Autumn Budget 2024: Representation from Impact on Urban Health

About Impact on Urban Health

Impact on Urban Health is a part of Guy's & St Thomas' Foundation, one of the largest health foundations in the country. We explore how living in cities impacts on people's health. We take an applied approach, testing solutions to complex health issues. While we focus our efforts on inner-city London and work in areas that experience the widest health inequalities, we seek to generate evidence and learning that can benefit people in cities across the UK and around the world.
Impact on Urban Health is pleased to submit the following representation to the Treasury, ahead of the Autumn Budget 2024. We have outlined effective policy interventions which will help to deliver improved health across the country, in a way that provides value for money for the Exchequer and taxpayer.

Summary

Good health is the keystone of a prosperous and just society. [1] This Autumn Budget presents an opportunity for the Government to make strategic investments that will deliver long-term benefits for the nation's health and economic fortunes.

The Government has made clear the financial challenges facing the country. Our proposals are designed to present a balanced mixture of revenue positive policy, expenditure based on value-for-money interventions, and targeted investments to support long-term health and prosperity.
Each of the interventions listed in this submission will support the Government's health mission, specifically its aim to reduce health inequalities. We know that health is overwhelmingly shaped by the environments where people live, work and play, not the health service. [2] Good food, clean air and financial security underpin health equity, and in turn support people to actively contribute to a productive and resilient economy. As the Government has stated, to put the NHS back on a sustainable footing will require a preventative approach, and the proposals below focus on the social, financial and commercial drivers of health, rather than short-term and costly investment in services.

Our work on some of the most challenging health issues - and as an institutional investor [3] - demonstrates the enormous potential and willingness of industry to play an active role in improving the nation's health, whether as employers, providers of the food we consume, or contributors to air pollution. In recommendations (3) and (4) we highlight where government can incentivise businesses to play their role, and how government can leverage private sector investment and action in supporting health ambitions. This will ultimately deliver benefit for communities, the Exchequer and businesses.

Our recommendations:

1) Incentivise and support companies to improve the nutritional profile of food products

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[1] IPPR, Healthy industry, prosperous economy, 2024
[2] The Health Foundation, Health care only accounts for 10% of a population's health, 2017
[3] ShareAction, Global investor alliance managing $5.7 trillion unites to improve population health, 2022

2) Make funding available for a fully funded child poverty strategy
3) Incentivise business to improve air quality
4) Ensure the energy sector contributes equitably to resolving problem debt

1. Incentivise and support companies to improve the nutritional profile of food products

Recommendation: The Treasury should build on the success of the Sugary Drinks Industry Levy (SDIL) and incentivise food and drink manufacturers to reformulate on a wider range of unhealthy products through targeted fiscal measures.

Rationale: Everyone deserves access to affordable, nutritious food, no matter where they live. Financially incentivising companies to reformulate products – by removing excess salt, sugar, and saturated fat – is a cost-effective way of improving the nation's nutritional health and preventing avoidable illness. [4] Our extensive engagement with businesses shows that many are willing to embrace reformulation. The introduction of a financial mechanism to incentivise the reformulation of popular and widely available foods would also create a level playing field to support progressive food businesses to produce healthier products while protecting both affordability and profitability.

The case for incentivising the reformulation of popular and widely available foods is compelling. SDIL demonstrated that manufacturers can be incentivised to provide healthier products through fiscal measures, without harming sales or profitability. Indeed, while sales of soft drinks rose by 21% between 2015 and 2020[5] there is recent evidence that SDIL is already having tangible, positive health impacts for children. [6]

SDIL has been highly effective in incentivising the soft drinks industry to reduce sugar from soft drinks. The levy has raised over £1.5 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.[7] Research suggests that the levy may have already prevented over 5000 cases of obesity per year amongst Year 6 girls alone[8], as well as being associated with a 12% reduction in admissions for carious tooth extractions amongst children aged 0-18 years.[9]

Extending the policy to other unhealthy food and drink items is popular with the public; 68% support such an extension. [10] Three quarters of adults believe that the funds from the existing sugar levy should fund improvements to children's health. [11]

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[4] Recipe for Change, New Government, New Opportunity, 2024
[5] Ibid
[6] Nina T. Rogers et al. 'Associations between trajectories of obesity prevalence in English primary school children and the UK soft drinks industry levy: an interrupted time series analysis of surveillance data', 2023,
[7] Recipe for Change, Spring Budget Submission, 2024
[8] IPPR, Healthy Industry, Prosperous Economy, 2024
[9] BMJ, Estimated impact of the UK soft drinks industry levy on childhood hospital admissions for carious tooth extractions: interrupted time series analysis, 2023
[10] Recipe for Change, New Government, New Opportunity, 2024
[11] Ibid

We have been funding the Recipe for Change coalition, which has brought together a wide range of stakeholders to call for a targeted intervention to incentivise reformulation. Their modelling has suggested:

- That an extended levy could raise an additional £2.9bn - £3.4bn in revenue every year, which could be reinvested in further health interventions
- That a broad levy on salt and sugar could reduce average calorie intake by up to 38kcal per person per day, delivering an additional 37,000 – 97,000 estimated years of healthy life to the population
- That such a levy would encourage consumers to switch to healthier products, negating concerns that low-income communities would be penalised [12]

They have proposed three models for a new levy:

1. A broad upstream sugar and salt reformulation levy, like that envisioned in the National Food Strategy. Such a levy would be applied to all sugar and salt sold for use in high fat, salt, and sugar food (HFSS) or in restaurants and catering, with a carve-out applied to sugar and salt that goes straight to retail to avoid taxing ingredients that are used in home cooking. The levy would be paid by the manufacturers and importers of HFSS. The National Food Strategy proposed it be applied at a rate of £3/kg on sugar (and other ingredients used for sweetening) and £6/kg on salt.

2. A levy applied to certain categories only, targeting a selection of non-staple products to drive reformulation. The tax would target foods that contribute significantly to excess sugar or salt consumption and which are 'discretionary' to the diet, such as confectionery, cakes, desserts, and biscuits. The product categories used by Government for restricting advertising and promotions, along with evidence from voluntary reformulation programmes, would provide a guide for defining which products would come into scope.

3. Applying an excess profits levy to retailers or producers of products with high sugar and salt content. This option constitutes a paper-based tax, charged as a proportion of either revenues (market share), or profits of retailers and producers of products high in salt and sugar. A tax targeted at retail sales of products with high sugar and salt content could create broad 'system level' incentives for larger retailers to adjust recipes and retail practices, operating in a similar way to a levy charged on the food itself. [13]

2. Make funding available for a fully funded child poverty strategy

Recommendation: The Treasury should ensure that an ambitious child poverty strategy is supported by ringfenced funding to aid its implementation. This funding must be reflective of the scale of the challenge the strategy is attempting to meet.

Rationale: Impact on Urban Health welcomed the establishment of the Child Poverty Taskforce and its commitment to publishing a strategy in Spring 2025. Tackling health inequalities should be at the heart of this strategy, with issues such as access to healthy nutritious food and anti-poverty measures featuring prominently.

[12] Recipe for Change, Spring Budget Representation, 2024
[13] Recipe for Change, New Government, New Opportunity, 2024

Through our work and that of partners, we see the impact of poverty on children's lives in Lambeth and Southwark every day; the roots of this poverty run deep and affect healthy childhood development. We have insight from our work talking with people in Lambeth and Southwark about the distress of families experiencing poverty:

*"Child and parent poverty definitely play an important role. When families do not have the money and time to be together, doing constructive activities, eating healthily in a warm and secure home that has a big impact on their relationships and how they learn, interact, and get on in the world." (**Professional stakeholder**)* [14]

Any strategy to effectively tackle the causes of child poverty will require funding which is commensurable to the scale of the challenge. According to The Child Poverty Action Group (CPAG), over four million children in the UK are growing up in poverty. Seventy percent of these children have at least one parent in work. 47% of children from black and minority ethnic groups are in poverty compared to 24% of white children. [15]

Tackling child poverty is an urgent and foundational step to deliver the Government's commitment to all children having equal opportunity to thrive. Further, it would ultimately provide significant savings for the state and allow families the security and stability they need to actively contribute to a more resilient economy. [16]

There are many complex issues that the child poverty strategy needs to cover. We are working with CPAG to consider practical aspects of a successful child poverty strategy, including recommendations around policy, measurement and targets, as well as the infrastructure required to deliver an ambitious plan. We look forward to sharing the findings of this work in due course.

A significant first step towards ending child poverty is the removal of the 2-child benefit cap which would lift 300,000 children out of poverty and reduce depth of poverty for 800,000 children at the cost of £1.8 billion a year. [17] We recommend the Treasury account for this in the funding allocated towards implementing a child poverty strategy.

A further crucial aspect of the child poverty strategy should be access to healthy, affordable food for all. Currently, 900,000 children in poverty in England do not qualify for free school meals. We know from our own evaluation of the London Mayor's Universal Primary Free School Meals policy that it is having a positive impact on families living in poverty in the capital.

Our unpublished research, the evaluation of London's Universal Primary Free School Meal Policy, due to be released in early November, has found that:

- The policy makes an important difference to family finances, particularly for those on low incomes
- 65% of all parents surveyed reported that financial savings on school meals meant they can spend money on food for their family at other times
- 86% of parents said the policy helps or significantly helps their household finances
- 36% of parents reported having less debt because of the policy

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[14] Impact on Urban Health, Insights into children's healthy social development, 2023
[15] CPAG, Poverty: facts and figures, 2024
[16] CPAG, The Cost of Child Poverty in 2023
[17] End Child Poverty, Child Poverty Statistics 2024, 2024

- For female parents and carers in particular, the policy has made it easier to manage working and childcare. 46% of parents agreed that it saved them time in the mornings that they used to spend making a packed lunch
- Children's health is improving because of the policy: 49% of parents reported that they now don't have to worry about whether their child has enough food during the school day and 35% of parents said their children are physically healthier since the introduction of this policy [18]

According to the IFS, around 1.7 million children in England are in families eligible for at least some form of Universal Credit but miss out on free school meals. The IFS have found that extending free school meal eligibility to all children in families on receipt of Universal Credit would cost £950 million and would be a significant child poverty alleviation tool, as well as incentivising people into work.[19] Previous economic analysis by PwC has demonstrated that Free School Meals are good value for money: 2022 analysis found that the policy would offer a £1.38 return for every £1 spent (if expanded to all families in receipt of Universal Credit) and deliver a £3.52 billion boost to the economy over five years.[20] As our evaluation, which will be published in November, shows, expanding eligibility supports (mainly) women to balance work and childcare more easily. [21] Again, we recommend the Treasury account for this in the funding allocated towards implementing a child poverty strategy.

Child poverty is linked to a range of poorer social and health outcomes [22] and modelling has demonstrated the significant wider societal costs of child poverty[23.] The drivers of child poverty are diverse and complicated, and the strategy created to tackle them must be cross-departmental. For that reason it makes sense for the funding to be Treasury-led through the Autumn Budget.

3. Incentivise business to improve air quality in urban areas

Recommendation: The Treasury should consider financially incentivising businesses to calculate and reduce their greenhouse gas and other polluting emissions, for example by introducing tiered business rates relief that incentivises businesses the more they track and reduce polluting emissions that are harmful to health, such as PM2.5. This could be modelled on the government's targeted business rates relief for low-carbon heat networks.

Rationale: Approximately one third of polluting emissions come from industrial and commercial sources in urban areas. [24] Businesses have an important, yet often underexplored, role to play in reducing air pollution. Financially incentivising businesses to calculate and reduce their greenhouse gas and other polluting emissions will help national government to meet air quality and wider Net Zero targets, improve public health, and support 'green growth'. This approach is consistent with the current Government's aims to utilise private sector investment for mutually beneficial public health goals.

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[18] Taken from unpublished evaluation undertaken by CPAG and ICF in 2024.
[19] IFS, The policy menu for school lunches: options and trade-offs in expanding free school meals in England, 2023
[20] Impact on Urban Health, Expanding free school meals: a cost-benefit analysis, 2022
[21] Taken from unpublished evaluation undertaken by CPAG and ICF in 2024.
[22] RCPCH, State of Child Health, 2020
[23] CPAG, Official child poverty statistics: 350,000 more children in poverty and numbers will rise, 2023
[24] Impact on Urban Health, Why are air pollution levels in London so high? March 2022.

Reducing emissions from industrial and commercial sources will not only improve the health of people living in towns and cities, but it is also good for business. Typically, companies that measure and mitigate the effect they have on the environment benefit from lower energy and resource costs.

Our research shows that corporate disclosure frameworks often ask businesses to report on air quality emissions; yet companies report that they do not know how to, leading to inconsistencies in reporting. It also highlights that air pollution emissions are not yet a priority for investors or businesses, meaning even large businesses are failing to take sufficient action to reduce polluting emissions. [25]

With our partner Ricardo, we have developed a tool for businesses to report air pollution emissions alongside or as part of existing greenhouse gas reporting. [26] This is now being piloted with businesses nationally, including large corporates like BT. The increased scope and visibility of combined reporting will provide a 'truer' picture of business contributions to ambient air pollution as well as provide greater insight into emissions sources for individual businesses, helping to inform more effective corporate pollution reduction strategies in future. We would be happy to share Ricardo's methodology and emerging findings with Treasury in due course.

The Government has a role to play in rewarding, and further incentivising, businesses that take proactive action to improve air quality. This is especially important for small and medium enterprises, that often lack the time and resource to trial new modes of operating. [27]

4. Ensure the energy sector contributes equitably to resolving problem debt

Recommendation: The Treasury should legislate for a new comprehensive funding model for debt advice, ensuring all major creditor sectors, particularly the energy sector, contribute equitably. Increasing the capacity for free, impartial debt advice contributes to reducing the health-related burdens of problem debt.

Rationale: The link between poor health and financial difficulty is well-established, [28] with energy debt being a significant contributor to this cycle. Our research indicates that rising energy costs are exacerbating physical and mental health issues, from living in cold, damp conditions to the stress of navigating debt repayment with energy providers.[29] Through our work on financial inclusion, we also know that the people most likely to be affected by rising energy costs are often from minoritised communities and already living with a higher risk of ill-health.[30] Energy costs and energy-related debt are issues of health equity.

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[25] Global Action Plan, Air pollution: the next business challenge, 2021.
[26] Ricardo, Company reporting of air-pollutant emissions: a scoping project, June 2022.
[27] Centre for London, The active last mile: how can we boost out-of-home deliveries? December 2022.
[28] Impact on Urban Health, Health and money, 2021
[29] Yet to be published: Money and Mental Health Policy Institute - People with mental health problems' experiences of getting support with energy debts
[30] Impact on Urban Health, Exploring the link between debt advice and better health, 2024

The current funding landscape for debt advice, largely supported by the Financial Services Levy established in the aftermath of the 2008 financial crisis, is outdated.[31] Sectors such as energy, telecoms, and water now generate substantially more debt but contribute much less funding to debt advice services compared to financial services.[32] Our yet to be published research shows that the energy sector contributed only £7.3 million to free debt advice in the last full year, in contrast to the more than £100 million contributed by the financial services sector. Meanwhile, the amount of energy debt and arrears in Great Britain has doubled since the start of 2021 and now totals £3.3 billion according to OFGEM, [33] highlighting the need for better support from the energy sector.

However, it is not necessarily only the proportion of money contributed by the energy sector that is problematic—it is the disproportionate workload they create due to poor practices.

Our research reveals that energy firms often engage in practices that place an undue burden on debt advisers, including poor communication, inefficient processes, convoluted criteria, and unclear routes to help and support for customers. [34] Additionally, there is a patchy provision for accepting affordable repayment arrangements, which complicates and prolongs the debt resolution process. These issues result in a significant amount of adviser time being consumed by the complexities of energy-related debts, far beyond what their financial contributions to debt advice would justify.[35] One advice provider we spoke to in our research estimates that in the most recent full year they have helped ca. 80,000 fewer households compared to the previous year due to wait times to speak to energy firms increasing.[36]

A cultural shift is required within the energy industry, akin to that seen in financial services over the past 15 years, with a view to better support vulnerable customers. This will require a mix of strengthening minimum standards, improving enforcement and pro-active voluntary changes driven by the energy sector. While poor practice persists, energy firms should contribute their fair share to debt advice services in recognition of the disproportionate workload they create. We recommend that the Treasury implements a new funding model, starting with the energy sector, but ensuring that all major creditor sectors are held accountable.

For further information please contact Joe Potter, Policy and Influencing Manager, at joe.potter@urbanhealth.org.uk

[31] Yet to be published: Impact on Urban Health funded research quantifying the number and value of debts seen in debt advice in Great Britain compared against funding contributed by different creditor sectors.

[32] Independent Review of Debt Advice Funding 2018: https://webarchive.nationalarchives.gov.uk/ukgwa/20230827063237mp_/https://maps.org.uk/wp-content/uploads/2021/03/peter-wyman-review-of-debt-advice-funding-2018.pdf and validated in the yet to be published Impact on Urban Health funded research on debt advice funding and the energy sector.

[33] Ofgem, Debt and Arrears Indicators, 2024

[34] Yet to be published: Impact on Urban Health funded research on debt advice funding and the energy sector.

[35] Ibid. For example, our research reveals very long waiting times for advisers to speak to staff at energy firms, written communication from advisers to energy firms being ignored and difficulty getting access to the specialist teams that can offer clients additional support.

[36] This figure has been calculated by a provider that offers support and advice to fuel-poor households, which is broader than providing strictly debt advice. However, their offer engages energy firms in similar ways, indicating that this is a trend that affects the debt advice sector more broadly.