



Real Meal Deal: A self-financing scheme to cut household food bills and boost economic growth

Introducing a tax relief-based meal card in the UK would put up to £220 in employee's pockets every month and generate £6.4 billion for the UK economy¹.

The positive economic impact of a tax-relief meal card scheme would be felt by employees, employers, the hospitality sector, and the local and national economy.

Our economic analysis predicts that 4 million beneficiaries will take up the scheme each year, based on implementation in other markets.²

Meal cards are proven to be highly successful, and similar schemes operate in 35 countries around the world, benefiting over 50 million people.

How will the scheme be implemented?

- The meal card is given by employers as a universal benefit to all of their employees on top of existing salary.
- It would work by giving employees a meal card loaded with up to £220 each month (£10 per working day) to spend on food and non-alcoholic beverages at participating local restaurants and food providers.
- The allowance would be free of tax for both employers and employees, and its maximum value is based on food costs in the UK, and the value of similar schemes in other countries.
- The cost for the Treasury would be limited to the tax relief given and offset by increased economic activity generated by the meal card.



¹ Ignite Economics, UK Meal Voucher Economic Impact, December 2020

² Edenred, 2020



Ignite Economics report: **Headline findings**³

- Our estimates show that at least 4 million employees would take up the scheme. This would add **£6.4bn** GVA (gross value added) to the UK economy.
- It could also contribute up to **£2.5bn** in terms of net revenues for the Government and incremental capital investment creating a self-financing policy
- Local high streets would see **300,000 jobs** created and an annual turnover **increase of 18%** for restaurants and food providers.
- This uplift in economic activity would have wider knock-on impacts for the UK workforce, such as increased labour productivity, employee engagement and the overall health of the population.

Benefits for employees: easing household food budgets

Based on a meal card value of £10 per day, employees could benefit from up to £220 in their pockets every month to contribute towards squeezed household food budgets and access to a healthy, nutritional meal every day.

This would particularly help those on the lowest incomes. From 1 April 2021 to 31 March 2022, the Trussell Trust's network provided more than 2.1 million parcels to people facing financial hardship across the country. According to the Trussell Trust, around 14% of people accessing food banks are in work.

In France, meal cards have significantly reduced the proportion of income households spend on food. For minimum wage employees in France, total household spending on food is equivalent to an average 17.5% of take-home income. Meal cards reduce this spend to just 9% of take-home income, providing greater scope for discretionary spending.⁴

Benefits to local economies: revitalising high streets and communities

Hospitality and retail businesses who participate in the meal card scheme would enjoy an uplift in revenue generated from beneficiary spend and job creation.

The scheme would help to encourage employees back to town and city centres following the rise in remote working during the Covid-19 pandemic, and help local employers, food providers and restaurants to foster closer relationships, strengthening communities.

From a combination of GVA and capital investment, meal cards would create a further **£432m** of direct capital investment in the hospitality industry (based on 4m beneficiaries). When accounting for both the direct contribution of meal cards in the hospitality sector, and the indirect and induced effects in the wider economy:

- A typical 50-employee SME would generate an additional £78,000 in GVA and create 4 new jobs in the UK.
- A typical 1,000-employee company would generate an additional £1.62 million in GVA and create 73 new jobs in the UK.

Restaurants and food providers participating in the scheme would see their turnover increase by 17-18%.

³ 'An Economic Analysis of the Net Financial Impact of a Meal Voucher Scheme to the UK Restaurant Sector and the Overall UK Economy' was carried out by and published by Ignite Economics

⁴ Edenred analysis of data from the French National Observatory of Poverty and Social Exclusion



Benefits to employers: maintaining a healthy, productive workforce

Introducing a meal card scheme could have considerable benefits for employers who can be seen to be supporting their employees at a time of inflated costs and stretched household budgets:

- Employers would be able to provide access to a nutritious meal for employees without the cost of a work canteen – creating greater parity between large employers with on-site canteens and SMEs without these facilities. This ‘free lunch’ work perk could improve employee engagement and retention.
- Studies have shown that nutrition can improve labour productivity by up to **20%**.⁵ Improving the general health of the workforce would reduce absenteeism and result in lower costs to the healthcare system.

The tax savings made on providing the benefit can be invested into the business to further stimulate growth.

Benefits to the taxpayer: generating macro growth

The economic activity generated as a result of a meal card scheme provides a monetary uplift for the UK economy, plus wider, indirect benefits that will strengthen the public purse.

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Other indirect benefits include:

- An increase in economic activity throughout the supply chain of the hospitality industry;
- Induced spend from increased employment in the hospitality industry;
- Increased labour productivity from employees with access to proper nutrition; and
- Job creation in local economies generating increased national insurance and personal income tax, combined with a reduction in Jobseeker's Allowance.

Contact

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⁵ Ignite Economics, UK Meal Voucher Economic Impact, December 2020