Action on Smoking and Health (ASH) and SPECTRUM representation to HM Treasury's Spending Review (SR21) and Budget

Closing date: 30th September 2021
Budget and Spending Review: 27th October 2021

Introduction

1. This Budget representation is from ASH and SPECTRUM. SPECTRUM is a public health research consortium of academics from 10 UK universities and partner organisations funded by the UK Prevention Research Partnership. Action on Smoking and Health (ASH) is a public health charity set up by the Royal College of Physicians in 1971 to advocate for policy measures to reduce the harm caused by tobacco.

2. ASH receives funding for its full programme of work from the British Heart Foundation and Cancer Research UK. ASH has also received project funding from the Department of Health and Social Care to support delivery of the Tobacco Control Plan for England. Neither ASH nor SPECTRUM have any direct or indirect links to, or receive funding from, the tobacco industry, except for nominal shareholdings in Imperial Brands and BAT for research purposes.

3. The authors are Deborah Arnott, Chief Executive, Henry Featherstone, Policy Adviser, and Howard Reed economic consultant, ASH; Dr J Robert Branston and Prof Anna Gilmore, University of Bath; and Dr Tessa Langley, University of Nottingham.

Recommendations

Tobacco tax increases

1) Increase the annual tobacco tax escalator for this Parliament from 2% to 5% above RPI inflation. *(paras 13-18)*
2) Increase the tax escalator on hand rolling tobacco (HRT) to 15% above RPI inflation. *(paras 19-20)*
3) Increase the Minimum Excise Tax (MET) for FM cigarettes annually by 2% above the tobacco tax escalator. *(paras 21-22)*
4) Eliminate duty-free allowances for tobacco, or at a minimum reduce the HRT allowance from 250g to 100g to be consistent with the allowance for cigarettes. *(para 23-26)*

Public Health Funding

5) The Government should at a minimum reinstate the £1 billion funding that has been cut from public health budgets since 2015. *(para 27-29)*
6) DHSC should introduce a 'polluter pays' levy on tobacco manufacturers to raise £700 million, to be used to fund delivery of the Government's Smokefree 2030 ambition and public health budgets. *(para 30-36)*
7) HMT should implement a windfall tax on tobacco manufacturers in this Budget, to raise £74 m to be used to fund interventions to help deliver a Smokefree 2030. *(paras 37-38)*

Global Leadership

8) Extend and renew the UK's ODA funding for the FCTC 2030 project[1] for a further five years from 2021/22 onwards. *(paras 39-42)*

[1] WHO. WHO FCTC Development assistance FCTC 2030 [Internet]. 2021 [cited 2021 September 30]. Available from: https://fctc.who.int/who-fctc/development-assistance/fctc-2030

Overall rationale

4. Our recommendations will help secure the Government's Smokefree 2030 ambition, and manifesto commitment to increase healthy life years by 5 by 2035. In so doing these proposals also help deliver SR21 priorities to build back better and:
   - Ensure strong and innovative public services while helping to put public finances on a sustainable path.
   - Level up across the UK by improving outcomes UK-wide where they lag.
   - Advance Global Britain and seize the opportunities of EU exit.
   - Deliver the Government's Plan for Growth.

5. As the CMO has said, smoking is likely to have killed more people in 2020 than COVID-19[2] and is responsible for half the difference in life expectancy between rich and poor.[3] Thirty times as many people suffer serious smoking-related disease and disability as die from smoking every year,[4] [5] and smokers need social care on average ten years earlier than never smokers.[6]

6. As a result, smoking also causes significant collateral damage to the economy, concentrated in the poorest most disadvantaged communities. Achieving the Smokefree 2030 ambition will reduce poverty and increase disposable income, increase productivity and reduce pressures on the NHS and social care, thereby helping level up disadvantaged communities.

   Poverty and smoking[7]

   - 740,000 additional working age adults and 183,000 pensioners live in poverty when the cost of smoking is taken into account.
   - 330,000 children are growing up in poverty because their carers smoke.
   - 60% of the 500,000 households living in poverty because of the cost of smoking live in the North and Midlands, while only 20% are in London and the South East.
   - Over £14 billion a year is spent by smokers on tobacco, well over 90% of which goes in taxes and tobacco manufacturers' profits.

   Lost productivity due to smoking

   - Lost economic activity due to premature death from smoking in England has been estimated to cost £3bn a year.[8]

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[2] Whitty C. Trends in Health in the UK: The Implications for the NHS [Internet]. Gresham College; 2021 [updated 2021 May 19; cited 2021 Sep 30]. Available from: https://www.gresham.ac.uk/lectures-and-events/health-trends
[3] Jha P, Peto R, Zatonski W, Boreham J, Jarvis MJ, Lopez AD. Social inequalities in male mortality, and in male mortality from smoking: indirect estimation from national death rates in England and Wales, Poland, and North America. The Lancet. 2006 Jul 29 [cited 2021 Sep 30];368(9533):367-70. Available from: https://pubmed.ncbi.nlm.nih.gov/16876664/
[4] Centers for Disease Control and Prevention. Smoking & Tobacco Use: Fast Facts [Internet]. 2021 [updated 2021 June 2; cited 2021 Sep 30]. Available from: https://www.cdc.gov/tobacco/data_statistics/fact_sheets/fast_facts/index.htm
[5] U.S. Department of Health and Human Services. The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General. Atlanta: U.S: Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health; 2014.
[6] Action on Smoking and Health (ASH). The cost of smoking to the social care system [Internet]. 2021 [updated 2021 March 23; cited 2021 Sep 30]. Available from: https://ash.org.uk/information-and-resources/reports-submissions/reports/costtosocialcare/
[7] Reed H. Estimates of poverty in the UK adjusted for expenditure on tobacco – 2021 update. ASH London; 2021 July [cited 2021 Sep 30]. Available from https://ash.org.uk/wp-content/uploads/2021/07/Smoking-and-poverty-July-2021.pdf
[8] ASH. Ready Reckoner 2019 edition [Internet]. 2019 November [updated 2019 Oct 10; cited 2021 Sep 30].

- Smokers lose £14.1bn a year from both unemployment (£6.9bn) and reduced earnings (£7.2bn) linked to smoking.[9]

Pressure of smoking on health and social care budgets

- Government estimates are that smoking costs the NHS in England £2.6 bn a year in treatment of smoking-related diseases including cancers, cardiovascular and respiratory diseases.[10]
- One in three smokers show signs of poor mental health, and quitting is linked to improvements in wellbeing at least as great as from anti-depressants.[11]
- The cost of social care to local authorities in England due to smoking is estimated to be around £1.19 bn, with £625 million for domiciliary care and £565 million for residential care.[12]

7. Tax increases are one of the most effective population interventions available for reducing smoking prevalence and uptake, and are the only tobacco control intervention proven to reduce inequalities.[13] [14] [15] Increasing tobacco prices through taxation reduces smoking prevalence, increases tax revenues, and reduces costs to public finances.

8. However, tobacco taxes are most effective when underpinned by a comprehensive and funded strategy to reduce smoking prevalence,[16] [17] [18] funding for which has been cut significantly in recent years.

9. Furthermore, disadvantaged smokers who don't quit bear a disproportionate share of the tobacco tax burden, because of the greater concentration of smoking among these groups. In addition, due to their higher rates of smoking, these populations also bear a disproportionate share of the burden of disease caused by tobacco.

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[9] Reed H. The impact of smoking history on employment prospects, earnings and productivity: an analysis using UK panel data [Internet]. ASH London; 2020 September [cited 2021 Sep 30].
[10] Gov.uk. Research and analysis – Cost of smoking to the NHS in England: 2015 [Internet]. Public Health England; 2017 [cited 2021 Sep 30]. Available at: https://www.gov.uk/government/publications/cost-of-smoking-to-the-nhs-in-england-2015/cost-of-smoking-to-the-nhs-in-england-2015
[11] Taylor GMJ, Lindson N, Farley A, Leinberger-Jabari A, Sawyer K, te Water Naudé R, Theodoulou A, King N, Burke C, Aveyard P. Smoking cessation for improving mental health. Cochrane Database of Systematic Reviews.2021 March 9 [cited 2021 Sep 30]; 3(3): CD013522. Available from: DOI: 10.1002/14651858.CD013522.pub2.
[12] Reed H. The costs of smoking to the social care system and related costs for older people in England: 2021 revision [Internet]. ASH London; March 2021 [cited 2021 Sep 30].
[13] Brown, T., S. Platt TS, Amos A. Equity impact of European individual-level smoking cessation interventions to reduce smoking in adults: a systematic review. European Journal of Public Health. 2014 May 31 [cited 2021 Sep 30];24(4): 551-556. Available from: https://pubmed.ncbi.nlm.nih.gov/24891458/.
[14] International Agency for Research on Cancer. Effectiveness of tax and price policies for tobacco control. 2011 [cited 2021 Sep 30].
[15] Amos A, Bauld L, Hill S, Platt S, Robinson J. Tobacco control, inequalities in health and action at the local level in England. London, UK: Public Health Research Consortium; 2011 Mar 31.
[16] Chaloupka F, Yurekli A, Fong G. Tobacco taxes as a tobacco control strategy. Tobacco Control. 2012 [cited 2021 Sep 30]; 21:172-180.
[17] Graveley S, Giovino GA, Craig L, Comar A, D'Espaignet TE, Schotte K et al. Implementation of key demand-reduction measures of the WHO Framework Convention on Tobacco Control and change in smoking prevalence in 126 countries: an association study. The Lancet Public Health. 2017 April 1 [cited 2021 Sep 30]; 2(4):e166–e174.
[18] RCP. Nicotine without smoke: Tobacco Harm reduction. A report by the Tobacco Advisory Group of the Royal College of Physicians. London. RCP. 2016.

10. Therefore it is vital that funding is found for a comprehensive tobacco control strategy to help smokers quit. As suggested in the 2019 prevention green paper,[19] our recommendations include a 'polluter pays' fund to pay for such a strategy in addition to tax increases.

11. Set out below is the evidence of the likely effectiveness, deliverability and value for money of each of our recommendations.

Recommended increases to tobacco taxation

1) **Increase the annual tobacco tax escalator for this Parliament from 2% to 5% above RPI inflation.**

2) **Increase the tax escalator on hand rolling tobacco (HRT) to 15% above RPI inflation.**

3) **Increase the Minimum Excise Tax (MET) for FM cigarettes annually by 2% above the tobacco tax escalator**

12. Tobacco tax increases of this order are supported by the outturn in 2020-21 after excise duties were increased twice in March and November, amounting to just over 4% for the escalator, 6% for the MET on cigarettes, and 12.36% for HRT.

13. When the first tax rise was announced in March 2020 it was estimated it would increase revenues by £35m in 2020-21.[20] In fact, although the second tax rise only came into effect in November, revenues rose from £8.804bn in 2019-20 to £9.962 bn in 2020-21, a 13% increase of £1,158 bn, many times more than anticipated.[21]

14. The combination of COVID-19 severely limiting travel during the last tax year, and changes in the rules on importation of tobacco from the EU from January 2020 are likely to have been the major factors behind the larger than expected growth in tax take.

15. In particular tax paid HRT is much cheaper in many European Member States (EU MS) such as Spain and the Benelux countries. Historically there has been considerable cross border shopping and smuggling of HRT into the UK from these countries. On leaving the EU in January 2020 the minimum indicative limits for duty paid cigarettes imported from EU member states were abolished.

16. Previously travellers into the UK from EU MS could import any amount of tobacco if it was for their personal use, with minimum indicative limits of 800 cigarettes and 1 kg of HRT per trip.[22] These rules had previously allowed large quantities of cheaper duty paid product, particularly HRT, to flow into the UK unchecked. Even though travel has grown since lockdown ended, the significant reductions in tobacco allowances remain and will continue to have impact on the total tax take.

[19] Department of Health & Social Care. Advancing our health: prevention in the 2020s – consultation document. Published 22July 2019.
[20] Gov.uk. Policy Paper: Budget 2020 [Internet]. HM Treasury; 2020 [updated 2021 Mar 12; cited 2021 Sep 30]. Available from:https://www.gov.uk/government/publications/budget-2020-documents/budget-2020
[21] Gov.uk. National Statistics: Tobacco Bulletin [Internet]. HM Revenue & Customs; 2016 [updated 2021 Aug 31; cited 2021 Sep 30]. Available from: https://www.gov.uk/government/statistics/tobacco-bulletin
[22] House of Commons. Briefing Paper: Passenger purchases of alcohol and tobacco [Internet]. 2021 Mar 2 [cited 2021 Sep 30]. Available from: https://researchbriefings.files.parliament.uk/documents/SN01223/SN01223.pdf

17. Cross border shopping in 2019-20 was estimated to be 26 billion cigarettes and 0.5 million kg of HRT. If tax had been paid on these it would have delivered an extra £117.275 m in excise tax for HRT and £440.925 m for FM cigarettes, a total of £558.2 million. We don't have access to the cross border shopped figures for 2021 but reductions in cross border shopped are likely to have been responsible for a significant proportion, though by no means all, of the increased excise tax take in 2020-21.[23]

Enhanced escalator for HRT

18. An enhanced escalator of 15% above RPI inflation is needed because there is still a major disparity in excise tax rates between factory made (FM) and HRT tobacco, which encourages smokers to trade down. In 1998 fewer than one in five smokers mainly used HRT, by 2017 it was four in ten. Using the average weight of a hand-rolled cigarette, which is 0.51g,[24] the current tax rate on HRT is equivalent to around 14 pence per cigarette, while that on FM is 32 pence per cigarette.

19. This switch to HRT has reduced the amount of excise tax the Government collects, while doing nothing to improve smokers' health. Larger than average tax increases for HRT in recent years have helped, but there is still a long way to go. It would require taxes on HRT to more than double to bring taxes up to the same level as those for FM cigarettes and hence remove the incentive to downtrade. Furthermore, equalisation of the tax rates on FM and HRT would significantly facilitate the administration and collection of any 'Polluter pays' levy (see paras 29-35).

Minimum Excise Tax uplift

20. In 2017 a minimum excise tax (MET) for factory made (FM) cigarettes, indexed to the escalator, was put in place.[25] Evidence indicates the MET has worked as intended. It contributed to a decline in sales and the end of the previous growth in in cheap cigarette brands that appealed to young and price conscious smokers.[26] The MET will, however, need to increase in order to further close the gap in price between the cheapest and most expensive products and thus increase the effectiveness of tax increases by reducing the opportunities for downtrading.[27]

21. In November 2020 the MET was uprated by 2% above the tobacco escalator, which had additional beneficial impact on the tax take above the escalator. So while the volume

[23] Gov.uk. Official Statistics: Measuring tax gaps [Internet]. HM Revenue & Customs; 2021 Oct 18 [updated 2021 Sep 16; cited 2021 Sep 30]. Available from: https://www.gov.uk/government/statistics/measuring-tax-gaps
[24] Branston JR, McNeill A, Gilmore AB, Hiscock R, Partos TR. Keeping smoking affordable in higher tax environments via smoking thinner roll-your-own cigarettes: Findings from the International Tobacco Control Four Country Survey 2006-15. Drug and Alcohol Dependence. 2018 Dec 1 [cited 2021 Sep 30]; 193: 110-116.
[25] Gov.uk. Policy paper: Indexing the Minimum Excise Tax [Internet]. HM Revenue & Customs; 2017 Nov 22 [cited 2021 Sep 30]. Available from: https://www.gov.uk/government/publications/indexing-the-minimum-excise-tax/indexing-the-minimum-excise-tax
[26] Hiscock R, Augustin NH, Branston JR, et al. Longitudinal evaluation of the impact of standardised packaging and minimum excise tax on tobacco sales and industry revenue in the UK. Tobacco Control. 2021 [cited 2021 Sep 30]; 30:515-522.
[27] Hiscock R, Branston JR, McNeill A, et al. Tobacco industry strategies undermine government tax policy: evidence from commercial data. Tobacco Control. 208 [cited 2021 Sep 30]; 27:488-497.

clearances of FM went down by 8% in 2020-21, this was offset by the tax increases, so the tax take rose by 5% from £7.15 bn in 2019-20 to £7.538 bn in 2020.

Duty-free allowances for tobacco

4) Eliminate duty-free allowances for tobacco, or at a minimum reduce the HRT allowance from 250g to 100g to be consistent with the allowance for cigarettes.

22. We were pleased that on leaving the EU the Government has prohibited the importation of duty paid tobacco for personal use from EU Member States. However, the forthcoming budget should also remove all duty-free allowances for tobacco products, which when we left the EU were extended to cover travel to GB from EU countries.

23. Access to cheap tobacco, whether illicit or cross-border shopped, encourages smokers to continue to smoke as the price of tobacco is a major incentive to quit. Neither of these are desirable, and allowing duty-free is not in alignment with the Government's policy objective of *"maintaining high tobacco duty rates as an established tool to reduce smoking prevalence and to ensure that tobacco duties continue to contribute to government revenues."* [28]

24. The travel industry might claim that the removal of duty-free would be another blow for an industry struggling with the challenges of COVID-19. Eliminating duty-free and using the gain in duty to help the travel industry, would be a win-win, a positive statement of support for the travel industry, which at the same time helping increase Government revenues.

25. However, if the Government decides not to remove duty-free allowances, it is still important, as with excise taxes, to ensure treatment of HRT is consistent with that of FM cigarettes. Currently smokers are allowed 200 cigarettes but 250g of HRT which is the equivalent of 490 cigarettes, and therefore at a minimum the allowance for HRT should be reduced to 100g.

Public Health Funding

5) The Government should at a minimum reinstate the £1 billion funding that has been cut from public health budgets since 2015.

26. NHSE recognises that only 20% of health outcomes are determined by the ability to access good quality healthcare and the wider determinants of health play a crucial role,[29] an area where public health is a system leader. A systematic review of the return on investment (ROI) of public health interventions found the median ROI was 14.3 to 1, and median cost-benefit ratio (CBR) was 8.3.[30] An analysis by the University of York

[28] Gov.uk. Policy paper: Consolidation of Rates into Finance Bill 2021 for Tobacco Duty [Internet]. HM Revenue & Customs; 2021 Mar 3 [cited 2021 Sep 30]. Available from: https://www.gov.uk/government/publications/consolidation-of-rates-into-finance-bill-2021-for-tobacco-duty/consolidation-of-rates-into-finance-bill-2021-for-tobacco-duty

[29] NHSE and NHSI. The building blocks of integrated care. Population Health and the Population Health Management Programme.

[30] Masters R, Anwar E, Collins B, et al. Return on investment of public health interventions: a systematic review. Journal of Epidemiology & Community Health. 2017 [cited 2021 Sep 30]; 71:827-834.

suggests that the expenditure through the public health ring-fenced grant is three to four times as cost-effective in improving health outcomes than if the same money had been spent in the NHS baseline.[31]

27. By improving the population's health and productivity, investment in public health directly supports the UK's recovery from the COVID-19 pandemic whilst simultaneously delivering on its objectives to achieve a smoke-free England by 2030, level-up society, increase disability-free life years, and build back better from COVID-19. However, funding needs to be found to reinstate the public health funding which has been cut in recent years.

28. The Health Foundation estimated that the public health grant allocations for 2021–22, which were £45 million more than the previous year, still represented a 24% (£1bn) real terms cut compared to 2015/16. Their recommendation, which we endorse, is that as a minimum, the £1 bn should be re-instated and the grant should henceforth keep pace with growth in NHS England's spend.[32]

'Polluter pays' levy

6) DHSC should introduce a 'polluter pays' levy on tobacco manufacturers to raise £700 million, to be used to fund delivery of the Government's Smokefree 2030 ambition and public health budgets.

29. The Big 4 tobacco transnationals, British American Tobacco, Imperial Brands, Japan Tobacco International and Philip Morris International, are responsible for over 95% of UK tobacco sales and make around £900 million profits in the UK.[33] Operating profit margins are on average around 50%, much higher than the average for other consumer products like food and household goods which typically range from 12-20%.[34]

30. In 2015 HMT consulted on levying additional tax on manufacturers, in recognition that *"Smoking imposes costs on society, and the Government believes it is therefore fair to ask the tobacco industry to make a greater contribution."* [35] [36] However, it decided not to proceed because manufacturers and importers would fully pass the levy to consumers by raising retail prices, and the behavioural effects of price rises would almost completely offset the revenue raised by the Levy.[37]

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[31] Martin S, Lomas J R S, Claxton K. Is an ounce of prevention worth a pound of cure? Estimates of the impact of English public health grant on mortality and morbidity. York: Centre for Health Economics. 2019 [cited 2021 Sep 30].
[32] The Health Foundation. Public health grant allocations represent a 24% (£1bn) real terms cut compared to 2015/16 [Internet]. 2021 Mar 16 [cited 2021 Sep 30]. Available from: https://www.health.org.uk/news-and-comment/news/public-health-grant-allocations-represent-a-24-percent-1bn-cut
[33] 57 Branston JR, Gilmore AB. The failure of the UK to tax adequately tobacco company profits. Journal of Public Health. 2020 Mar [cited 2021 Sep 30]; 42(1): 69–76. Available from: https://doi.org/10.1093/pubmed/fdz004
[34] Branston JR. Industry profits continue to drive the tobacco epidemic: A new endgame for tobacco control?. Tobacco Prevention & Cessation. 2021 June [cited 2021 Sep 30]; 7(45). Cessation 2021;7(45). Available from: DOI: https://doi.org/10.18332/tpc/138232
[35] HM Treasury. Autumn Statement 2014 [Internet]. 2014 [cited 2021 Sep 30]. Available from: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/382327/44695_Accessible.pdf
[36] HM Treasury. Tobacco levy: consultation [Internet]. 2014 Dec [cited 2021 Sep 30]. Available from: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/384769/tobacco_levy_consultation.pdf
[37] HM Treasury. Tobacco levy: response to the consultation [Internet]. 2015 Sep [cited 2021 Sep 30]. Available from:

31. Our proposal seizes an opportunity provided by EU exit. Having left the EU the Government can prevent the manufacturers from passing on the costs of the levy, by setting prices and profit levels for manufacturers. This was previously prohibited by the EU Tobacco Tax Directive, which is no longer in force in Great Britain.

32. Analysis carried out for the APPG on Smoking and Health has estimated that a 'polluter pays' levy could raise £700m in year one, if tobacco industry profits were limited to a maximum of 10%, not unreasonable given the margins on other consumer products. This could be implemented through the inclusion of primary legislation in the Health and Care Bill, backed up by more detailed regulations.[38] The levy would apply throughout Great Britain and therefore the appropriate proportion should be allocated to the devolved nations.

33. DHSC has the expertise to monitor company profits and close loopholes. Indeed, it already does this for medicines as part of the pharmaceutical pricing scheme, and the tobacco market and tobacco products are much simpler. We recommend that the 'polluter pays' levy be based on volume sales, as is the case with the US user fee system. The detailed surveillance of the complete tobacco supply chain already in place, including comprehensive tracking and tracing down to individual pack level would facilitate, and reduce the costs of, implementation.

34. The new Office of Health Improvement and Disparities (OHID) has the knowledge and expertise to allocate funding to tobacco control measures to deliver a Smokefree 2030. The Health & Care Bill would require just a few paragraphs of primary legislation to give the Secretary of state profit and pricing powers over the tobacco industry, with the detail set out in secondary legislation.

35. ASH has estimated that a total of £265.5 million pa is needed to pay for tobacco control in England in line with spending prior to cuts in the UK tobacco control budget and slightly lower than the optimum levels as recommended by the US Centers for Disease control.[39] Funds raised additional to that required for tobacco control should be allocated to the public health grant.

Corporation tax surcharge

7) HMT should implement a windfall tax on tobacco manufacturers in this Budget, to raise £74 m to be used to fund interventions to help deliver a Smokefree 2030.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/464795/PU1814_Tobacco_Levy_final_v3.pdf

[38] Feathersone H. Establishing a Smoke-free 2030 Fund [Internet]. ASH London; 2021 [cited 2021 Sep 30]. Available from: https://ash.org.uk/wp-content/uploads/2021/06/Featherstone-H.-submission-to-APPG-Smoking-Health_-Establishing-a-Smoke-free-2030-Fund-FINAL.pdf

[39] ASH and Breathe2025. ASH and Breathe2025 response to Advancing our health: prevention in the 2020s [Internet]. October 2019 [cited 2021 Sep 30]. Available at: https://ash.org.uk/wp-content/uploads/2021/06/Featherstone-H.-submission-to-APPG-Smoking-Health_-Establishing-a-Smoke-free-2030-Fund-FINAL.pdf

36. However, it would take time before the 'polluter pays' levy could come into effect. Therefore in the forthcoming Budget we recommend an immediate windfall tax be applied to the Big 4 tobacco transnationals, in the form of a corporation tax surcharge.

37. Detailed analysis has revealed that between 2009 and 2016 Imperial Brands, the British company which is the market leader in the UK, received £35m more in corporation tax refunds/credits than it paid in tax. It has been estimated that a windfall tax could raise £74 million from tobacco transnationals.[33] This should be used to pay for interventions which will help the Government achieve its Smokefree 2030 ambition.

Global Leadership

8) Extend and renew the UK's ODA funding for the FCTC 2030 project[40] for a further five years from 2021/22 onwards.

38. This proposal will advance Global Britain, seizing an opportunity provided by EU exit. The UK has been a world leader in tobacco control for well over a decade, and have been instrumental in helping shape the development of EU tobacco policy during that time. As a member of the European Union, the EU spoke on our behalf in international fora, now we can take our place on the global stage.

39. The UK has a great deal to be proud of, having driven down smoking prevalence in recent years faster than other global leaders such as Australia,[41] and far faster than other European countries. Since 2007 the UK has rated highest in Europe for its implementation of comprehensive tobacco control programmes in line with World Bank recommendations.[42] In 2007 our smoking rates were average for Europe, by 2020 they were less than half those of the EU27.[43] [44] If the Government achieves its ambition of making smoking obsolete by 2030, we will lead the world.

40. Our global leadership role has been most clearly demonstrated in the support the UK has given low and middle-income countries (LMICs) to tackle their smoking epidemics. The UK invested £15 million over five years to set up the FCTC2030 project, [45]to support to achieve the Sustainable Development Goal (SDG) target to accelerate implementation of the WHO Framework Convention on Tobacco Control.[46] Through the FCTC 2030 project, the UK has been able to directly and meaningfully support over 25 LMICs in their tobacco control efforts, by making available UK experience and expertise in implementing strong tobacco control.

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[40] WHO. WHO FCTC Development assistance FCTC 2030 [Internet]. 2021 [cited 2021 Sep 30]. Available at: https://fctc.who.int/who-fctc/development-assistance/fctc-2030
[41] Australian Institute of Health and Welfare 2020. National Drug Strategy Household Survey 2019. 2019 [cited 2021 Sep 30]; Drug Statistics series no. 32PHE 270 Canberra AIHW Table 2.7.
[42] Joossens L, Raw M. The tobacco control scale 2019 in Europe. 2020 Feb.
[43] Feliu A, Filippidis FT, Joossens L, et al. Impact of tobacco control policies on smoking prevalence and quit ratios in 27 European Union countries from 2006 to 2014. Tobacco Control. 2019 [cited 2021 Sep 30];;28:101-109.
[44] Special Eurobarometer 506. Attitudes of Europeans towards tobacco and electronic cigarettes. PublicOpinion-European Commission (europa.eu). 2021 Feb [cited 2021 Sep 30]. .
[45] Department of Health. Official Development Assistance Project: Strengthening tobacco control in low and middle income countries. 2017 Aug [cited 2021 Sep 30]. ust 2017.
[46] . Department of Health and Social Care. WHO Framework Convention on Tobacco Control 2030 (FCTC 2030). [cited 2021 Sep 30].

41. The UK was awarded the 2020 United Nations Inter-Agency Task Force Award in recognition of the role the project has played in the global prevention and control of non-communicable diseases. Delivered in partnership with the WHO, UNDP, Australia, and Norway, and involving experts from civil society and academic organizations, the project is truly ground-breaking. If we are to retain our global leadership role the UK's ODA funding for FCTC2030 should be renewed when it runs out at the end of 2021-2.