long term impacts of the levy on diabetes and cardiovascular disease outcomes (using scenario modelling)
- the process by which the tax came about
- wider changes in public, political, societal and industry attitudes to sugar and the SDIL over the period from 2014-2020.

This note gives a summary of early 'soft' indices of the impact of the SDIL – partially addressing the first inquiry question (What progress has been made with the measures contained in the plan published by the Government in August 2016?). It also outlines a timeframe for when more definitive findings should become available.

Early indications of impact of the SDIL

Other jurisdictions have introduced excise or sales taxes, but the UK will be the first country (alongside Ireland) to introduce a tiered levy on industry. Early indications suggest five initial responses by the industry:

- Reformulation of existing products to reduce sugar content
- Introduction of new lower sugar products
- Changes in standard volumes of soft drinks
- Changes to prices of soft drinks
- Changes in advertising to promote lower sugar and other new soft drink products

All five responses have potential to impact health, and particularly children's health, as outlined in the 2017 paper by some members of the evaluation team.[1] In that paper it was suggested that reformulation might have the greatest scope for reducing sugar consumption.

We note the Treasury is expecting 40% of sugary drinks that would have been levy eligible to have been reformulated to bring them below the threshold – and that estimates of the money raised from the levy have fallen from £520 million to £240 million, in part due to estimates of the extent of reformulation.[2–4] Consistent with this some major firms have announced plans to reformulate. For example, in 2017 Lucozade Ribena Suntory removed 56% of sugar from Ribena, 65% from Lucozade and 57% from Orangina, bringing those drinks below the 5g per 100ml threshold, thus avoiding paying the levy.[5]

Others have announced plans to pass some or all of the levy onto consumers. For example, it is reported that the standard price of a 500ml bottle of Coca-Cola will have increased from £1.00 in autumn 2017 to £1.25 in April 2018, an increase of 25%.[6] This prices rise, albeit on a single product, is greater than those seen in other jurisdictions (e.g. typical prices rise of 10% in Mexico, 6% price rise in Berkeley in supermarkets).[7,8]

It is also reported that Coca-Cola will replace the 1.75 litre bottle with smaller, 1.5 litre bottles (at the same time as increasing the price). It is reported that the recipe for Coca-cola will not change, i.e. no reformulation.

Whilst these announcements may be encouraging from a health perspective, they should be treated with a degree of caution. It is too early to understand the overall impact of these changes on sugary drinks consumption. Changes were happening before the announcement of the SDIL, and we need to understand the extent to which the SDIL has stimulated additional changes.

Indicative Timetable for Our Key Impact Analyses

The response to the SDIL will be spread over time. For example, reformulation is more likely to happen early and in response to the announcement of the SDIL (i.e. between 2016 and April 2018), whereas price rises may be a latter response, occurring in April 2018. The anticipated longer-term policy effects, especially on health and *persistent* changes in consumption patterns and attitudes to sugar will take longer to emerge. I.e. some impacts are likely to be observable earlier than other impacts and it will take several years for a full picture to emerge.

<u>2018</u>

- Impact of the announcement on reformulation and purchasing of sugary drinks, together with an analysis of publically announced industry response to the levy

<u>2019</u>

- Early impact of the SDIL and its announcement on public attitudes to sugar and sugary drinks

<u>2021</u>

- Impact of the SDIL on reformulation, price and purchases of sugary drinks; and overall impact on consumption of sugary drinks
- Impact of the SDIL on short-term health outcomes (if an effect on sugary drinks consumption is observed), i.e. dental caries and child obesity, and potential (modelled) impact on longer term health outcomes

Further Information

More information and updates on the study will be available at this website: http://www.cedar.iph.cam.ac.uk/research/dietary-public-health/food-systems-public-health/sdil/

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References

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3 The Treasury. Budget 2016: policy costings. London: 2016. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/508147/PU1912_Policy_Costings_FINAL3.pdf

4 Office for Budget Responsibility. Economic and Fiscal Outlook March 2018. London: 2018. http://cdn.obr.uk/EFO-MaRch_2018.pdf

5 Lucozade Ribena Suntory. Sugar Reduction. https://www.lrsuntory.com/health-and-wellbeing/sugar-reduction/

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8 Silver LD, Ng SW, Ryan-Ibarra S, *et al.* Changes in prices, sales, consumer spending, and beverage consumption one year after a tax on sugar-sweetened beverages in Berkeley, California, US: A before-and-after study. *PLOS Med* 2017;**14**:e1002283. doi:10.1371/journal.pmed.1002283