



# Health for Wealth

Building a Healthier Northern Powerhouse for UK Productivity

# Foreword

**The vision for the Northern Powerhouse was built in the knowledge that if we harnessed the potential of the great cities of the North we would be increasing the economic strength of the United Kingdom. The North's cities and towns led the Industrial Revolution and their decline has seen a marked shift downwards into lower wages compared to the South, with lower productivity.**



**Henri Murison,  
Director of the Northern  
Powerhouse Partnership**

Linking up Liverpool, Manchester, Sheffield, Leeds, Hull and Newcastle with high-speed, integrated transport systems and cutting-edge digital connectivity would allow those cities to collaborate and contribute more than the sum of their parts, creating a single market. Only with this joined-up approach could the sluggish productivity of the Northern Powerhouse be stimulated and allow our businesses to thrive.

Transport is a vital component of the Northern Powerhouse, with Northern Powerhouse Rail (NPR) promising the world-class transport network our commuters, families and businesses deserve. Reducing journey times, enhancing capacity and increasing frequency are all compelling reasons to build the network, but potentially more important is the opportunity for economic growth NPR would create. Reversing decades of stagnation takes time, but opening up new labour markets and opportunities for our young people would have a transformational effect.

In addition, our businesses need access to the skilled workforce they need to embrace the digital revolution, embedding emerging technology such as robotics, AI, 3D printing and VR into everything they do.

Our education system requires major interventions, as set out in our Educating the North report, particularly tackling entrenched disadvantage leading to our children falling behind their peers in other parts of the country.

Until now health has not had the profile it should have in the Northern Powerhouse, despite its undoubted importance.

Life expectancy is on average two years lower in the North than the South, and there is a productivity gap between the Northern Powerhouse and the rest of England of £4 per-person-per-hour. In this report, led by the Northern Health Science Alliance (NHS), the link between the two is set out

across the North for the first time.

People in the North are more likely to leave work due to sickness than those in the South, and when they leave they are less likely than those in the South to go back into work. This report, put together by leading academics from six Northern universities, shows that ill health in the North accounts for over 30% of the productivity gap with the rest of England. What's more, the report's findings show that the NHS allocated budgets explain over 18% of this productivity gap.

Importantly, improving health in the North could reduce the existing gap in GVA of £4 per-person-per-hour between the Northern Powerhouse and the rest of England by up to £1.20. Improving health in the North increases the whole country's productivity.

To tackle the poor health and increase productivity in the Northern Powerhouse we need proportional interventions to the scale of the opportunity from those who can drive it forward: industry, central and local government.

The Mayor, Andy Burnham, a former Labour Health Secretary, will now be able to fully integrate health and social care utilising health devolution. Newcastle University was funded to create the National Centre for Ageing which can have an impact across the North, and in Leeds the presence of NHS Digital and a major cluster of health data businesses is of global significance.

From Liverpool to the new Mayor of the North of Tyne to be elected in May, health should be the next major transfer of power which government offers pro-actively, and without it, unlocking productivity and our economic potential will be held back.

The economic arguments for the Northern Powerhouse are ignored at the United Kingdom's risk. We need to strengthen our country's economic performance in every way we can, particularly when we leave the European Union.

The businesses of the Northern Powerhouse require a healthy, productive workforce. Addressing ill health would support a workforce which is fit and able, and – allied with improved connectivity, education and skills – could create the right conditions for a thriving Northern Powerhouse.

Government, as it looks to allocate additional NHS spending, here has the evidence needed for how that investment can also be financed sustainably through increased productivity in the Northern Powerhouse. Spending more on health here, through more efficient devolved arrangements will close the gap in fiscal terms of what the North contributes to the UK economy, generating increased revenues for the Treasury to make the NHS in the long term more financially sustainable nationally for decades to come.

# Executive Summary

## 60 Second Summary

There is a well-known productivity gap between the Northern Powerhouse and the rest of England of £4 per-person-per-hour. There is also a substantial health gap between the Northern Powerhouse and the rest of England, with average life expectancy 2 years lower in the North. Given that both health and productivity are lower in the Northern Powerhouse, the NHTA commissioned this report from six of its eight university members (Newcastle, Manchester, Lancaster, Liverpool, Sheffield and York) to

understand the impact of poor health on productivity and to explore the opportunities for improving UK productivity by unlocking inclusive, green, regional growth through health improvement. Our report shows the importance of health and the NHS for productivity in the Northern Powerhouse. So, as it develops its post-Brexit industrial strategy, central government should pay particular attention to the importance of improving health in the Northern Powerhouse as a route to increased wealth.

## Key findings

- Productivity is lower in the North
- **A key reason is that health is also worse in the North**
- Long-term health conditions lead to economic inactivity
- **Spells of ill health increase the risk of job loss and lead to lower wages when people return to work**
- Improving health in the North would lead to substantial economic gains
- **Improving health would reduce the £4 gap in productivity per-person per-hour between the Northern Powerhouse and the rest of England by 30% or £1.20 per-person per-hour, generating an additional £13.2 billion in UK GVA**

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**Spells of ill health increase the risk of job loss and lead to lower wages when people return to work**



**Improving health in the North would lead to substantial economic gains**



30% of the £4 per person per hour gap in productivity (or £1.20 per hour) between the Northern Powerhouse and the rest of England is due to ill-health. Reducing this health gap would generate an additional



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in UK GVA

# Summary of Detailed Findings

- Health is important for productivity: improving health could reduce the £4 gap in productivity between the Northern Powerhouse and the rest of England by 30% or £1.20 per-person per-hour, generating an additional £13.2 billion in UK GVA
- **Reducing the number of working age people with limiting long-term health conditions by 10% would decrease rates of economic inactivity by 3 percentage points in the Northern Powerhouse**
- Increasing the NHS budget by 10% in the Northern Powerhouse will decrease economic inactivity rates by 3 percentage points
- **If they experience a spell of ill health, working people in the Northern Powerhouse are 39% more likely to lose their job compared to their counterparts in the rest of England. If they subsequently get back into work, then their wages are 66% lower than a similar individual in the rest of England.**
- Decreasing rates of ill health by 1.2% and decreasing mortality rates by 0.7% would reduce the gap in gross value added (GVA) per-head between the Northern Powerhouse and the rest of England by 10%.
- **Increasing the proportion of people in good health in the Northern Powerhouse by 3.5% would reduce the employment gap between the Northern Powerhouse and the rest of England by 10%**
- So, given the relationship between health, health care and productivity in the Northern Powerhouse, then in order to improve UK productivity, we need to improve health in the North.

## Increasing the NHS budget by

# 10%

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## Challenges

Although these findings demonstrate the scale of the health and economic challenges facing the Northern Powerhouse, they also provide a blueprint to overcome the problem: in order to improve UK productivity, we need to improve health in the North. However, there are challenges which need to be addressed:

- Expenditure on public health and prevention services has always lagged behind spend on the treatment of existing conditions. In 2017/18 in England, £3.4 billion was spent by local authorities on public health. This was dwarfed by Department of Health and Social Care spend of over £124 billion, the vast majority of which went on hospital-based treatment services. Public health budgets are estimated to experience real-term cuts averaging 3.9 per cent each year between 2016/17 and 2020/21.
- **Austerity presents a real challenge for Northern agencies to implement approaches to improving health. Local authorities have faced disproportionately larger cuts and reductions in social welfare since 2010 have also had more of an impact in the Northern Powerhouse.**
- Exiting the European Union is a challenge for the NHS in terms of the supply of highly skilled workers. Uncertainties over post-Brexit NHS and local authority public health budget settlements are also a challenge for planning prevention and health and social care services particularly in the Northern Powerhouse.
- **Health research funding in the UK is heavily concentrated in the so-called 'golden triangle': London, the South East and the East of England receive over 60% of funding. This is exacerbated by the fact that the Northern Powerhouse's strengths are in applied health research, for which there is high need in the region but much less funding available nationally and regionally.**
- Uncertainty around the effectiveness of public health interventions means that more applied research is needed to develop,

pilot and evaluate and scale-up interventions to improve health – particularly in areas of high need such as the Northern Powerhouse.

- **Green and Inclusive Growth is required given the well-documented threats posed by climate change. It cannot be the case of 'business as usual' for an industrial strategy to increase productivity in the North, innovation is required to ensure carbon-free growth. Growth in the North also needs to be socially inclusive - reaching all places in the region and people from all social backgrounds.**

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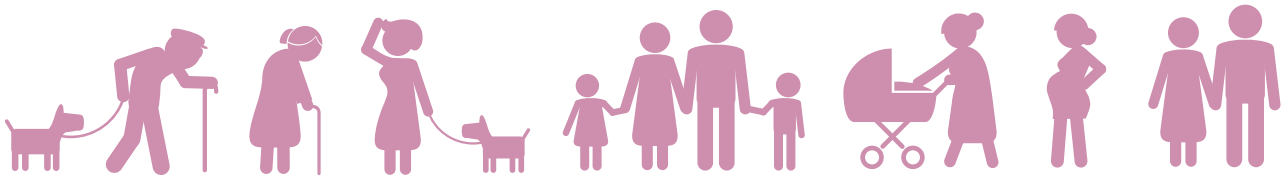
# 60%

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## Recommendations to Central Government

As it develops its post-Brexit industrial strategy, central government should pay particular attention to the importance of health for productivity in the Northern Powerhouse. Specifically, we make four key proposals to central government:

- 1) To improve health in the North by increasing investment in place-based public health in Northern Powerhouse local authorities.
- 2) To improve labour market participation and job retention amongst people with a health condition in the Northern Powerhouse.
- 3) To increase NHS funding in the Northern Powerhouse – to be spent on prevention services and health science research.
- 4) To reduce economic inequality between the North and the rest of England by implementing an inclusive, green industrial strategy.

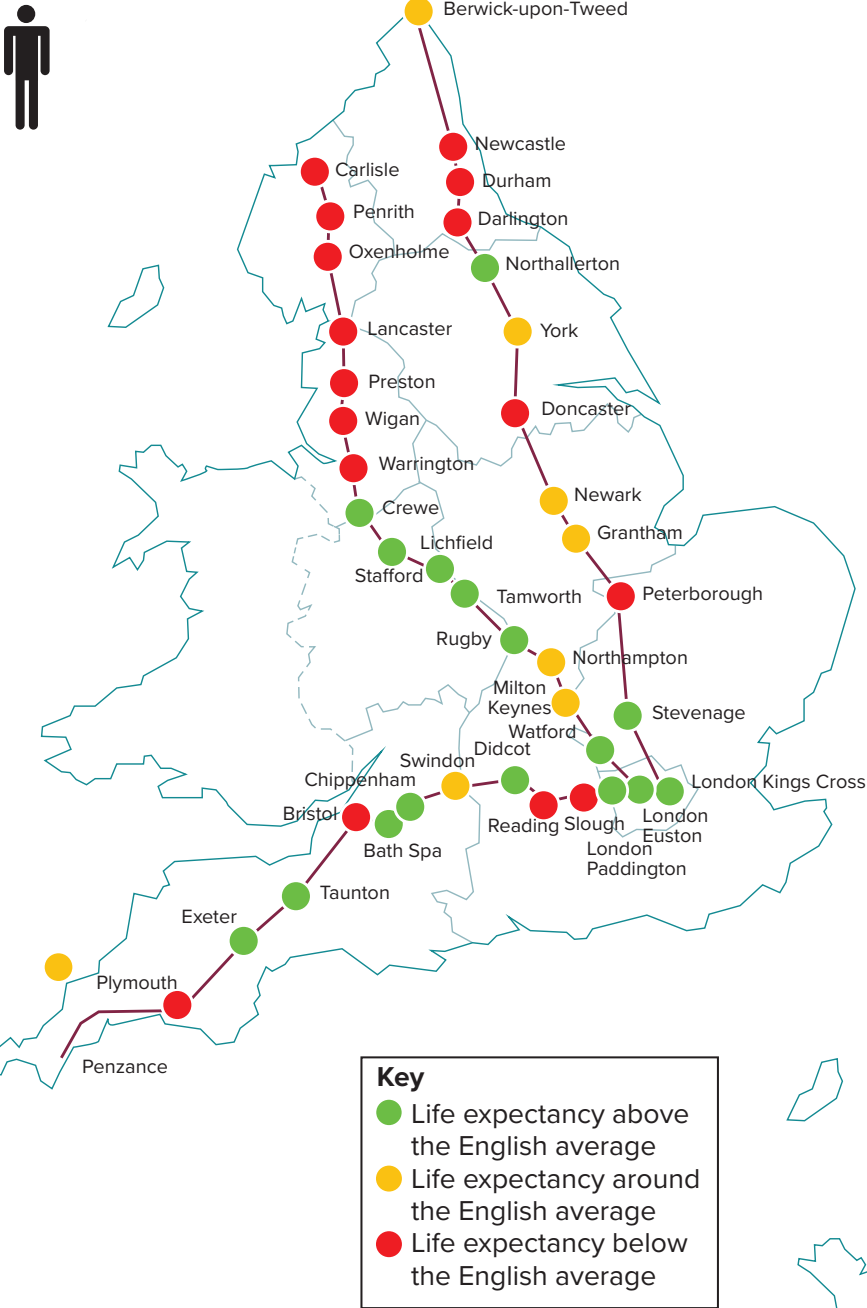


## Recommendations to Northern Powerhouse Local and Regional Stakeholders

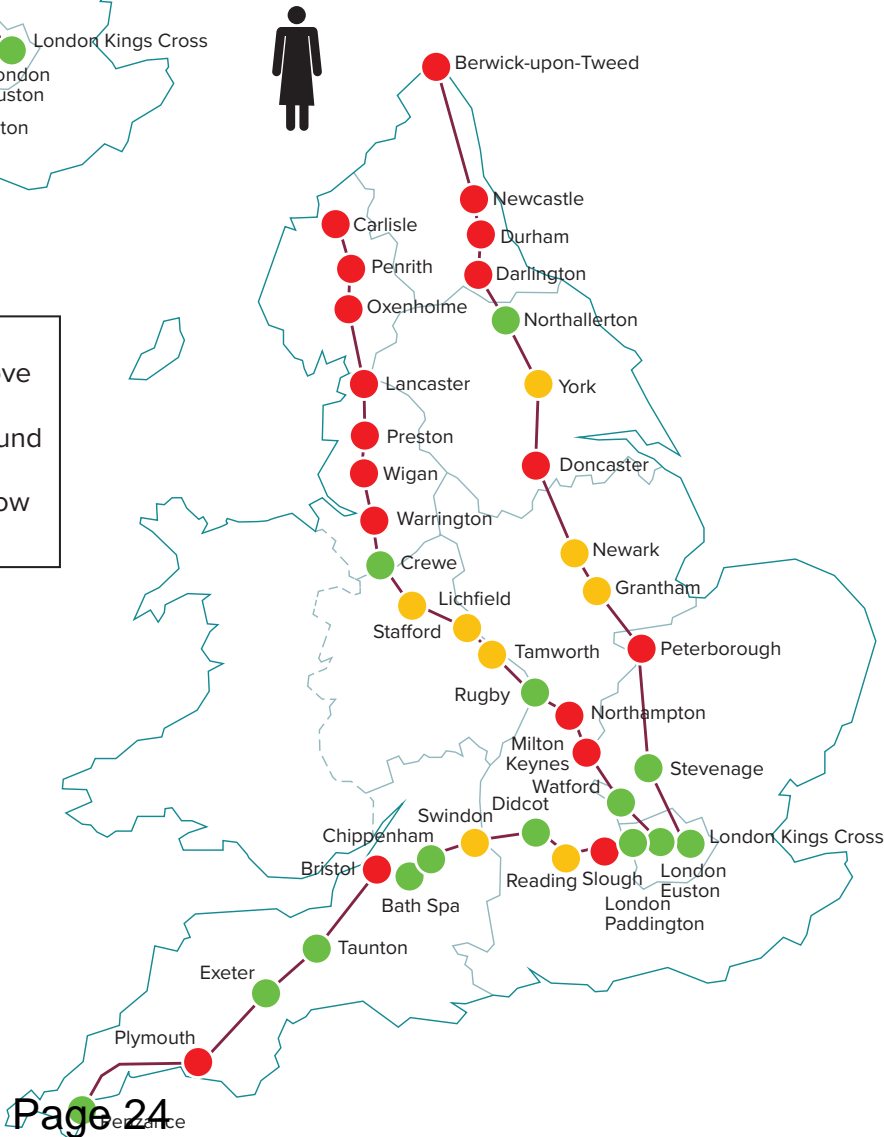
We make four key proposals to Northern Powerhouse local and regional stakeholders:

- 1) Health and Wellbeing boards and the emerging NHS integrated care systems should commission more health promotion, condition management and prevention services.
- 2) Local enterprise partnerships, local authorities and devolved Northern regions should develop locally tailored 'health-first' programmes in partnership with the local NHS and third sector providers.
- 3) Local enterprise partnerships, local authorities and devolved Northern regions should scale-up their place-based public health programmes across the life course: 'starting well', 'living well' and 'ageing well'.
- 4) Local businesses should support job retention and health promotion interventions across the Northern Powerhouse workforce and Northern city regions and Northern NHS integrated care systems should lead by example.

**Figure 1.4: An English Journey – life expectancy for men along the East Coast, Great Western and West Coast Mainlines**



**Figure 1.5: An English Journey – life expectancy for women along the East Coast, Great Western and West Coast Mainlines**





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