



**Autumn Budget 2024
Submission from Fresh (Making Smoking History)
September 2024**

Introduction

Fresh is the comprehensive tobacco control programme in the North East of England, launched in 2005 to deliver an evidence-based multi component strategy designed to reduce smoking rates. Our programme delivery is based on the key principles of motivating and supporting people to stop smoking, preventing uptake, and providing protection from tobacco-related harm.

Fresh is collaboratively commissioned and jointly funded by all 12 of the North East's local authorities and the North East and North Cumbria NHS Integrated Care Board, signalling a clear commitment to prevention from partners in the region.

Fresh also works closely with key national partners including Action on Smoking and Health (ASH) and the Office for Health Improvement and Disparities (OHID) and we are a core member of the Smokefree Action Coalition.

We have no direct or indirect links to, nor do we receive funding from, the tobacco industry or its affiliates. We recommend that any individual or organisation making a Budget submission to HM Treasury that covers the topic of tobacco should be required to include declaration of any such links to ensure compliance with Article 5.3 of the WHO Framework Convention on Tobacco Control which exists to protect policy from the vested interests of the tobacco industry and their affiliates.

As well as providing our own submission, we endorse the submission from ASH and colleagues with more detailed proposals for consideration by HM Treasury. We are also grateful to ASH and colleagues for their support as we developed this submission.

We also want to draw HMT's attention to the submission from Balance, our sister programme in the North East of England whose work is focused on reducing alcohol harm. Not only does alcohol use place a significant burden on society but action to reduce smoking will be limited without action to reduce the harms caused by alcohol, including measures to reduce affordability.

We welcome the Government's commitment to a smokefree country and the Autumn Budget will be a key opportunity to confirm commitment to this ambition. There are many ways in which improving public health as a whole and reducing smoking rates in particular will help the Government to achieve its five missions to rebuild Britain, most notably around kick-starting economic growth as well as building an NHS that is fit for the future. Reducing smoking rates would improve national productivity,

reduce demand on public resources, build resilience among communities and lessen the impact of economic hardship.

The impact of tobacco smoking in the North East

13.1% of adults in the North East currently smoke tobacco. This has declined from 29% when Fresh was established in 2005, representing the largest decline in smoking of any region in England and includes a significant reduction in smoking rates among routine and manual workers. Fresh recognises that smoking is a chronic relapsing long term condition, with the majority of smokers becoming addicted during childhood. Most smokers regret starting, want to quit and would not want future generations to start smoking.

The impacts of smoking on society are devastating, with up to two out of every three long term smokers dying early as a result of their addiction and many more smokers losing active years of working life. The burden of smoking is borne disproportionately by the most disadvantaged: smoking is the leading cause of health inequalities, accounting for half the difference in life expectancy between the richest and poorest in society¹. And behind this destructive addiction is a tobacco industry that continues to make significant levels of profit on the back of sales of a deadly product while paying a relatively small amount of corporation tax.

Higher levels of tobacco dependency in households already living in economic hardship are making inequalities worse. This impact can be seen through higher levels of poverty, lower levels of employment, higher reliance on social care and healthcare and a subsequent resource burden on local government, the NHS and other organisations which support people in greatest need.

Smoking costs the North East economy **£2.35 billion every year²** – these are some of the ways in which the region is impacted:

- Each year in North East when income and smoking costs are taken into account **112,000 households are driven into poverty**. The residents of these households include 153,040 adults below pension age, 28,005 pension age adults and around 72,404 dependent children³.
- **£1.44 billion a year in lost earnings and employment prospects** due to sickness absence, smoking breaks, early retirement through smoking related ill-health and premature deaths from smoking.
- **£93.7 million cost to the NHS** for smoking-related medical treatment via hospital admissions and primary care services.
- **£797 million in social care costs** with smokers needing social care at a younger age than non-smokers for everyday tasks such as dressing, walking and using the toilet.
- **Fires:** smoking-related fires are a leading cause of fire-related deaths, and the costs of property damage, injuries and deaths amount to another **£12.1 million**.

- **Litter:** it's estimated that around 66 tonnes of cigarette butts are dropped on the streets in the North East every year and 158 tons of waste created overall, most of which ends up in landfill.
- **Cost to smokers:** figures suggest the total amount smokers spend on tobacco in the North East to be around **£670 million** a year. Nationally, the average spend on tobacco is around £2,486 per smoker.

Reducing smoking rates would mean that money is retained in local economies, that poverty is reduced, productivity is boosted, the workforce are healthier, more resilient and less likely to be out of work and reliant on the state, and that demand on health and social care will be reduced. Making further progress and reducing smoking rates across all groups will be fundamental for the key ambitions of the Government to create a smokefree country.

Our recommendations

In light of this context there are eight recommendations we make to the Government ahead of the delivery of the Autumn Budget statement.

(1) Provide leadership on national tobacco control delivery

This is a crucial moment for the Government to do more on tobacco control and we were delighted with the commitment in the July 2024 King's Speech that a tobacco bill would be reintroduced. There is significant public and partner support for the Government to do more around tobacco.⁴ 80% of adults in the North East support activities to limit smoking or think the government could do more with only 8% of adults in the North East think the Government is doing too much or far too much.

72% of people in the North East support legislation to raise the age of sale for tobacco by one year every year with just 9% opposing. Among partners, around 70 submissions were made from the North East to the 2023 smokefree generation consultation including all 12 local authorities and all 10 NHS Foundation Trusts. There was unanimous partner support for the creation of a smokefree generation by raising the age of sale for tobacco and this needs to be the Government's priority for next steps on tobacco.

The North East region recently announced its [public declaration for a smokefree future](#), recognising that a smokefree future, free from the death and disease from tobacco, is needed, wanted and workable, and that this would improve the health and wealth of our region's most disadvantaged communities more than any other measure. We urge the Government to progress with raising the age of sale for tobacco as a matter of urgency, as well as consideration of a national tobacco control plan to ensure coherence and maximise effectiveness among the various tobacco and related products policy developments that are currently in progress.

(2) Invest effectively in tobacco control

There is strong support in the North East for substantial and effective investment in tobacco control, including in awareness raising campaigns, stop smoking support including 'swap to stop' and financial incentives in pregnancy, continued investment in the tobacco dependency elements of the NHS Long Term Plan and enforcement capacity.

On campaigns, Fresh delivers a world-leading media and communications strategy designed to motivate and support smokers to quit. Our campaigns have increased quit attempts and quit success, and been associated with faster rates of decline in smoking prevalence and greater reductions in smoking rates both in routine and manual workers as well as the general population, demonstrating their vital role in tobacco control. DSHC has also recently used our Smoking Survivors campaign nationally to support behaviour change.

Sustained and effective investment delivered at both national and regional levels, supported by local investment where appropriate, will deliver economies of scale and accelerate progress towards a smokefree future.

(3) Introduce a polluter pays levy on the tobacco industry

Public finances have rarely been under such strain. And while families are being devastated by the loss of loved ones due to smoking, and the Government, local authorities, the NHS and business continue to grapple with the costs of treatment, social care, loss of productivity and more, the tobacco industry continues to make enormous profits while paying a relatively low amount of corporation tax.

As the Chief Medical Officer has previously said: *“[Lung cancer] is now the UK’s number one killer from cancer – over one in five people who die from cancer will die from this. And the reason that people like me get very concerned and very upset about it is that this cancer is almost entirely caused for profit.”*

The four main tobacco manufacturers and importers are responsible for around 95% of the tobacco market in the UK. They wield monopoly-like pricing powers enabling them to make average net operating profits far in excess of the average margins for UK manufacturing. It is estimated that tobacco manufacturers make over £900 million in profits a year in the UK alone. Energy firms are required to pay windfall taxes on their excessive profits for the provision of essential public services therefore we believe that same legal obligations should apply to tobacco manufacturers given the destructive impact of their product. Such an arrangement would raise much needed funding to help to create a smokefree country.

Adults in the North East strongly support tobacco manufacturers being required to pay a levy to Government for measures to help smokers quit and prevent young people from taking up smoking. 79% of the North East support this, with only 4% opposing it.

(4) Strengthen tax policy on cigarettes and redefine cigarillos

Taxation is one of the most effective population interventions available for reducing smoking prevalence and is the only tobacco control intervention proven to reduce inequalities.^{5,6,7} It also eases the burden on public finances.

Although we have a strong tobacco tax policy, it is not the strongest in the world and there are a number of ways in which it can be strengthened. This includes committing to the tobacco duty escalator for the remainder of this Parliament and, for cigarettes, increasing it from 2% plus inflation to 5% plus inflation. Such increases will also need to be accompanied by broader measures to support quitting for those

motivated by rising prices. In the North East in 2023, 64% would support a tobacco tax increase of 5% above inflation to raise the price of tobacco, with only 18% opposing⁸.

Furthermore, we note that there has been an increasing move towards non-cigarette smoking, particularly among young people, and this includes switching from cigarettes to cigarillos. While cigarillos resemble cigarettes in many ways, they are not subject to all of the same legislation, such as standardised packaging, pack sizes and flavourings and they are in a lower tax band. To address this, we recommend that cigarillos are re-categorised so that the same incentives to quit, e.g. higher prices and reduced appeal, are in place for those who use them.

(5) Strengthen tobacco policy on hand rolling tobacco

While smoking prevalence is declining overall, within the smoking population we are increasingly seeing people switching from smoking cigarettes to using hand rolling tobacco, most likely because it is a cheaper option given that it is taxed at a lower level. In the North East our data tracking shows that in 2023, 30% of smokers used HRT compared to 15% in 2009.

To counter this trend and to ensure that tax measures are not undermined, we recommend the Government increases the tax escalator for HRT to 15% above inflation until the tax rate for cigarettes and HRT is equal.

(6) Continue to prioritise reducing the illicit tobacco market

Action to tackle illicit tobacco is vital to ensure that a strong tax policy is not undermined by the availability of cheap illegal products, which is a concerning source of tobacco for children. We welcomed HMRC's publication in January of a refreshed national illicit tobacco strategy and the commitment to work with partners including the Fresh-led national Illicit Tobacco Partnership. We are also grateful for the leadership of the tobacco team at HMRC who provide much needed expertise and support at international levels particularly through the WHO FCTC Illicit Trade Protocol.

In the North East of England, where a multi-component programme to reduce the availability and supply of illicit tobacco is in place as part of the broader Fresh programme, it is estimated that 46% of young smokers buy illicit tobacco and that 14% of all tobacco smoked is illegal⁹. This represents an increase in market share in recent years from a low of 9% in 2013 and 2015 and is more in line with the levels recorded in 2009, indicating the need for a continued focus in this area.

Our insight-led awareness raising campaign, Keep It Out, has generated thousands of reports for Trading Standards on where illicit tobacco sales are taking place, as well as reducing comfort levels with the illicit tobacco trade, demonstrating that measures are needed to reduce both the supply of and demand for illicit tobacco.

The cross-border and complex nature of the illicit tobacco trade, coupled with the significant reduction in resources for Trading Standards in recent years, indicates that local authority action on illicit tobacco would be most effective if it is funded and co-ordinated at a supra-local or regional level, achieving much-needed economies of scale.

(7) Develop appropriate tax policy for vapes

We support the use of price-based measures to improve regulation of the vape market alongside promotion and availability measures, most notably to reduce the use of vapes among young people. However, any decisions around vape policy must take account of the effectiveness of vapes in supporting smokers to quit tobacco use.

We responded to the 2024 HMT/HMRC consultation on introducing a vaping product duty to outline our concern at the proposals which, as currently drafted, do not align with the evidence on nicotine dependency. The proposed tier system incentivises people who vape to switch to lower nicotine strength vaping products. However, those who are vaping to quit tobacco – i.e. the vast majority of vapers – may end up switching to a product that is not delivering the level of nicotine they need to prevent relapse and therefore the policy could contribute towards people reverting to smoking. To avoid this unintended consequence, we believe a flat rate system, rather than a tiered system, should be implemented.

(8) Publish a list of tobacco retailers

The tobacco track and trace system includes the requirement for businesses who buy tobacco for onward sale to customers to apply to HMRC for an Economic Operator ID (EOID) code. This means that the Government holds a complete list of tobacco retailers in the UK. The list is not publicly available, yet it would be incredibly valuable for a number of reasons including for local authority public health communications and enforcement purposes and to enable national communication about policy development that will affect retailers, like changes to age of sale legislation. We recommend that the Government explores making changes to the current track and trace regulations to enable the list to be publicly available in a searchable format.

We look forward to continuing to engage with the Government on these important measures and would be very happy to meet and discuss any of our recommendations. For any further information, please contact info@fresh-balance.co.uk.

¹ Marmot M, Goldblatt P, Allen J et al. [Fair society, healthy lives \(The Marmot Review\)](#). February 2010.

² ASH Ready Reckoner: [ASH Ready Reckoner - ASH](#)

³ Report on [Smoking and Poverty - ASH](#)

⁴ 2024 YouGov Smokefree GM survey commissioned by ASH

⁵ Brown, T., S. Platt and A. Amos (2014). [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;24(4): 551-556.

⁶ International Agency for Research on Cancer. [Effectiveness of tax and price policies for tobacco control](#). 2011.

⁷ 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.

⁸ 2024 YouGov Smokefree GB survey commissioned by ASH

⁹ 2023 Illicit tobacco survey for the North East of England, commissioned by Fresh and delivered by NEMS Market Research.