CLES
the national organisation
for local economies

The King's Fund

Tackling health inequalities through English devolution

towards a new framework

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About CLES

CLES is the national organisation for local economies. Established in 1986, we are an independent charity working towards a future where local economies benefit people, place and the planet. This will happen when wealth and power serve local people, rather than the other way around, enabling communities to flourish. We have an international reputation for our pioneering work on community wealth building and are recognised as the curators of the movement in the UK.

About The King's Fund

The King's Fund is an independent charity working to improve health and care in England. We help to shape policy and practice through research and analysis; develop individuals, teams and organisations; promote understanding of the health and social care system; and bring people together to learn, share knowledge and debate. Our vision is that the best possible care is available to all.

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Executive summary

Levelling up, powering up, reducing regional disparity – no matter what you call it, the question of how we address geographical inequalities has troubled political parties and policy makers of all stripes for decades.

Yet, despite the problem having relative consensus across Westminster and attempts to tackle it being central to more than one programme for government, no one yet has managed to make much of a dent in the huge gaps between the geographical haves and have nots of the UK. Systemic and pronounced inequalities still blight our regions, with significant gaps in power, wealth, opportunity and health resulting in shorter, sicker and less fulfilling lives for many people.

In a programme of joint working launched at the start of 2024, the Centre for Local Economic Strategies (CLES), The King's Fund and the Health Foundation have joined forces to explore the effectiveness of devolution in narrowing health inequalities in England.[1]

Despite some variations in devolution settlements, all English mayoral combined authorities have powers and resources in areas of policy that affect the wider determinants of health. These areas include employment and skills, housing and planning, business support and transport. This paper provides preliminary insights from our ongoing programme of work aimed at informing government policy on addressing health inequalities through devolution. The findings are based on the research we have conducted thus far, which includes a review of both academic and grey literature, as well as a series of discussion groups with thought leaders, think tanks, academics from various disciplines, directors of public health and health leads within mayoral combined authorities.

In the first section, we begin with a critical analysis of devolution policy and practice. By synthesising insights from both the literature and our discussion group sessions, we reveal that – despite substantial efforts by mayoral combined authorities to address the wider determinants of health – progress in narrowing health inequalities is hindered by several key barriers, namely:

- the framing of devolution deals;
- accountability and governance, and;
- funding.

Second, we present our emerging insights on how devolution policy could be developed further to enable mayoral combined authorities and their partners to overcome these barriers and narrow health inequalities. We identify three priority areas for action which are summarised below.

[1] In this, we are considering the activities of mayoral combined authorities, as well the Greater London Authority, which although not a combined authority has similar powers and resources and an elected mayor.

Priority areas for action by government

1. Thinking beyond growth

Economic growth does not automatically benefit everyone equally. If only some people benefit this risks making inequalities in areas like health worse.

Proposals for English devolution need to be calibrated for their effects on health inequalities and not be restricted to high level goals of increasing gross value added (GVA). This could, for example, include a wider range of growth-related goals that we know are associated with tackling health inequalities, such as poverty reduction, or ensuring policy ideas are subject to health impact assessments. This calibration needs to be reflected in proposed Local Growth Plans.

2. Raising expectations of joint working to tackle health inequalities

Convoluted local governance and accountability arrangements between mayoral combined authorities, local councils and integrated care systems (ICSs) need to be recognised and addressed. Mayoral combined authorities should be required to work with local council and health partners on addressing health inequalities.

In terms of the specific relationship between mayoral combined authorities and ICSs, the NHS has a significant role to play as an anchor institution and can use its capacity – particularly as an employer and purchaser of goods and services – to address health inequalities. The government should consider how best to encourage the utilisation of these assets in any forthcoming growth plan guidance to mayoral combined authorities.

3. Fairer funding

To address the systemic underfunding of local authorities, and enable them to participate fully in joint working to narrow health inequalities, the new government should consider:

- developing a taskforce on local government finance.
- developing a new system of measurement for how council funding is distributed that ensures that those whose need is greatest receive their fair share.
- re-examining its current spending commitments to frontline public services, with a view to future-proofing the capacity of councils to meet their public service requirements and plan for better local economies and better lives through tackling health inequalities.

1. A critical analysis of English devolution policy and practice on health outcomes

Policy context

English devolution and the evolution of mayoral combined authorities, in particular, have become a key policy lever through which Westminster is seeking to address regional disparity. This looks set to continue and to develop further under the new government. As progress is made on the devolution agenda, the opportunity to support mayoral combined authorities to take effective action on health inequalities should be maximised.

Labour's "missions-based" approach suggests a new strategic direction that could significantly impact health, the economy and public services.[2] Released prior to this year's general election, the party's Plan to Power Up Britain included a commitment to "deepen" and "widen" English devolution.[3] This commitment was followed by the inclusion of an English Devolution Bill in the King's Speech in July, aiming to devolve "growth levers" to mayoral combined authorities. It is expected that the Bill will establish a more ambitious standardised devolution framework which will provide enhanced powers over strategic planning, local transport networks, skills and employment support, as well as new powers and duties for local leaders to produce Local Growth Plans.

The empirical evidence base

To date, empirical evidence on the impact of devolution on health is not hugely conclusive. In a recent longitudinal study that looked at a range of countries in terms of their health outcomes and their governance arrangements, evidence suggested that increased devolution, per se, does not appear to reduce regional health inequalities. In England, however, a recent study conducted in Greater Manchester found that, since devolution, the city region has experienced better outcomes around life expectancy than would otherwise be expected.[4] While modest, these benefits were apparent in the areas with the highest income deprivation and lowest life expectancy, suggesting a narrowing of inequalities.[5]

While this study can't tell us what may or may not have caused this effect, we can draw inferences from other forms of evidence which allow us to bridge this gap and develop plausible descriptions of how mayoral authorities can affect health inequalities.

[2] J Bibby et al. (2024). Health at the heart of government: Rebuilding the health of the UK through mission-driven government. The Health Foundation. Read.
[3] The Labour Party. (2024). Power and Partnership: Labour's plan to power up Britain. Read.
[4] P Britteon et al. (2022). The effect of devolution on health: a generalised synthetic control analysis of Greater Manchester, England. The Lancet Public Health. Read.
[5] For more on Greater Manchester, see The King's Fund (forthcoming) 2024. Population health in Greater Manchester: The journey so far. London: The King's Fund.

How mayoral combined authorities are impacting on health inequalities

Despite some variations in devolution settlements, all mayoral combined authorities have powers and resources in areas of policy that affect the wider determinants of health, like employment and skills, housing and planning, business support and transport. [6] There is a huge body of evidence that demonstrates that people and society need all of these "building blocks" of health in order to thrive.[7] Therefore, in terms of health inequalities, "weak" or "missing blocks" create unfair and avoidable differences across the population, and between different groups within society. To take housing as an example, if you live in a home that has problems with damp and mould, then your health is going to suffer in ways that those who have access to good quality housing are less likely to experience.

There is, however, significant action underway across our mayoral combined authorities that is seeking to address some of these inequalities.

We know that "good and fair" work is important for health, if it is offered and experienced equitably.[8] Employment charters are being used by the majority of mayoral combined authorities to elevate employment standards across sub-regions and encourage a more equitable distribution of opportunities.

Interventions to encourage the development of more social enterprises, co-operatives and community businesses have been adopted to create kinder and fairer local economies. These have the potential to narrow health inequalities through their effects on the experience of work and who has access to it. In South Yorkshire, for example, the Combined Authority has piloted the UK's first Ownership Hub, promoting worker co-operatives and employee ownership. Most recently, with funding from the Greater Manchester Combined Authority, Co-operatives UK is in the process of establishing Our Business. This online platform will enable social economy businesses to start and grow by providing training, support and peer connectivity. In addition, the platform will promote social economy products and services to other businesses and public bodies across the sub-region.

In the West Midlands Combined Authority, the Thrive into Work programme offers one-to-one job finding support to people with health challenges. And across the board, the combined authority is committed to a health in all policies approach to act on health inequalities across the wider determinants of health in relation to transport, housing, skills, energy and the environment.

In addition, and at a more local level, councils, health systems and other key anchor institutions are working together to develop anchor networks which are using their economic impact – particularly in relation to procurement and employment – to address the wider determinants of health.

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[6] E Williams et al. (2022). What are health inequalities? The King's Fund. Read.
[7] J Bibby. (2024). What builds good health? An Introduction to the building blocks of health. The Health Foundation. Read.
[8] C Humphreys et al. (2022). Delivering fair work for health, well-being and equity - what it is, why it matters and what you can do. A guide for local and regional organisations in Wales. Public Health Wales NHS Trust. Read.

The Health Foundation's Economies for Healthier Lives programme, for example, is funding four projects – in the Glasgow City Region, with Havant Borough Council, Leeds City Council and in the Liverpool City Region – to explore how to effectively incorporate health and wellbeing into local economic strategies. Building on recent evidence as to how anchor networks can positively affect health outcomes and health inequalities,[9] CLES is currently working with the West Midlands Combined Authority (alongside partners the New Economics Foundation, the Centre for Thriving Places and Co-operatives UK as part of the Reclaiming Our Regional Economies programme) to explore how it can use its powers and funding to grow and connect the anchor networks of the West Midlands and thereby unlock more routes to delivering a more health creating regional economy.[10]

However, despite these efforts, our work to date has identified a number of barriers which are affecting the capacity of mayoral combined authorities and their partners to take action on tackling health inequalities.

Barriers to progress

1. The framing of devolution deals

There was a strong consensus from our discussion groups that the government's "growth agenda and the growth framing of the devolution debate", should be critically examined.

Shaped by a strong directive from Westminster and the Treasury to boost economic growth,[11] the current devolution framework limits the ways in which mayoral combined authorities can forge economic futures that recognise individual regional strengths and aspirations. This, in turn, makes it more challenging to justify hardwiring action on the wider determinants into economic development opportunities.

Rather than being able to take the time to develop skills levels in the local population, for example, the rush for growth can encourage greater reliance on pulling in labour from other areas to plug any skills gaps.[12] Consequently, the opportunity to use employment to improve the fortunes of existing local communities and narrow health inequalities is risked. Thus, a significant part of the local population can be locked out of the proceeds of growth.

As one discussion group participant put it, "if you ship in an educated healthy workforce, you make inequalities worse". This means that devolution deals need to be framed, and implemented, with a clear sight of the likely short and long-term dynamic effects on the health of the population and, crucially, inequalities within it.

Moreover, in the drive for economic growth, property development in city centres – fuelled by inward investment – is being used as a proxy for local economic strategy, with rural areas

[9] T Rose et al. (2023). The mental health and wellbeing impact of a Community Wealth Building programme in England: a difference-in-differences study. The Lancet Public Health (8). Read.
[10] CLES. (2024). How to build an anchor network: learning from the West Midlands. Read.
[11] P O'Brien, P and A Pike (2019). Deal or no deal? Governing urban infrastructure funding and financing in the UK City Deals. Urban Studies, 56(7). Read.
[12] A Bua, R Laurence and O Vardakoulias (2017). Understanding Devolution: A Critical Appraisal of the Greater Manchester Devolution Deal. The New Economics Foundation. Read.

and towns excluded outright from these wealth creating opportunities.[13] As a result, while city centres like Manchester have been significantly transformed, new skilled jobs have been created and productivity has increased, these benefits are not (as yet, at least) widespread.[14][15][16]

Low pay within the Greater Manchester Combined Authority area, for example, remains widespread, with 19% of its working population earning less than two thirds of the median wage.[17] And despite concentrations of affluence (in Manchester city centre and Greater Manchester's predominantly southern suburbs), large amounts of poverty persist, with one in three children living in poverty and 74,000 people registered on the city region's social housing waiting lists.[18] [19] A key question is how economic ripple effects work in cities and wider regions and how these then affect health inequalities and their distribution. Evidence from elsewhere shows that this is nuanced, that the effects are dynamic but that they can lead to unintended and negative consequences for health inequalities.[20]

2. Accountability and governance.

Despite the various positive activities outlined above, responsibility for addressing health inequalities through such interventions is convoluted.

In addition to the work of local councils – through their economic development and wider functions[21] – the advent of mayoral combined authorities and their new powers and resources enriches the picture. Similarly, the fourth purpose within ICSs – to support broader social and economic development – provides another route by which intervention on health inequalities can take place. As such, we now have mayoral combined authorities, councils and the NHS all taking action in greater or lesser forms.

Although diffused responsibility is not necessarily a problem, the view from our discussion groups was that we are seeing a lack of co-ordination and collaboration across the system. This is resulting in "different races being run" where "we are stuck in a cycle of small-scale interventions" and where the opportunity to maximise impact is lost.

Furthermore, there are significant variations in how action on the wider determinants of health plays out in practice within ICSs. In some places, ICSs are very much active on the health inequalities agenda, including through anchor institutions. Recent analysis of ICS

[13] C Berry. (2018). 'D is for dangerous': devolution and the ongoing decline of manufacturing in Northern England. In Developing England's North.
[14] P Brandily et al. (2023) A tale of two cities (part 2): A plausible strategy for productivity growth in Greater Manchester and beyond. Resolution Foundation. Read.
[15] M Emmerich. (2023) Researching the city – an economic transition of Manchester: A case study. Notes from a Lecture given by Mike Emmerich, Founding Director, Metro Dynamics and Honorary Professor in the Faculty of Humanities at the University of Manchester, 9 November 2023. Read.
[16] S Clarke. (2016). New Order: Devolution and the future of living standards in Greater Manchester. Resolution Foundation. Read.
[17] D'Arcy et al. (2019). Low Pay in Greater Manchester. Resolution Foundation. Read.
[18] H Griss. (2023). More than a third of children in Greater Manchester living in poverty. Greater Manchester Poverty Action. Read.
[19] D'Arcy et al. (2019) Low Pay in Greater Manchester. Resolution Foundation. Read.
[20] S Musterd et al. (2020) Ripples of structural economic transformation: The changing social geographies of Dutch metropolitan regions. Read.
[21] D Buck and S Gregory. (2013) Improving the public's health: A resource for local authorities. The King's Fund. Read.

plans and strategies is encouraging in terms of them understanding and wishing to take further action.[22] However, this effort is at risk of being crowded out by acute treatment pressures within the NHS.[23]

In terms of how mayoral combined authorities could integrate more closely with health to drive health improvement, the think tank Reform have proposed the radical step of giving control over the local NHS to combined authorities.[24] This, they argue, is the only way to bring the NHS into a world of stronger local democracy and subsidiarity and to help it transition from "a sickness service to a health creating service".

Nevertheless, the consistent message from leaders across the NHS and local government is that another NHS restructure would not be welcomed and that they need time to make sense of ICSs and to try and make them work.[25] This was also the consensus view within our discussion groups – where we heard the current arrangements can work, "if we put ICSs in a position to succeed".

3. Funding

The financial plight of local councils also has significant implications for health outcomes. There is a strong consensus that austerity has been a key factor in life expectancy flat-lining, people's health deteriorating and the widening of health inequalities.[26] With one in five councils now facing bankruptcy over the next year, local government continues to be hampered by inadequate funding settlements. This not only affects the capacity to deliver local public services, such as social care, but also to plan for the long term, collaborate with other public sector bodies and contribute its resources towards the kinds of interventions we outline above.

Labour have budgeted £745m to target frontline public services and committed to delivering multi-year funding settlements and putting an end to wasteful competitive bidding.[27] This is a positive move, but more detail is needed. Furthermore, the Local Government Association has identified a £6.2 billion funding gap in local government over the next two years alone, which dwarfs the spending offer currently on the table.

[22] D Buck. (2024). Are integrated care systems making progress on tackling health inequalities? The King's Fund. Read.
[23] For more on this, and how population health leaders in ICSs and public health leaders in local government can, and are, working more effectively together see The King's Fund (forthcoming) Public health and population health: Leading together.
[24] R Beacon. (2024). Close enough to care: a new structure for the English health and care system. Read.
[25] D Buck and L Tiratelli. (2024). The latest proposals on health devolution: solution or provocation? The King's Fund. Read.
[26] M Marmot et al. (2020). Health Equity in England: The Marmot Review 10 Years On. Institute of Health Equity. Read.
[27] The Labour Party. (2024). Change: Labour Party Manifesto 2024. Read.

2. Towards a new devolution framework

The shortfalls of the devolution model we have identified above are prescribed by the government at Westminster and, therefore, much needs to be done there to address them. Based on our analysis above, we have highlighted three emerging priority areas that the government will need to address.

1. Thinking beyond growth

We need to ensure that the vision for how devolution can deliver for England encompasses a broader understanding of the purpose of our economy, beyond thinking about growth as a positive end in and of itself.

If the purpose of devolution is to mould and support regional and local economies that enable us all to prosper, then the economic model that sits behind the project must reinforce this. Public policy should look beyond growth as the defining metric of success and pay more attention to the nature of our economic activity and its effects on the distribution of wider social outcomes, including health. The focus should be on building an economy that generates good lives, not just GVA. As such there needs to be a clearer acknowledgement that economic growth does not automatically benefit everyone.

Labour has stated that it wants to see the proceeds of growth "shared fairly with the working people that generate it".[28] To achieve this, the current proposals for English devolution need refinement. We need broader targets beyond GVA contribution to incorporate wider metrics that are related to narrowing health inequalities. This could, for example, include goals that we know are associated with tackling health inequalities such as poverty reduction; or ensuring policy ideas are subject to health impact assessments. These wider targets should also be considered as part of the government's proposal for mayoral combined authority areas to produce Local Growth Plans and the guidance that supports them. To do so would ensure that growth is genuinely inclusive and contributes to tackling health inequalities through direct action and partnerships.

2. Raising expectations of joint working to tackle health inequalities

The convoluted nature of local governance and accountability arrangements needs to be recognised and addressed.

This needs to happen at all levels, through a co-ordinated and coherent approach to the government's "missions" at its centre and through a revised devolution framework that requires mayoral combined authorities to work with local authority partners and ICSs to take action on health inequalities.

This, at a minimum, means convening and bringing local partners together, where needed, or supporting established local partnerships within mayoral combined authority areas to

[28] Labour. (2024). Power and Partnership: Labour's plan to power up Britain. Read.

innovate, scale and amplify solutions. Some mayoral combined authorities are leading the charge already here and have created dedicated posts to work across ICSs and local government. Our future work will look to explore the effectiveness of this intervention and its potential to become standard practice across all mayoral combined authorities.

In terms of the specific relationship between mayoral combined authorities and ICSs, the NHS plays an important role locally as an anchor institution, including as an employer and purchaser of goods and services. These assets can have a significant impact on local social and economic development and could therefore play an important role in helping to reduce health inequalities.[29] As such these assets could be an important component of the new Local Growth Plans. The government should consider how best to encourage the utilisation of these assets in any forthcoming growth plan guidance to mayoral combined authorities.

3. Fairer funding

The underfunding of local authorities, which predates but has been worsened by austerity, has a knock-on effect for mayoral combined authorities and local communities.

Without a longer term, more certain and realistic view on funding, local authorities will find it extremely challenging to deliver the frontline public services and policies which underpin the health of their residents and impact health inequalities. They will also struggle to support and scale up the examples of practice outlined above. In a new longer term funding settlement the government should consider:

- developing a task force on local government finance which gets to work immediately to address the crisis in local government.
- developing a new system of measurement for how funding is distributed that ensures that those whose need is greatest receive their fair share.
- re-examining its current spending commitments to frontline public services, with a view to future-proofing the capacity of councils to meet their public service requirements and plan for better local economies and better lives through tackling health inequalities.

[29] TL Goodwin. (2023). Healthy Places: building inclusive economies through integrated care systems. Read.

Conclusion

Mayoral combined authorities and their partners have significant potential to affect the building blocks of health and reduce health inequalities. While certain barriers and challenges are affecting progress, this could be remedied by a revised policy framework from Westminster, which we have started to sketch out above and we will be developing further over the next 12 months.

As the government moves forward on delivering its five missions, we urge them to consider how synergy could be achieved through a more deliberate and purposeful approach to devolution. With the right kind of policy programme in place we should be confident that the actions of mayoral combined authorities could be an even greater contributor to the reduction of health inequalities, as well as an enabler of economic growth that benefits everyone.