

16 February 2017

## Allocation of funding from the Soft Drinks Industry Levy

### Purpose

For discussion and direction.

### Summary

Our members continue to press for further support to tackle child obesity in their local areas. At the January 2017 Community Wellbeing Lead Members Meeting, lead members requested a paper exploring how local government should influence government policy in relation to the allocation of funding from the soft drinks industry levy.

### Recommendation

Members are asked to;

- (a) To provide thoughts and comments on how local government should influence government policy in relation to the allocation of funding from the soft drinks industry levy.
- (b) To note the report.

### Action

Officers to develop key lines subject to Members' comments.

**Contact officer:** Paul Ogden  
**Position:** Senior Adviser  
**Phone no:** 02076643277  
**Email:** [paul.ogden@local.gov.uk](mailto:paul.ogden@local.gov.uk)

## Allocation of funding from the Soft Drinks Industry Levy

### Background

1. In the 2016 Budget, the former chancellor, George Osborne announced the introduction of a levy on soft drinks. The levy would apply to manufacturers and importers of sugar added soft drinks and would be implemented in April 2018. There would be exemptions for fruit juices and milk based drinks and for small producers. The proceeds of the Levy would be used in England to increase spending on PE in schools, after school clubs and breakfast clubs.
2. The Government have said that the expected revenue for this levy will be £520 million in the first year. The Office for Budget Responsibility (OBR) have said that this revenue is likely to decrease due to reformulation and the promotion of lower sugar alternative. They have estimated that income in 2019/20 will be £500 million and in 2020/21, will be £455 million.
3. The Government have said that income from the Soft Drink Industry Levy will be spent on school PE and sport provision and breakfast clubs in England. The 2016 Budget document provided more information about this investment:
  - **double the primary school PE and sport premium from £160 million per year to £320 million per year** from September 2017 to help schools support healthier, more active lifestyles. This funding will enable primary schools to make further improvements to the quality and breadth of PE and sport they offer, such as by introducing new activities and after school clubs and making greater use of coaches.
  - **provide up to £285 million a year to give 25 per cent of secondary schools increased opportunity to extend their school day** to offer a wider range of activities for pupils, including more sport.
  - **provide £10 million funding a year to expand breakfast clubs** in up to 1,600 schools starting from September 2017, to ensure more children have a nutritious breakfast as a healthy start to their school day.
4. The Devolved Administrations will receive money from the levy through the Barnett formula.

### Childhood obesity and physical activity

5. The National Child Measurement Programme reports that in 2015/16 22 per cent of 4-5 year olds in England were overweight or obese, and in Year 6 (age 10-11) that proportion increased to over a third.
6. Children living in deprived areas are substantially more likely to be obese. Among Reception (age 4-5) children, 5.5 per cent of those in the least deprived areas are obese compared with 12.5 per cent of those in the most deprived areas. In Year 6, 11.7 per cent of children in the least deprived areas are obese, compared with 26.0

16 February 2017

per cent in the most deprived areas. So in both age groups, children in the most deprived areas are more than twice as likely to be obese.

7. Local authorities spent approximately £25 million last year delivering the National Child Measurement Programme (NCMP). Last year 1,169,941 children were measured in Reception and Year 6, the largest number of children measured since NCMP began in 2007. 93,000 more children measured compared with 2012/13 (the year before transfer).

### **Issues**

8. Councils are doing everything they can to curb obesity at a local level and will have spent more than half a billion pounds tackling obesity since they took over responsibility for public health in April 2013. We welcomed a number of elements within the Child Obesity Plan, including the introduction of the soft drinks industry levy, a target for primary school children to undertake an hour of physical activity each day and a pledge to introduce clearer food labelling.
9. There is a considerable added value having the Soft Drinks Levy distributed through local authority public health/children's services. Local authorities would locally distribute according to need but would also be able to add value for instance requiring every school that receives the grant from the fund to become a Healthy School according to the National Healthy Schools Standard.
10. Local government is uniquely placed to bring together a broad coalition of partners required to tackle obesity, and the Levy when it comes into force should play its part in a whole systems approach to tackling obesity and physical inactivity, rather than have it sit outside the public health system locally and allocated directly to schools with little or no involvement from local public health teams. Our overarching concerns are the vagueness of the proposals at this stage and the potential lack of accountability in delivery. If the Levy is to have the desired impact, clear outputs and outcomes should be identified, backed up by evidence for the financial intervention.
11. Many local authorities have set up school improvement systems to support schools and it would be good to see the Levy tied into this, as you will be aware councils carry broader responsibilities for sport, clubs and other infrastructure beyond schools and we believe government has not given sufficient thought to how they would tie these things together. Our concern is that if schools see the levy in isolation they may think of it in an insular way and not capitalise on the wider links.
12. To ensure the Levy is targeted appropriately at those communities with the greatest challenges, an allocation based on deprivation or some other proxy measure to give more to schools with poorer health and wellbeing outcomes should be considered.
13. Councillor Izzi Seccombe, Councillor Richard Kemp and Councillor Graham Gibbens met with Jane Ellison MP, Financial Secretary to the Treasury on 16 December to explain our concerns and propose a suitable way forward.

16 February 2017

14. Councillor Izzi Seccombe, Councillor Jonathan McShane and Councillor Richard Kemp met with Nicola Blackwood, Public Health Minister at the Department of Health on 12 December to share with her the LGA's concerns.

**Implications for Wales**

15. The Devolved Administrations will receive money from the levy through the Barnett Formula.

**Financial Implications**

16. All work can be carried out using existing LGA resources. There are no financial implications for the LGA.

**Next Steps**

17. Members are asked to;

- 17.1 To provide thoughts and comments on how local government should influence government policy in relation to the allocation of funding from the soft drinks industry levy.

- 17.2 To note the report.