

# Health Foundation response to the Treasury Committee inquiry on *An Equal Recovery*

*July 2021*

## **About the Health Foundation**

The Health Foundation is an independent charity committed to bringing about better health and health care for people in the UK. Our aim is a healthier population, supported by high quality health care that can be equitably accessed. We learn what works to make people's lives healthier and improve the health care system. From giving grants to those working at the front line to carrying out research and policy analysis, we shine a light on how to make successful change happen.

We make links between the knowledge we gain from working with those delivering health and health care and our research and analysis. Our aspiration is to create a virtuous circle, using what we know works on the ground to inform effective policymaking and vice versa. We believe good health and health care are key to a flourishing society. Through sharing what we learn, collaborating with others and building people's skills and knowledge, we aim to make a difference and contribute to a healthier population.

## **The Health Foundation and Covid-19**

The Health Foundation launched the **Covid Impact Inquiry** to gather evidence from a wide range of sources to consider how experiences of the pandemic were influenced by people's existing health conditions and inequalities in health. The final report, due to be published in July, will highlight implications for the government decision making and the investment needed to ensure everyone can enjoy the same opportunity for good health and wellbeing.

## **The Health Foundation's response**

### ***Disability, gender, and race***

#### **Q1 - How has the economic impact of the crisis affected disability, gender, and race inequality?**

The economic conditions people live in, including access to quality employment and sufficient income for a good standard of living, are key determinants of health. A deterioration in these economic conditions, particularly if it is prolonged, risks contributing to a widening of health inequalities in the future and worse overall health. Preliminary evidence collected by our **COVID-19 Impact Inquiry** indicates that disabled people, women, and people from ethnic minority backgrounds have experienced worse economic impacts than average.

## **Disabled people**

During the pandemic, the **employment gap** between disabled and non-disabled people remained constant across the UK. According to a report from Leonard Cheshire, seven-in-ten disabled people (71%) in employment in March 2020 were affected by the pandemic, either through a loss of income, being put on furlough or being made redundant. This increased to 84% for those aged 18 to 24. This could have longer term implications for disabled people's income and employment prospects, threatening financial resilience and the ability to live independently.

## **People from an ethnic minority community**

People from ethnic minority communities are at higher risk of mortality due to COVID-19. During the first wave, black African men were 3.7 times more likely to die than white British men. During the second wave, Bangladeshi men were five times more likely than white men to die from COVID-19. People from ethnic minority communities also provided more hours of unpaid care; experienced higher levels of income loss and were twice as likely to have experienced food insecurity throughout the pandemic.

Analysis supported by the Health Foundation found that in January 2021, **30% of those from an ethnic minority background who were in employment pre-pandemic had experienced furloughing, job loss, or pay cuts compared to 25% of those of white ethnicity**. Members of ethnic minority communities also had disproportionate levels of income loss, ranging from **29% to 43% compared with 22% among white British people** (apart from black Caribbean people, where only 21% reported an income loss).

There were difficulties in accessing support among those from minority ethnic backgrounds. People from minority ethnic groups were less likely than their white counterparts to have heard of government financial support. **Just over two-thirds (69%) of people from ethnic minority communities had heard of the furlough scheme, dropping to 61% of people of Bangladeshi origin, compared with 88% of white people.**

Over half of ethnic minority women said that they were unsure where to turn for help as a result of the pandemic, compared with 18.7% of white respondents.<sup>198</sup> Fewer than half of ethnic minority people were aware of the measure enabling people out of work due to the crisis to claim Universal Credit (44%, versus 62% of white people).

## **Gender**

Labour market **statistics suggest** that in January 2021, the overall employment impacts between men and women were similar, despite women being more likely to work in shutdown industries at the start of the pandemic. Despite this, Women are more likely to report a decrease in their disposable income compared to men (41% for women 34% for men) (TUC survey conducted in January 2021).

## **Regional imbalances**

### **Q5 -How has the crisis impacted on regional inequality?**

While life expectancy has improved for most of the population over the last 20 years, it hasn't closed existing differences nor improved equally, leaving certain groups behind, particularly women. Even before the pandemic highlighted stark health inequalities, there were already significant regional differences in how long people could expect to live. For example, there are 17 local authorities in the UK where female life expectancy is still below

the country's average in 2001-03: these areas are concentrated in Scotland and the North West of England.

Our **research** shows that areas including – work, education, housing, travel and environment – are all important determinants of people's health. These inequalities in health are related to previous inequalities in economic and social circumstances in these areas. Prior to the pandemic, overall employment rates in Greater Manchester, Liverpool City Region, the West Midlands, the Tees Valley and West Yorkshire lagged behind the rest of England. In order to tackle this, metro mayors have significant power and the opportunity to improve many aspects of the lives of the 20 million residents living in their regions. Within their direct influence are areas including skills training (such as the adult skills budget and apprenticeship programmes in most areas), housing options (including powers over strategic planning), air pollution and local means of transport (including bus franchising).

Between November 2019 and November 2020, the **biggest comparative increases** in unemployment benefit claimant rates were seen in London (4.9 percentage point increase in the share of the working age population in receipt of benefits), Greater Manchester and the West Midlands (4.1 percentage point increase).

Given the domestic priority of levelling up, and the increasing recognition that 'place matters', the obvious opportunity now is to develop current regional and local initiatives that are more explicitly designed to benefit local people through employment, especially in areas of the country outside of the 'golden triangle' of research institutions in Oxford, Cambridge and London. The key will be to boost these existing efforts by linking these initiatives with new levelling up funding as part of an explicit strategy - countering the 'spread too thinly to be effective' argument for new investment, and to adding value to existing 'levelling up' investments.

#### **Q6 - Are certain regions or sectors likely to recover more slowly or have longer term economic damage and greater scarring?**

This question is contingent on future lockdown measures necessary in the future. The risk factors for a slower economic recovery include, share of employment in sectors that may be vulnerable to future restrictions, employment already lost due to the pandemic (scarring), and any increased health burden in different areas that results directly or indirectly from the pandemic.

ONS data revealed West Midlands was the hardest hit part of the UK during the collapse in the economy during the first wave of the Covid-19 pandemic. In a breakdown of the 18.8% fall in gross domestic product during the second quarter of 2020, the ONS said the region that includes Birmingham, Wolverhampton and Coventry had a 21% drop in output.

As the IFS have noted in their chapter '**Levelling up: where and how?**' inequalities between regions are deep-rooted, complex and multifaceted. Their analysis indicates, 'Left behind' areas that could be targeted for levelling up include large towns and some cities outside of London and the South East; former industrial regions; coastal towns and regions; and isolated rural areas. The picture is complicated: while there are exceptions, those areas most impacted by the pandemic do not align with traditional 'left-behind' areas.

Areas that are quite 'left behind' but could escape the worst of the short-term economic hit from the pandemic include many areas in the North East and North West of England, the so-called 'red wall', South Wales and the West Midlands. Exceptions include coastal communities that are relatively deprived and highly reliant on tourism. These were already

struggling and will be among the worst affected by COVID-19 economic impacts. Many of those places also have older less healthy populations.

The centres of several larger cities outside of London, including Glasgow, Dundee, Liverpool, Newcastle and Manchester, also appear to be both economically vulnerable to COVID-19 and relatively 'left behind'. This reflects the large hospitality sectors in cities, which create greater economic exposure to COVID-19, as well as the persistent deprivation that is present in many larger urban areas. Data collected in January 2021 which compares change in pay and employment status to February 2020 shows that **18% of those working in shutdown sectors are no longer working compared to 11% in other sectors.**

Another aspect to consider is underlying poor health impacting individual's ability to work in some area. Rates of both unemployment and poor mental health have increased during the pandemic and unemployment is expected to rise further throughout this year, peaking when furloughing ends. Deteriorating mental health has been partly due to the social impact of pandemic restrictions, but as **our analysis** has previously shown, it is also related to economic uncertainty, job loss and unemployment.

**Our analysis** shows the pattern of increases in unemployment varies significantly by geographical area, partly reflecting the employment sector mix, insecurity of work and differences in how local restrictions have been applied over time. A key element of the UK's recovery from the COVID-19 pandemic will be maintaining high employment levels and supporting individuals experiencing mental health problems into work. Good mental health, as well as our physical health, is a vital input into our future prosperity that improves people's wellbeing, their productivity and their ability to participate in society.

#### **Q7 - How can the Government address regional imbalances and mitigate the impact of scarring in regions?**

While there are encouraging signs, the levelling up funding and policies laid out so far are partial and fragmented. Measures of health are not yet influencing the initial allocation criteria for levelling up funds, and initiatives are firmly tilted towards boosting financial and physical infrastructure capital. Without a focus on health, the impact of new and existing investment will not be maximised, and the stalling health improvements seen over the past 10 years will continue, acting as a brake on post-pandemic prosperity and opportunity.

The Government has also shown insufficient transparency in making 'levelling up' funding decisions. This lack of transparency has fuelled accusations of political bias, led stakeholders to question why criteria such as commuting distance have been given such prominence, and risks undermining public trust in 'levelling up'. Levelling up funding criteria should instead work alongside existing measurements that take better account of local needs. The Government should incorporate health into the criteria of the Index of Multiple Deprivation when making future 'levelling up' funding decisions, and it should publish criteria on such decisions as soon as spending is announced.

For levelling up to be successful, the Government needs to give local authorities and other local service providers more autonomy. Current funding mechanisms are overly centralised and militate against long-term planning. The Government should use the levelling White Paper to address shortcomings related to devolution and liaise closely with local service providers to determine how services should be designed and delivered – and how those providers should be held accountable.

## ***Intergenerational inequality and housing***

Q10 - What are the trends in intergenerational inequality, and how has the crisis affected them?

**Emerging evidence** on the economic and social impact of COVID-19 shows that young people aged 12–24 years are one of the groups worst-affected, particularly in terms of the labour market and mental health outcomes. **Health Foundation analysis** also shows that the effect is not equal for all young people. Young people in the north of England, and young people from poorer households, have been more likely to lose work. **Young people from a minority ethnic background are more than twice as likely to be no longer working since lockdown than their peers, with 12.8% reporting to have lost their jobs.** Challenging labour markets also influence

It is worth noting that there were significant concerns around the wellbeing of young people in the UK before COVID-19. **Between 2009/10 and 2013/14 the number of young people reporting symptoms of anxiety and depression had risen from 18% to 21%.** **The Chartered Institute of Housing** highlighted prior to the pandemic that young people often faced high rental costs and insecure finances, which can negatively impact wellbeing and mental health. Economically disadvantaged younger adults have become increasingly likely to live with parents over time. Some of this will have been driven by changes to tax and benefit policies, which coupled with fast rises in housing costs, have made moving out of the parental home increasingly challenging. Uncertainty around housing is likely to risk young people's health and wellbeing in the long-term.

There is evidence showing that young people are also likely to be negatively impacted because of the pandemic in the following areas:

- **Benefits:** **The Resolution Foundation** highlight how the Treasury's response to the virus has been well distributed across the generations with £71.5 billion worth of crisis income support delivered by the Government this year. Young people have been the biggest beneficiaries of the furlough scheme while the boost to the Universal Credit has been worth most to families with younger children. That makes it even more important that the unwinding these measures is also done fairly and delivers for the younger generation who are taking the worst economic hit.
- **Housing:** As the furlough scheme winds down, young renters will be more vulnerable to evictions, with research showing that **24% of private renters aged 16–24 years are reliant on the furlough scheme.** **Analysis** of YouGov data found that younger people were less likely to report that they had access to adequate space. Space has increased in importance since lockdown, with many reporting issues such as overcrowding and lack of green space. Younger peoples' ability to live independently depends not just on their employment circumstances but also on the cost of housing. **Analysis** by the Resolution Foundation found younger people who moved back in with their parents over the course of the crisis might have done so in response to a deteriorating personal financial position. Their survey found those who moved to their parents' homes during the crisis see this as a temporary situation which highlights a longer-term trend in which increasing proportions of younger people rely on their parents' homes as a form of safe harbour, and do so for longer into their working lives.
- **Wellbeing:** The Opinions and Lifestyle Survey (OPN) that has been monitoring the social impact of COVID-19 has found that young people are more likely than other age groups to report that lockdown has made their mental health worse. **Analysis**

from the Association for Young People's Health found that 10% of young people aged between 10 and 24 are often lonely, and this decreased with an increase in age.

- **Work:** Recent analysis by the Resolution Foundation and the Health Foundation found that one-third of 18–24-year-olds have been furloughed or lost their job, in contrast to just over one-sixth of working-age adults overall.

## Q11 - How does housing, and housing finance, impact on intergenerational inequality and regional imbalances?

### The impact of housing on health

Housing affordability matters for health, both directly and indirectly. Difficulty paying the rent, or a mortgage can harm mental health, while spending more on housing leaves less for other essentials that influence health, such as food and social participation. Non-decent homes may include problems such as damp and cold, which can directly harm health. Overcrowding and poor affordability can influence mental health and act as a source of stress.

### Intergenerational inequality

Before the pandemic, housing problems were more commonly experienced by younger people. Being a young person is also associated with greater risk of contracting COVID-19, experiencing job loss or being furloughed, and struggling with lockdown. Younger age groups are more likely to have a housing affordability problem. A total of 14% of people in both the 16–24-year-old and 25–34-year-old age groups spend more than a third of their income on housing costs, compared with 11% of 35–44-year-olds and 7% of 45–54-year-olds. This is partly due to older working-age groups tending to have higher incomes and being more likely to have lower housing costs because they own their homes. A combination of greater investment in social housing, more secure private tenancies, and reversing reductions in housing benefit support – such as the cuts to Local Housing Allowance (LHA) – will be needed to improve the contribution of housing to health.

### Regional imbalances

Households in London have the highest risk of experiencing one or more housing problems (47%). This is 11 percentage points higher than the West Midlands, which has the next highest risk at 35%. Nearly one in 10 households in London (9%) experience more than one housing problem. This is twice as high as in the East (at 4.5%) which has the next highest proportion of multiple housing problems. London has the highest proportion of housing in the private rented sector, which may partly explain the high prevalence of housing problems compared with other regions. Households in the North East are the least likely to experience housing problems, with just over a quarter of households affected.

Problems with affordability are not evenly distributed across the UK. 21% of people in London are in households with a housing cost burden, based on the definition of spending more than a third of their (net) income on housing. This is a considerably higher percentage than in the next worst region (which is South East England, at 12%).