



The Health Foundation

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# The spring statement shows the chancellor hasn't grasped that health and wealth are fundamentally intertwined

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On 23 March 2020, the UK government took the boldest step to protect human health in recent memory by putting the country into lockdown because of the covid-19 pandemic. The lockdown placed unprecedented curbs on people's lives and livelihoods. We will never know the counterfactual, but there can be no doubt that it saved many lives in the first wave of the pandemic—and our most treasured institution, the NHS, from collapse. In the months that followed, the government frequently debated whether to focus on saving lives or livelihoods and had to make fine judgements over strengthening or loosening restrictions.

Two years to the day, last week's spring statement shows no evidence that Rishi Sunak, the chancellor of the exchequer, has grasped the pandemic's stark lesson that health and wealth are fundamentally intertwined. Accounting for policy measures, the Office for Budget Responsibility (OBR) project household incomes to fall by 2.2% in real terms in the coming year.<sup>1</sup> The poorest fifth are expected to experience the greatest falls. But the measures announced in the spring statement are focused on richer households who will receive £2 of every £3 of the gains.<sup>2</sup>

Poverty is bad for your health.<sup>3</sup> It takes a toll on mental health through the effects of unremitting anxiety from debt and insecurity. It takes a toll on physical health through both the effects of this stress and the limitations on people's ability to eat well and stay warm. Every day, NHS clinicians witness the effects of poverty on people's health through avoidable disease and delays to recovery following routine care.

The pandemic has stretched the financial resilience of many families to its limit. Many have run down their savings or increased debts to cope with the impact of covid-19 and measures to contain it. And there is no sign that there will be any let up with CPI inflation set to peak at 8.7% at the end of the year. This continuing rise in cost of living will force increasing numbers to choose between essentials that are vital to living healthy lives—such as housing, heating, and food—or being driven into problem debt.

The failure to protect people from the cost-of-living crisis doesn't simply risk a series of individual tragedies. It affects us all. As the economy fights to recover from the pandemic business leaders have clocked the estimated £100bn a year—and rising—cost of poor health to the economy.<sup>4</sup> Sickness and early retirement on the grounds of ill health are an increasing concern for business as they reduce productivity, increase turnover and deplete the labour supply.

Against this backdrop, a government that truly valued the nation's health would have gone further to create the conditions that support good health and protect people in the here-and-now, as well as building greater resilience against future threats to our health. The increase to National Insurance thresholds fails to target the poorest households, there has been no action on benefits, and the additional £500m for the Household Support Fund falls well short of what is needed. Inflation will also erode planned spending on public services that support health.

Government has many levers at its disposal. Its spending plans are critical, and this Spring Statement has singularly failed. Action is urgently needed to create an adequate welfare safety net. There needs to be a wider look at the policies across Whitehall that shape peoples' health—housing, transport, early years and food policy. Many existing government commitments to curb exposure to risk factors, such as smoking, poor diet, physical inactivity and harmful alcohol use, still haven't been followed through.<sup>5</sup> Serious action is needed to raise the standard of housing, with poor quality homes driving health problems that cost the NHS £1.4bn a year to treat.<sup>6</sup> And with rents increasing again, the decision to freeze support for renters should also come under review or risk driving further insecurity and distress.<sup>7</sup> Without this, the trend of the last decade of a widening gap in healthy life expectancy between richest and poorest, is set to continue.

The NHS has carried an inconceivable burden over the past two years. It was not set up to be the backstop for failings in wider government policy. The more that the NHS is expected to pick up the pieces, the longer it will remain in a cycle of firefighting at the expense of prevention. The forthcoming Office for Health Improvement and Disparities white paper on health disparities needs to set out credible policies to address hardship, insecurity in work and housing, the mental health crisis among young people, and our broken food system. The government took unprecedented action to protect people's incomes in 2020. If it doesn't take further action now, it may be 2022 rather than 2020 that casts the longest shadow on the nation's health.

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