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### **Action needed to reduce impact on health inequalities from recession and welfare changes**

The Institute of Health Equity (IHE) is calling for action by local and national government to reduce a potential increase of health inequalities in London as a result of the economic downturn and welfare changes.

Commissioned by the London Health Inequalities Network (LHIN) on behalf of the London's public health community, the IHE has analysed evidence from previous economic downturns across the world to identify some of the likely impacts on health and health inequalities in London by 2016 with particular emphasis on three key social determinants of health: employment, income and housing.

The report also considers the likely impact of the welfare reforms on housing, income, employment and health in London. The Institute is making recommendations for what the capital's local authorities, employers, and National Government can do to minimize any negative health effects of the economic downturn and welfare reforms. This includes putting health equity at the centre of social, economic and health policies, strategies and commissioning decisions.

### **The Evidence**

An economic crisis is likely to have a significant impact on health through the social determinants of health, such as employment, income and housing. Evidence from past recessions suggests that health inequalities are likely to widen, with the following health effects likely:

- Increases in mental health problems, including depression, suicides and parasuicides (attempted suicide) and possibly lower levels of wellbeing
- More domestic violence (perhaps due to increased strain on families and relationships) and possibly more homicides
- Fewer road traffic deaths (probably due to lower incomes leading to less car use)
- Worse infectious disease rates, such as TB and HIV
- Longer-term increase in mortality due to heart disease – commencing 2-3 years after increased unemployment, with effects persisting for 10-15 years

Government policies and the extent of social protection will play a substantial role in exacerbating and/or mitigating the negative health and inequality impacts, particularly for the more vulnerable.

The Government has introduced £18bn of welfare savings as part of its austerity programme, and has suggested there may be £10bn more to come by 2016. The unemployment rate in London has increased from 6.7% in the second quarter of 2008 to 10.1% in the first quarter of 2012, and recovery is expected to be slow.

In 2005-08, more than half of Londoners lived in households with a weekly income below the income for an acceptable standard of living and this rises to more than 80% for groups such as Bangladeshi and Pakistani populations and lone parents.

Adequate housing may be unaffordable to some during an economic crisis, with more households becoming homeless and being forced to live in poorer conditions including overcrowding and cold, damp homes, leading to worsening physical and mental health.



Welfare reform will reduce the amount that households on benefits receive to cover rents, and London will be disproportionately affected compared with the rest of England, because of the high housing costs. Estimates suggest that between 82,000 and 133,000 London households will be unable to afford their homes following the reforms, with only 36% of London's housing affordable to those receiving housing benefit by 2016, compared to 75% pre-reform. There is considerable variation between different areas of London.

### **Those most at risk from the economic downturn and welfare reforms**

#### Employment

Young people (under 25) in particular have been disproportionately affected by unemployment. More deprived areas of London have higher proportions of young people not in employment, education or training (NEET) compared to the 16.2% England average: East London has 18-20% 16-24 year olds NEET and North-East London has over 20% NEET. This is particularly concerning as early unemployment has a significant effect on later employment opportunities and future life outcomes.

Being in work is mainly protective of health when it is good quality work, which gives employees some control over their work, rewards achievements, is safe and provides a decent standard of living. Individuals who remain in the workplace during an economic downturn may be subject to more psychosocial stress from increased uncertainties surrounding job security and the likelihood of redundancy. And increased competition for jobs may drive down wages and working conditions.

It is unclear whether or not the current reforms provide effective financial incentives and/or sanctions and conditionalities<sup>1</sup> to encourage more people to take up work, though it appears that different groups are affected in different ways. For example, the tax and benefit changes introduced in 2011 have been shown to weaken incentives on average for those with children, but strengthen incentives for those without. And incentives only work if there are sufficient jobs available. The data indicate there are not currently enough jobs in London for the number of people searching.

#### Income

The economic crisis, increasing unemployment, constricted social spending and higher inflation than income growth, is likely to lead to a fall in income for many Londoners. London has the highest poverty rates in England and it is predicted that child and working age poverty will increase across the UK over the next decade.

Children born into poverty have increased risks of physical and mental ill-health, developmental and social problems both immediately and throughout life. Living in poverty is associated with worse mental health outcomes, particularly among women.

Many of those in poverty live in working families. And many elements of the changes to the welfare system will mean that households are financially worse off and will need to live on a lower income. Universal Credit (UC), taken alone, is progressive and likely to reduce poverty, though when it is considered alongside the rest of the tax and benefit reforms, and compared with a forecast assuming none of the reforms had been implemented, poverty is expected to increase significantly more across the UK by 2015-16.

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<sup>1</sup> 'Conditionalities' as set out in the Welfare Reform Bill are those that make receipt of a benefit conditional on things such as age of recipient/child, number of hours worked, wage or number of people in the household.



### Housing

Families with children, particularly larger families, will be most heavily affected by the Housing Benefit reforms, as will private tenants. Households facing a reduction in benefits significant enough to make their current property unaffordable will need to find an alternative solution such as, take up of paid employment (if available and pays enough), re-negotiate their rent; go into arrears, become homeless, become overcrowded, compromise on housing conditions, move to a less expensive area or out of London.

As a result of the welfare reforms, London might expect to see significant migration within and between different boroughs as more areas become unaffordable, and/or an increase in homelessness, repossessions and overcrowding. Also, London's population is expected to increase from 7.8 million in 2011 to 8.06 million by 2016, and this increase is higher in poorer areas, putting additional pressures on housing and other resources when services are already under pressure. Yet it is crucial housing and other local services in London are sufficiently resourced to deal with these additional pressures.

### Key recommendations

- **Ensure sufficient incomes** – any income from work needs to be sufficient to fund and maintain a healthy life, and local authorities should ensure that everyone within their organisation, contractors and any other organisations over which they have influence receive a minimum income for healthy living (see Editor's Notes).
- **Ensure sufficient provision of services** such as early years and childcare, debt relief (9% of London households are in arrears with at least one domestic bill – a higher figure compared to other UK regions apart from the North West), housing advice (only 20% of Inner London neighbourhoods will be affordable by 2016, compared to 67% pre-reform) and adequate care for mental health services, school places and GP services.
- **Ensure sufficient affordable, appropriately-sized housing in good condition**, inter-borough safeguarding and coordinated services for the homeless
- At local level, authorities should **assess their area's needs**, which should be monitored and measured over time to ensure appropriate cross sector action
- At the national level, the government should carry out **health equity impact assessments of all policies and take a proportionate universalist approach to spending cuts** (increase taxes for fiscal consolidation rather than reducing services that disproportionately affect those lower on the socioeconomic scale, such as welfare spending, social housing, Children's Centres and the NHS)

Commenting, the Institute of Health Equity's Deputy Director, Dr Jessica Allen said:

*'Putting health equity at the heart of policy making is important to help reduce the wide and possibly increasing health inequalities across London. It's also increasingly important that local authorities plan ahead and prioritise those services which may be needed more during times of economic hardship, such as debt counseling, mental health services, benefits advice services. This report, commissioned by London's health Inequalities network, should help guide and inform local authorities strategies and help prioritise commissioning decisions.'*



# UCL INSTITUTE OF HEALTH EQUITY

## Reducing Health Inequities through Action on the Social Determinants of Health

### **Editor's Notes**

The report was commissioned by the London Health Inequalities Network (LHIN) on behalf of London's public health community to explore the likely impact of the economic downturn and the government's welfare reforms on health inequalities in London to 2016, with a particular focus on the employment, income and housing impacts of the changes.

The first part of the project, published today, is a literature review of the potential impacts of the changes with a set of recommendations of what local authorities and other actors can do to mitigate negative impacts.

The second part of the work is development of a set of indicators for local authorities to use to measure the impacts of the changes in their area. This is currently in development and will undergo local testing before being published early in 2013.

**Minimum Income for Healthy Living (MIHL)**, which was recommended in 'Fair Society, Healthy Lives' (Marmot Review), published in February 2010, should provide enough money to pay for 'needs relating to nutrition, physical activity, housing, psychosocial interactions, transport and medical care <http://www.instituteofhealthequity.org/projects/fair-society-healthy-lives-the-marmot-review> Full Report p120-3

### **About the Institute of Health Equity (IHE) [www.instituteofhealthequity.org](http://www.instituteofhealthequity.org)**

The Institute was launched in November 2011 to build on previous work to tackle inequalities in health led by Professor Sir Michael Marmot and his team, including the WHO Commission on the Social Determinants of Health and 'Fair Society, Healthy Lives' (Marmot Review). Current work includes a [review of Social Determinants of Health and the Health Divide](#) for the WHO European Region.

The Institute is supported by the Department of Health, University College London and the British Medical Association. It seeks to increase health equity through action on the social determinants of health, specifically in four areas:

1. Influencing global, national and local policies – providing evidence and proposals to influence policy making at all levels through advocacy and advice
2. Advising on and learning from practice – influencing the delivery of interventions to ensure they incorporate action on health and social inequalities and learning from interventions and practice
3. Building the evidence base – ensuring that up to date, high quality research evidence is used in the design and implantation of policies and practices
4. Capacity building – developing capacity of the health workforce, community organisations, policy makers and related practitioners to understand and deliver on action to reduce health inequalities

### **About the London Health Inequalities Network (LHIN)**

Established in 2008, the LHIN is a working group of directors of public health and health inequalities leads from the 11 London boroughs with the greatest health and deprivation challenges (Barking & Dagenham, City & Hackney, Greenwich, Hammersmith & Fulham, Haringey, Islington, Lambeth, Lewisham, Newham, Southwark and Tower Hamlets). It is chaired by Dr Ruth Wallis (Director of Public Health for Lambeth).