Gaps in life expectancy, health, and economic opportunity between the richest and poorest parts of England

July 5 2021, by Luke Lambert

A new report, co-produced by the Business School (formerly Cass), entitled 'The Cost of Inequality', has exposed the gaps in life expectancy, health, and economic opportunity between the richest and poorest parts of England.

Professor Les Mayhew, author of the report by the Centre for the Study of Financial Innovation, argues that the key to 'levelling up' is to improve health and to link that to increasing economic activity in deprived areas. This means that policies designed to improve health need to be combined with initiatives to raise skill levels and target local investment.

The report addresses the Government's ambitious aim to extend health life expectancy by five years by 2035. Early exit from the workforce is a major impediment to economic output and increases health and welfare costs. Healthy lives would create headroom to enable people to work and save for longer.

The report, also produced in partnership with the International Longevity Centre, combines data on overall lifespan, working lives and years spent in ill health to produce a measure of deprivation for 150 English districts.

The gaps exposed include:

- An average lifespan that is 12 years longer for those living in the top one percent, least deprived districts compared with those in the bottom one percent;
- A gap of nearly 12 years in the average ages at which ill health kicks in between those in the richest five percent of districts and those in the poorest five percent—nearly 69 versus 57; and
- An average age of over 60 for the end of working life for the top five percent, but less than 55 for those in the bottom five percent.

Fourteen districts, mainly in the south-east of England, have high scores for overall lifespans, healthy life expectancy (HLE) and working lives. They include Wokingham, Bromley, Oxfordshire, Windsor, and Maidenhead. The 18 with low scores on all three counts are mainly in the Midlands and the north, including Hartlepool, Manchester, Liverpool, Birmingham, and Nottingham.

To put a price on inequality, the research combines local scores with the cost of providing benefits and healthcare services to each district. This is then converted into a hypothetical local taxation rate drawing on average earnings over the average working life to provide a single index of inequality. The hypothetical rate is 21 percent for the most advantaged district versus 34 percent for the least. At one level, this demonstrates the necessity of redistributing tax revenues from richer to poorer areas.

More important for the government's levelling up goal and its health agenda is that improving healthy life expectancy is a crucial first step. The report finds that a one-year extension in HLE would add around 3.4 months to working lives and 4.5 months to overall life expectancy.

Equally important is for improvements in HLE to translate into greater economic activity via longer working lives, which will help to increase the tax base to cover the cost of healthcare and benefits. This will also increase the number of older people able to volunteer for community and other activities, with the number of people in the UK aged 65 or older expected to increase to 16.4 million by 2035 compared with 12.7 million in 2021.

The report argues that measures to improve health need to be accompanied by fiscal incentives, such as increasing the state pension age, to convert more of the extra healthy years into work, and by investment in skills training and technological innovation to support increased productivity. While better health will achieve this, more targeted help will still be needed for the most left behind areas to close the inequality gaps.

Professor Les Mayhew, Professor of Statistics at the Business School (formerly Cass) and Head of Global Research at the International Longevity Centre, said:

"This is the first time that it has been possible to link health and work to key economic indicators in one context, providing a single measure of inequalities and of the factors causing them. Used properly it can help to design policies that work with the aim of levelling up areas, although extra targeting of the worst affected areas will be needed.

"By measuring the financial impact of poor health on welfare payments, pensions and earnings, policy makers can turn their attention to preventative action, as well as reacting more effectively to immediate needs.

"The approach is novel but relatively simple. Its potential applications can help the UK to 'build back better' after COVID-19 and to 'level up' deprived areas."

'The Cost of Inequality' can be read in full on the Business School's website.

Provided by City University London

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