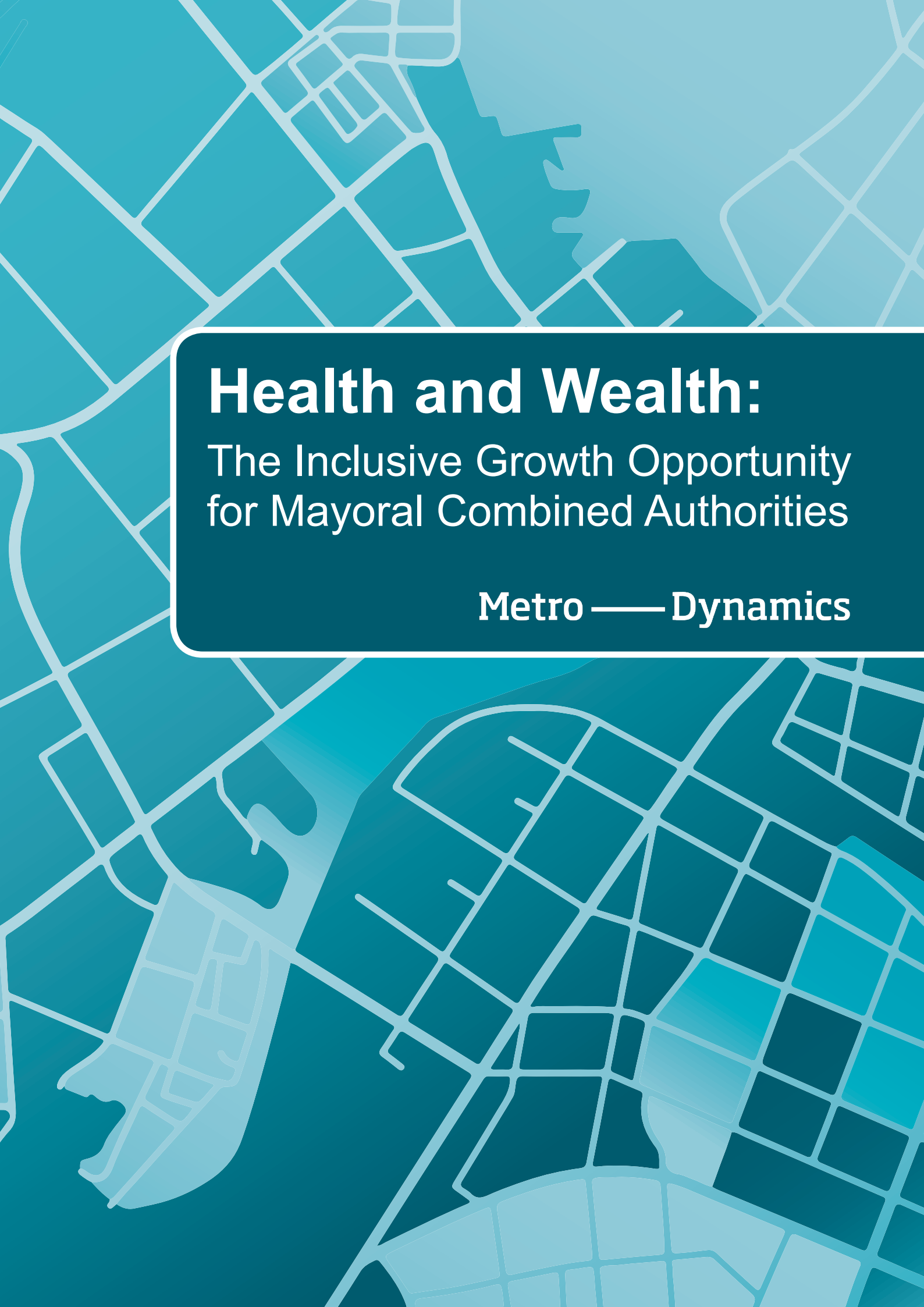

Health and Wealth:

The Inclusive Growth Opportunity for Mayoral Combined Authorities

Metro Dynamics

Contents

1 Executive Summary

Health and wealth are flip sides of the same coin. That is why improving people's health and wellbeing is fundamentally about creating prosperous local economies that benefit everyone and recognising that without a healthy workforce, inclusive growth will not be possible. Without action on both health and wealth, the fiscal gap between the demand for public services and their supply will be difficult to close.

This report, which was commissioned by Public Health England (PHE), has been researched and written by the advisory firm Metro Dynamics. It draws on our experience working with cities, towns and businesses across the UK and internationally, supporting inclusive growth, collaborative governance and devolution. And it seeks to achieve a deeper understanding of the interlinkages between health and wealth and the opportunities that devolution presents to focus on prevention and early intervention across the life course. It is particularly directed at the role the new metro mayors can play in this agenda.

Many factors impact on health and wellbeing. Despite the NHS being rightly considered a national treasure, like any health care system, its contribution to population health is relatively small at around 10-20%. Health related behaviours such as smoking, alcohol consumption, diet and exercise are important[1], but so are what kind of childhood you have, whether you live in high quality housing in an area that has good air quality, encourages social contacts and where you want to spend time being active outdoors[2]. Of crucial importance, also, is whether you have a good job[3]. It is important that in seeking to improve people's health and wellbeing we ensure everyone has a good level of income and enjoys the benefits of a thriving local economy.

There are inequalities in health within, and between, local communities. Nationally, poor health results in productivity losses of £31-33 billion annually[4] and leads to public services spending of £17 billion a year to deal with the consequences[5]. A concerted effort to reduce these deep-seated inequalities across our communities to improve population health could, over time, significantly reduce these costs, whilst also improving economic performance and spreading wealth more equitably.

Across the country many areas are recognising this connection between health and wealth and taking action at scale to promote inclusive growth, so that the whole population benefits from a thriving local economy. Further action is needed to build on this work and this agenda must be at the heart of improving productivity through new local industrial strategy deals that will be developed during 2018 and which will be agreed by Spring 2019.

Improving people's health is a central function of local government, historically it was a municipal priority. That's why the first municipal public health department was established in Liverpool in 1847 and why Joseph Chamberlain established a public corporation to provide a clean water supply for the people of Birmingham in the 1870s. The focus of this work has shifted over time: from tackling infectious diseases of the past to grappling with the fact that the nowadays the major cause of early death and ill-health lies in non-infectious physical and mental health problems. There are numerous examples from local government of innovation in practice to tackle local health problems[6]. Currently, sustainable transformation partnerships are bringing together the NHS, local government and others to achieve a step change preventing ill-health.

1 Institute for Health Metrics and Evaluation, 'Global Burden of Disease' (GBD) http://www. healthdata. org/gbd

2 Marmot, M (2010) 'Fair Society Healthy Lives (The Marmot Review)

3 RSA (2016) 'Inclusive Growth Commission'

4 Frontier Economics (2009) Overall costs of health inequalities. Submission to the Marmot Review. www. ucl. ac. uk/gheg/marmotreview/Documents

5 Early Intervention Foundation (2016) 'The cost of late intervention' – Page 4

6 PHE (2016) 'Local Health and Care Planning: Menu of preventative interventions'

There is now a new opportunity through devolution to build on this local work. England's six existing metro mayors, with the Mayor of London, Mayor of Bristol, other city Mayors and the soon to be elected North of Tyne Mayor will be at the forefront of a concerted attempt to develop place-based industrial strategies that deliver more inclusive growth for their residents by fostering higher productivity, advanced skills development, better in-work progression and greater economic participation. What is needed is to integrate action to improve health across the life cycle into this core work. The new local industrial strategy deals, set out in the Industrial Strategy White Paper, represent an opportunity to bring these approaches together and to link them with the new Shared Prosperity Fund, which will replace ESIF, after Britain leaves the EU in March 2019.

There are a range of actions that can and are being taken by local authorities across the country to promote health and wellbeing, and much of this good work has already been documented elsewhere.

This report focuses on what Mayoral Combined Authorities can do, with their new powers and funding, to better integrate health and wellbeing concerns into their mainstream economic priorities. It identifies some specific recommendations for Mayoral Combined Authorities to drive forward a health and wealth agenda, these include actions to:

1. **Reflect wellbeing in economic plans and indicators:** Reducing health inequalities should be measured and prioritised as an explicit focus of mayoral activities, rather than being seen merely a consequence of economic growth.
2. **Make wellbeing a key priority for the mayoral single pot investment funds:** Use the relatively unfettered single investment funds introduced by devolution deals to prioritise wellbeing.
3. **Adopt a Health in All Policies (HiaP) approach:** Experience from around the world shows that re-shaping people's, physical, social and service environments to support wellbeing, healthy behaviours and economic growth makes sound economic sense.
4. **Use mayoral leadership to promote wellbeing and leverage local expertise:** Use the mandate and platform that mayors have, to commission and trial new city region-wide initiatives. By way of example, they are ideally placed to upscale interventions linked to licensing and regulatory issues.
5. **Work across mayoral combined authorities to develop a new economic framework case for investing in wellbeing:** Creating a policy and investment environment within which officers feel that they have the 'permission' to invest in social as well as capital programmes.
6. **Seize the opportunity to discuss with central government the devolution of transformation funding and powers to ensure more priority is given to prevention and early intervention.** Develop the case for wellbeing and preventative investment being included in future devolution deals.

2 The Economic Case for Health and Wellbeing

> *"…most activities aimed at improving the public's health are extremely good value for money – and generally offer more health benefits than the alternatives tested… though some of the benefits may not be realised in the short term".*
>
> National Institute for Health and Care Excellence

In this report, we refer to 'health and wellbeing', this is about public health and health outcomes, as distinct from the organisation of acute care through the NHS, which is primarily the system's response to ill health. The aim of improved health and wellbeing is happier and better lives for individuals and a more productive and inclusive economy. The evidence is clear that investing earlier in the factors that shape an individual's health, from the moment they are born and throughout their life, can achieve better outcomes than spending later in trying to treat ill-health.

The Marmot Review of health inequalities in England emphasised that the primary cause of most social problems can be traced back to the same bundle of issues: material poverty combined with a poverty of opportunity and aspiration, locked in by class, culture and location[7]. Ensuring fairness and a good level of health for all therefore means tackling poor economic, social and environmental conditions at each stage in life.

As these determinants of health originate outside the health sector, then incorporating action to improve population health into other areas of decision-making must be a priority. The importance of a Health in All Policies Approach (HiaP), acknowledged by the World Health Organisation in 1978, has been applied in many areas since and is informing local action across the country[8] but there is still much to do to embed this systematically.

Action at scale is needed, not just because tackling variations in health is a justifiable end in itself, but also because the scale of the cost of inaction is staggering.

- Despite the long-term trend of improvement in life expectancy, stark inequalities exist. For premature cardiovascular disease, mortality rates in the most deprived tenth of areas are almost 3. 5 times higher than those in the least deprived tenth of areas (2012-14)[9].
- The impact of health inequalities is estimated to account for productivity losses of £31-33 billion per year, lost taxes and higher welfare payments in the range of £20-32 billion per year[10], as well as additional NHS healthcare costs in excess of £5**. 5 billion** per year[11].
- England's National Childhood Obesity Plan highlights the fact that, 'we spend more each year on the treatment of obesity and diabetes than we do on the police, fire service and judicial system combined[12]. It was estimated that the NHS in England spent £5**. 1 billion on overweight and obesity-related ill-health** in 2014/15[13].

7 Marmot, M (2010). Fair Society, Healthy Lives.

8 PHE (2016) 'Local wellbeing, local growth: adopting Health in All Policies'

9 PHE (2017) 'Public Health Outcomes Framework: Health Equity Report Focus on ethnicity' https://www. gov. uk/government/uploads/system/uploads/attachment_data/file/629563/PHOF_Health_Equity_Report. pdf - Page 6

10 Frontier Economics (2009) Overall costs of health inequalities. Submission to the Marmot Review. www. ucl. ac. uk/gheg/marmotreview/Documents

11 Morris S (2009) Private communication for the Marmot Review, 2010

12 McKinsey Global Institute (2014) 'Overcoming Obesity: An Initial Economic Analysis'

13 Estimates drawn from Scarborough, P. (2011) 'The economic burden of ill health due to diet, physical inactivity, smoking, alcohol and obesity in the UK: an update to 2006–07 NHS costs'. Journal of Public Health. May 2011, 1-9

- The estimated £21 billion annual cost of alcohol related harm in the UK is comprised of £11 billion for crime, £7 billion in lost productivity and £3. 5 billion for the NHS[14].
- The Early Intervention Foundation analysis in 2016 estimated that nearly £17 billion **per year** – equivalent to £287 per person – is spent in England and Wales by the state on late intervention. Such costs, borne by local authorities (£6.4 billion), the NHS (£3.7 billion) and Department for Work and Pensions (DWP) (£2.7 billion), manifest themselves in childcare costs, domestic violence costs, and benefits for those not in employment, education or training (NEETs) [15].
- In 2016 the economic, social and human cost of mental ill-health in the UK was £105 billion[16].
- A 2014 report showed that in the UK, cardiovascular disease cost **€18. 9 billion**, which represents 1. 4% of the UK's Gross Domestic Product (GDP)[17].
- Smoking causes around 79,000 preventable deaths in England4 and is estimated to cost our economy in excess of £11 billion per year. Of this cost in 2015-16: **£2. 5 billion fell to the NHS £5. 3 billion to employers and £4. 1bn to wider society**[18].
- The social and economic cost of drug supply in England and Wales is estimated to be £10**. 7bn a year**[19].

These figures are significant at a national scale, but their impacts are felt most strongly on the ground in local places. Responses must be in tune with local variations in circumstances and people's livelihoods if they are to have a chance of success. There is evidence that taking action is cost effective and offers high returns of investment, particularly at the population level, work by the World Health Organisation (WHO) shows that, on average, individual-level approaches are found to cost five times more than interventions at the population level (WHO, 2011)[20].

14 PHE (2014) 'Alcohol and drugs prevention, treatment and recovery: why invest?' – Page 13

15 Early Intervention Foundation (2016) 'The cost of late intervention' – Page 4

16 A report from the independent Mental Health Taskforce to the NHS in England (2016) 'The Five - Year Forward View of Mental Health' – Page 10

17 Centre for Economic and Business Research (2014). The Rising Cost of CVD. Accessed 05/10/2017. Available: https://www. cebr. com/reports/the-rising-cost-of-cvd/

18 Department for Health (2017) 'Towards a Smokefree Generation: A Tobacco Control Plan for England'

19 HM Government (2017) '2017 Drug Strategy' – Page 4

20 WHO (2011) 'From burden to "best buys": reducing the economic impact of non-communicable diseases in low- and middle-income countries'.

3 Devolution to City/Metro Regions

In May 2017, we passed an important milestone in English devolution with the election of six new Metro Mayors. And in November 2017, North of Tyne secured the first devolution deal of the Theresa May premiership, which will establish a Combined Authority in 2018 and elect a Metro Mayor in 2019[21]. Alongside wider devolution plans, this presents the possibility of aligning power over resources at the right spatial level to make a difference. By providing greater freedoms and flexibilities at a local level, services and support can be more effectively joined up around people's needs. In particular, devolution provides an opportunity to adopt a more place-based approach.

> *"A simple proposition lies at the heart of place-based care: that we blur institutional boundaries across a location to provide integrated care for individuals, families and communities.*
>
> *Energy, money and power shifts from institutions to citizens and communities. Devolution becomes an enabler for a reform programme that starts to deliver on the long-held promise of joining up health and social care for a population in a place, with the ultimate aim to improve the public's health and reduce health inequalities[22]."*
>
> Duncan Selbie and Henry Kippin, 17 March 2016

Six combined authorities across the country elected a mayor in May 2017: Cambridgeshire and Peterborough, Greater Manchester, Liverpool City Region, Tees Valley, the West Midlands, and the West of England. The six newly-elected metro mayors will have responsibility for articulating a vision for their place, setting a strategy for the economy, and, together will have over £5 billion of new investment funding at their disposal.

The North of Tyne Combined Authority is expected to come into being in Spring 2018, following its Governance review and consultation, and to operate with an Interim Mayor until Mayoral elections take place in May 2019. For the Sheffield City Region, the picture is more complicated. The Mayoral devolution deal was agreed in 2015 and the Parliamentary Order has been laid for a Mayoral election to take place in May 2018. However, since then two of the 4 constituent Councils have voted not to proceed with the devolution deal. The consequence of this is that the devolved powers for a Mayoral Combined Authority in the Sheffield City Region have not been agreed. As it is not clear how this situation will be resolved, we have not set out any detail in this report about devolution powers and funding for this City Region.

Mayors have control over new long-term budgets from central government. Their powers include more control over: roads and transport, housing, strategic planning, and skills and training. By working with local business leaders from larger firms and small and medium-sized enterprises (SMEs), mayors will promote economic growth and capitalise on local strengths and assets such as in their universities and business sectors and be able to draw on tailored scientific research and innovation.

Their influence is wider than just their formal responsibilities and can set the focus of both the combined authority and wider stakeholders. For example, the Mayor of Greater Manchester, Andy Burnham, pledged to end rough sleeping by 2020 in his election manifesto, and launched the Homelessness Fund on his first day in office, adding 15% of his own salary into the pot[23]. This is not dependent on the budgets or powers devolved from Government, as he is raising money from contributions from housing associations, business, the general public and others. The mayor was able to make the strategic decision to focus on this issue, whilst the mayoral office is able to make it a reality.

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21 North of Tyne (2017) 'The deal at a glance' https://northoftynedevolution.com/deal/ Accessed: 11.12.17.

22 PHE (2016) 'The journey to place based health'. Accessed 05/10/2017. Available: https://publichealthmatters.blog.gov.uk/2016/03/17/the-journey-to-place-based-health/

23 See: https://www.gofundme.com/GM-Mayoral-Fund

Devolution provides a timely opportunity for cities to be more ambitious and creative. For example, investing in better urban planning, air quality mea sures and "social infrastructure" will promote better health and wellbeing, whilst contributing to inclusive economic growth and prosperity. Developing a health in all policies approach also means focusing on building capacity and aspiration in the population rather than continuously working to meet needs as they present themselves.

Place Based Approaches to Inclusive Growth

Place shaping is of crucial importance and the RSA Inclusive Growth Commission recommended place-based budgeting and spending reviews as means to achieve this in practice. Such approaches stress that action should be directed both at people and place, rather than perpetuate existing organisation boundaries and areas of spending as ways of delivering services.

To create a virtuous circle of improved health and wealth for all, this will mean not just taking a place based approach within the public sector. Local SMEs and larger businesses, third sector and a range of other sources of assets that can help shape a healthy place need to be coordinated and their influence brought to bear. Indeed, what is needed is:

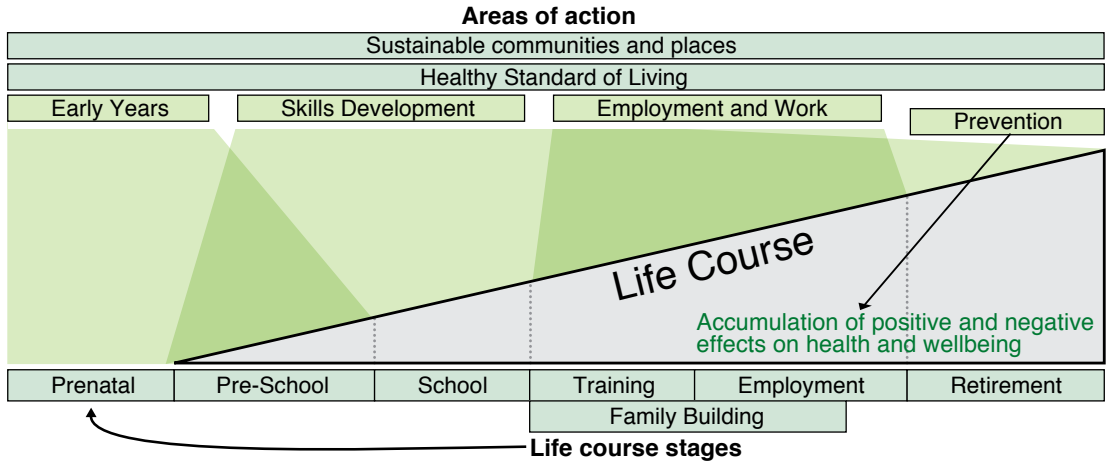
> *"A new national place-based spending review, which would attribute the total amount of public sector spending and investment to places rather than departmental siloes. Key features of this new approach would be: place based accountability; horizontal service integration; commitment to specific social and economic outcomes; and multi-year finance settlements*[24]*."*
>
> The RSA Inclusive Growth Commission, 2016

Life Cycle Approach

As well as highlighting the importance of place based approaches, to truly reap the benefits of local action, PHE, along with the WHO, point to the benefits of adopting a people centred lifecycle approach. This recognises that a holistic approach at key stages of a person's life has a particular impact on their health. Moreover, a healthy outcome at one point in the life cycle contributes to health later[25].

Figure 4 illustrates how the effectiveness of interventions varies over time. Early interventions yield more significant, long-term results and there is a broad consensus, informed by the Marmot Review, that a good start in life is vitally important for reducing health inequalities throughout life.

Figure 1. Investments across the lifecycle



Source: Marmot review 2010

24 Inclusive Growth Commission (2016) – Page 46

25 Kudlova, E (2004), 'Life Cycle Approach to Child and Adolescent Health' – Page 1

The significant divergence in child development by social class between 0-9 months and 3-4 years leads to major inequalities in attaining the skills necessary for success at working age. School readiness a measure of how prepared a child is to succeed in school cognitively, socially and emotionally, includes a range of language, personal, social and physical and maths skills, is lower in more disadvantaged groups. The case for early intervention is strong:

- Every £1 invested in early care and education saves taxpayers £13 in future costs.
- For every £1 spent on early years education, £7 would have to be spent in adolescence to have the same impact.
- Targeted parenting programmes to prevent conduct disorders pay back £8 over six years for every £1 invested with savings to the NHS, education and criminal justice.

The Role of Mayors

The mayoral office represents a great opportunity to bring together different strands of social and economic policy, to pool resources and work across silos, agencies and the public and private sectors. The newly-elected mayors will drive their manifesto promises through the mayor's office, drawing together work which would conventionally take place across multiple organisations and agencies. For example, Marvin Rees, Mayor of Bristol, has already established a Bristol City Office which brings together the city's resources to focus on cross-cutting challenges like early intervention. Other mayors have outlined that they will tackle particular priority issues by convening mayoral taskforces.

City mayors across the world are known for forming creative initiatives to tackle the problems facing their cities, and wellbeing has long been at their core. In New York, Mayor Bloomberg tackled significant public health issues, from calorie counts for restaurants with 15 outlets or more in order to encourage diners to be more aware of their consumption, to banning smoking in restaurants and bars. 8 years later, this ban extended to city parks and other public spaces. Alongside stringent sales enforcement to minors and local taxation, this contributed to a fall in the percentage of adult smokers from 22% to 15%. Mayor De Bassio has taken up the leadership role and is now taking action to improve the mental health of New Yorkers. Another example is the Mayor of Oklahoma City who challenged the city to take part in diet related activities after numerous reports gave it an unenviable reputation for being the most obese city in the US. By 2012, more than 47,000 people had signed up and participants collectively dropped one million pounds in weight[26].

Devolution in England has given Mayors and other local Leaders not only a platform but also some limited levers to pull on health and wellbeing. Figure 2 sets outs what this means for the different Mayoral Combined Authorities. Only Greater Manchester has been given devolved powers over the £6 billion budget for health and social care. Whilst the Mayor will have no formal responsibility for the integrated health and social care bodies, there may be pressure on the Mayor to broker agreements across the devolved institutions[27]

None of the other Mayoral Combined Authorities have so far sought or been given similar devolution of health budgets. But there are health and wellbeing components in most of the other devolution deals, as Figure 2 illustrates. Liverpool City region and Cambridgeshire and Peterborough have delegated planning powers for health and social care integration, but have not been allocated any additional funds. Most of the devolution deals involve shared responsibility with government for health and employment programmes, and there are some other health and wellbeing elements which are unique to each of the devolutions deals.

26 Birrell, I (2015), 'The fat city that declared war on obesity'. Accessed 05/10/2017. Available: https://mosaicscience. com/story/fat-city

27 Sandford (2016), 'Devolution to local government in England' House of Commons library.

Figure 2. Mayoral devolution deals with a health and wellbeing component

	Mayoral Devolution Deals					
	Cambridgeshire and Peterborough	Greater Manchester	Liverpool City Region	West Midlands	West of England	North of Tyne
Single investment pot	✓	✓	✓	✓	✓	✓
Health and social care devolution		✓				
Planning for health and social care integration	✓	✓	✓			
Work and Health Programme Joint Commissioning	✓	✓	✓	✓	✓	
Review Children's services		✓	✓			✓
Work and Health Programme Pilot		✓	✓		✓	✓
Establish an Inclusive Growth Board						✓

Cambridgeshire and Peterborough

The Cambridgeshire and Peterborough devolution deal commits to transforming public service delivery and making the best use of the working arrangements that have been established between councils, businesses and public services[28]. The parties will work together with Government, NHS England and other national partners to support the Sustainability and Transformation Partnership's move towards greater integration of health and social care.

The deal also includes a commitment to co-design their Work and Health Programme. The Employment and Skills Board will work with the DWP to develop a programme focused on those with a health condition or disability and who are long-term unemployed. By working with the DWP, the combined authority can shape elements of the commissioning process all the way from strategy to service design, managing provider relationships and reviewing service provision[29].

28 Cambridgeshire and Peterborough devolution deal – Page 3

29 Cambridgeshire and Peterborough devolution deal - Page 16

Greater Manchester

Greater Manchester's 2014 devolution deal was one of the earliest, though its mayor was only elected in May 2017. In February 2015, the health budget was devolved, giving the region control of the £6 billion health and social care budget. This paved the way for the agreement signed in July 2015 that supports the city's population health plan, signed by Greater Manchester's public health leads, Public Health England, NHS England and Greater Manchester's NHS Clinical Commissioning Groups, NHS provider organisations and emergency services.

Greater Manchester's slogan: 'Start Well, Live Well and Age Well', reiterates the life cycle approach that will be implemented across programmes aimed at achieving better outcomes throughout life. The strategy recognises that it is not just health and social care that will have a positive impact on those challenges, but wider public services. By shifting the focus to people and place, rather than organisations, the ambition is to work collaboratively to help people stay healthy, and treat people more quickly and effectively in order to improve outcomes.

A holistic approach is central. Focusing on the capacities and capabilities that exist within communities, preventative action and disease management in the community has been identified as central to creating healthier communities. A series of interventions, linking health and wellbeing to wider social needs such as housing, transport and employment, are planned.

A fourth devolution agreement has established a Life Chances Investment Fund to expand Greater Manchester's flexibility over investment decisions and capacity to increase investment in innovative approaches[30]. The Life Chances Investment Fund will combine three funding streams (Troubled Families, Working Well and Cabinet Office Life Chances Fund) into a single flexible pot, which will be supplemented by additional resources from Greater Manchester. This involves agreement between Government and Greater Manchester over an outcomes framework, which would satisfy Government that core objectives are being met, whilst allowing Greater Manchester flexibility to invest where best outcomes can be achieved for residents[31].

Liverpool City Region

Since the devolution deal was signed in 2015, the Liverpool City Region Combined Authority and all NHS partners have been in ongoing dialogue about greater health and social care integration, focussing on wellbeing.

The Clinical Commissioning Groups (CCGs) across Liverpool City Region have formed a Committee in Common which is expected to publish a report on priority health conditions, from which a strategy will be developed. The City Region will also undertake a fundamental review of the way in which children's services are delivered to explore possibilities for integration and improving efficiency.

West Midlands Combined Authority (WMCA)

As part of its devolution deal, the West Midlands Combined Authority was tasked with developing a Strategic Economic Plan (SEP). The SEP measures success using economic, social/public service reform, fiscal and environmental indicators. Wellbeing is an intrinsic part of the SEP through the adoption of a life cycle approach in which progress made across the life course is considered. This includes monitoring the following measures:

- Healthy life expectancy at birth with an emphasis on reducing inequality between males and females
- Employment rate gap for those in contact with secondary mental health services
- Rates of suicide
- Percentage of physically active adults

Inclusion of these indicators signals a significant shift in both the focus of a SEP and the recognition of the centrality of wellbeing across the lifecycle to improving economic outcomes. At the same time, they represent the potential for the inclusive growth agenda to be given an even stronger focus.

30 GMCA (2016) 'Fourth Greater Manchester devolution agreement announced in Budget'. Accessed 05/10/2017. Available: https://www. greatermanchester-ca. gov. uk/news/article/56/fourth_greater_manchester_devolution_agreement_announced_in_budget

31 GMCA (2016) 'Fourth Greater Manchester devolution agreement announced in Budget'. Accessed 05/10/2017. Available: https://www. greatermanchester-ca. gov. uk/news/article/56/fourth_greater_manchester_devolution_agreement_announced_in_budget

The first of its kind in the country, the West Midlands Combined Authority ran a Commission to investigate the impact of poor mental health. In January 2017, the Commission produced an action plan, Thrive West Midlands, which sets out an intention to drive better mental health and wellbeing of people in the region under themes that relate to: supporting people into work and whilst in work; providing safe and stable places to live; mental health and criminal justice; developing approaches to health and care; getting the community involved[32].

To take forward all their work a Wellbeing Board has been established. As well as implementing the recommendations of the Mental Health Commission it is exploring how to capitalise on the opportunities having a metro mayor presents in driving a virtuous cycle of improving both health and wealth as two sides of the same coin.

Devolution to London

London's experience of devolution has recently culminated in the signing of a Health and Care Devolution MoU in November 2017. It has been signed by signed by the Mayor of London, Secretary of State for Health Jeremy Hunt, London Councils and NHS, Public Health and wider health and care leaders. Through devolution, it is hoped that health and care services are brought closer together to provide joined up provision to the population.

The deal sets out three areas which will see changes to the way they are arranged in the capital. Better health and care services, better use of NHs buildings and land and prevention ill health.

Costs and benefits are spread wider than the immediate realm of public health; the NHS in London will be incentivised to sell unused land and buildings, with money reinvested in health and care, community and public services.

A great deal of emphasis has been placed on the importance of wellbeing and prevention and early intervention rather than support when a health issue is causing problems.

Over the past two years, five devolution pilots have been implemented across the capital to explore how more local powers, resources and decision-making could accelerate improvements in health outcomes[33]. This deal incorporates learnings from these pilots.

North of Tyne:

The North of Tyne have agreed a 'minded-to' devolution deal equipping the area with £20m per year for 30 years of revenue funding to be invested in economic priorities.

This investment pot is 100% revenue funding and will provide the Combined Authority with the flexibility to deliver inclusive growth priorities through a mixture of capital projects, programmes and social interventions.

The agreement has a strong inclusive growth element, with socially focused interventions to be administered through a single, unified Board. There is an opportunity for the Board to work with the Cities and Local Growth Unit to develop programmes.

Specifically, on health and wellbeing, there is an opportunity for greater collaboration across services for children, young people and families including health services to deliver better outcomes. Health services will also be integrated with employment and skills services to increase the number of residents moving into work.

32 Lamb, N. Appleton, S. Norman, S. Tennant, M. (Eds.) (2017) Thrive West Midlands: An Action Plan to drive better mental health and wellbeing in the West Midlands.

33 https://www.london.gov.uk/what-we-do/health/london-health-and-care-devolution/testing-health-and-care-devolution

Investment funds

As well as the health-related components of the devolution deals, the Single Pot Investment Fund offers further opportunities to invest in health and wellbeing measures that will promote inclusive growth.

This 'single pot', which includes new capital and revenue funding, available over a 30-year period, will enable significant levels of local autonomy over investment decisions. Mayoral Combined authorities will decide how to spend this funding, with five-yearly assessments of how the spending has contributed to economic growth[34].

An intersectoral approach to health, accompanied by joint budgeting (or pooled budgets), is one approach which may help overcome barriers and disincentives to different agencies working together. Such an approach would enable spending on wellbeing to be viewed less as a cost to one sector, where the savings benefits others, but as an investment that will generate cost savings and a multitude of benefits within the whole system. This can be successful if budgets allow flexible spending for capital and revenue purposes.

In terms of other sources of funding, Cambridge and Peterborough, the West Midlands and the West of England have access to the Transport Grant and Adult Education Budget, whilst Cambridgeshire and Peterborough, Greater Manchester, Liverpool City Region and Tees Valley have the flexible element of the Local Growth Fund, and the North of Tyne also has devolution of the Adult Education Budget.

Figure 3. Additional investment funding in devolution deals and other capital funding streams

Mayoral Combined Authority	Single Investment Fund Value (p. a. for 30 years)
Cambridgeshire and Peterborough	£20 Million
Greater Manchester	£30 million
Liverpool City Region	£30 million
West Midlands	£36.5 million
West of England	£30 million
Tees Valley	£15 million
North of Tyne	£20 million[35]

Source: Analysis of DCLG (2017) 'Devolution and mayors: what does it mean?'

34 Department for Communities and Local Government and HM Treasury (2016) 'English Devolution Deals' - Page 23

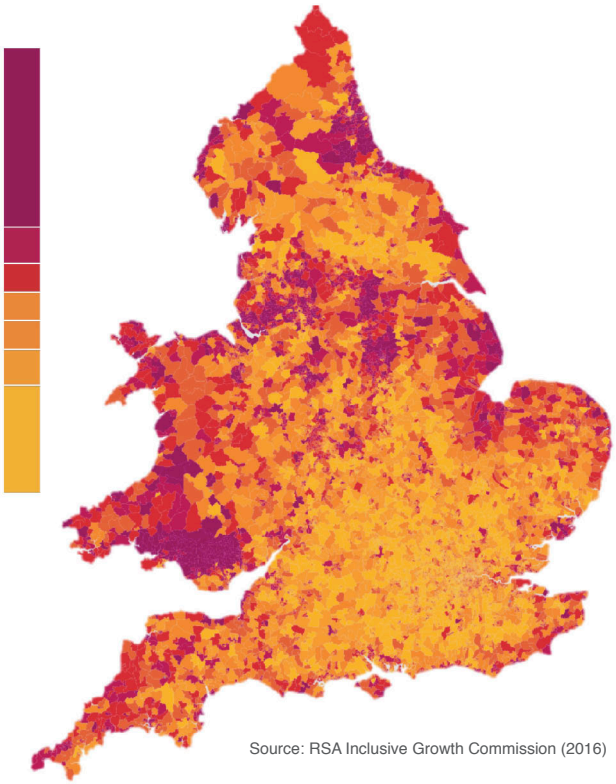
35 What is the official source?

4 Population Health and Inclusive Growth

For Mayors that aim to make their cities more economically successful and inclusive, wellbeing will need to be a central pillar of their economic and public service reform strategies. Such an approach is needed to strengthen social infrastructure so that individuals, families and communities have the capacity, capabilities and resilience to participate fully in society and contribute to economic growth.

The health of our population is dependent on collective action at all levels by multiple agencies. Specifically, local place-based action and strong local political leadership is important. As newcomers on the scene, Mayors will be grappling with challenges of improving productivity, advancing skills levels, ensuring better in-work progression and greater economic participation in their city regions, in order to achieve their economic objectives. Improving the health and wellbeing of all their population will be central to this. The Industrial Strategy acknowledges that getting people back into work, who have been out of the labour market through ill health, including through mental health problems, is a key productivity priority.

Figure 4. Percentage of the economically inactive population who are too sick to work



Source: RSA Inclusive Growth Commission (2016)

This map, produced by the RSA Inclusive Growth Commission, shows the people too sick to work as a percentage of those who are economically inactive (not including retirees). The deepest purple denotes proportions as high as 62% and the lightest yellow is 0%. A patchwork of health and wealth inequality across the country can be clearly seen from this map, which reflects a pattern that has persisted for decades.

The challenge of ensuring high quality work for all is crucial to the new mayors as health and work reinforce one another, both at a population and an individual level.

Individuals and populations in good health have lower sickness absence, presenteeism are more attractive as employees and help maintain more stable economies. Conversely, poor health can be a significant barrier to accessing and remaining in work. At a population level, having a high proportion of people in poor health could be a disincentive to businesses looking to invest and recruit a local workforce.

Action needs to be local, as in each city the profile and emphasis of different business sectors varies, and the diversity of the local population will present a variety of opportunities for both short and long-term action.

The workforce is not homogenous, and we know that different sections of the population have different needs and experience different challenges. For example, younger people are more likely to be in precarious forms of employment and have different expectations. Older people are more likely to experience longer periods of employment.

Stark inequalities in employment rates exist for many. For example, the employment rate of the 6.5m people who have a disability in Britain is 48%, compared to an employment rate of 80% for the working-age population as a whole[36].

There are inequalities also across ethnic groups, as shown by the recent Government Race Disparity Audit[37] and research has also highlighted that there remain significant challenges for lesbian, gay, bisexual, and transgender (LGBT) workers.

Inequalities may compound each other, both in terms of recruitment and retention. An individual who has a chronic health condition and comes from a minority community may potentially find it harder to enter the labour market and once in employment may find it harder to access support or experience additional compound discrimination.

There is also an issue related to getting people with a health problem into work and keep them retained. Ensuring people do not drop out of the workforce is the subject of many devolution deals and is at the heart of Improving Lives, the Green Paper on Health and Work.

Low productivity is a longer standing problem and action to tackle this is expected to feature prominently in the new national Industrial Strategy. Low productivity is correlated with poor health and t sectors of the economy with low productivity are more often associated with low wages - a key determinant of health. There is therefore a connection between productivity levels and health[38] and it is all too common to see these factors reinforcing each other in a vicious circle.

Through these factors can reinforce one another positively, and this points to the potential return on investment of action to break this link and create a virtuous cycle of higher productivity, higher inclusive economic growth and better population health. The impact of improved population health producing a multiplier effect into the local economy. Again, localised action is needed to ensure a targeted approach directed at those sectors of local economies where productivity is low, involving SMEs and other larger employers in the work.

Rising productivity is the central determinant of improving living standards in the medium and long-term and drives differences in incomes between countries[39]. Investment to make places more attractive to live and work is an important strand in a holistic approach. Without this firms may still struggle to attract and retain the talent they need.

In the next section, we explore the barriers which stand in the way of investing in policies that prioritise people's wellbeing.

36 DWP and DfH (2016) 'Improving Lives. The Work, Health and Disability Green Paper' Page 5

37 Cabinet Office (2017) 'Race Disparity Unit'

38 IPPR (2016), 'Boosting Britain's low-wage sectors. A strategy for productivity, innovation and growth' – Page 3

39 HM Treasury (2015) 'Fixing the foundations: Creating a more prosperous nation. '

5 Making Investment Work for Wellbeing

Devolution opens the possibility for places to think more carefully about how their institutions can operate in an integrated way, to deliver more effective public services that prioritise wellbeing. People's lives are heavily influenced by their local environments, such as their homes, neighbourhoods, schools and places of work, all of which have the potential to influence wellbeing. At the same time, the services and systems of care that people call on tend to be in their local area. Therefore, local government and combined authorities have the ability to influence wellbeing by taking action which will increase wellbeing and prioritise early intervention. Devolution can allow for a new local system which pursues the wellbeing agenda.

Identifying what works will be crucial if mayors are to make wellbeing a cornerstone of their actions. Mayors cannot do this alone and will need to work closely with a range of stakeholders. Public Health England has reported widely on the types of activities that maximise dividends from investing in health, with detailed information on interventions to address specific problems[40]. PHE produce a range of information sources important in helping target local priorities[41]. Local public health teams are also a good source of leadership and professional advice and support.

Mayors should recognise the vital contribution that communities can make to health and wellbeing, particularly those that engage people at highest health risk through social networks and support. The 'asset-based community approach' draws on the skills and knowledge, social networks, local groups and community organisations as building blocks for good health[42]. Mayors and their stakeholders should adopt participatory approaches which directly address the marginalisation and powerlessness caused by entrenched inequalities.

The nature of costs and returns

Public investment frameworks do not deal well with situations where there is high degree of uncertainty regarding timing and the extent of returns that can accrue across different sectors.

Organisations looking to invest in wellbeing find also that incentives are not structured in a way which promotes them taking decisions with a longer term pay back. All of which means making the case for intervention difficult. Benefits and savings from investment will take time to accrue. Developing a business case within one or two-year budget planning cycles for activities to address wellbeing can be problematic when the full benefits and savings will accrue over longer time periods (see Figure 5). Early years interventions for example highlight both the long-term nature of the benefits and the dividends of such an investment (See Chapter 1).

Places that are looking to integrate measures of wellbeing and inclusive growth within their Strategic Economic Plans will therefore find this difficult. These therefore need to be able to trial innovative approaches to using such funds at scale to see what returns are generated and if this is a replicable elsewhere.

40 See PHE Health Matters blogs available at, https://publichealthmatters.blog.gov.uk/

41 See Health Profiles for England, Finger tools, health economic tools https://fingertips.phe.org.uk/

42 Morgan A, Ziglio E (2007). 'Revitalising the evidence base for public health: an assets model' – Pages 17-22

Organisational and geographical boundaries

Organisational boundaries can act as a barrier to collaboration and partnership working. Making collaboration work requires incentives and finance systems to be aligned and for organisations to work towards shared outcomes. The practicalities of which agency carries out the intervention and which receives the benefits can be complex.

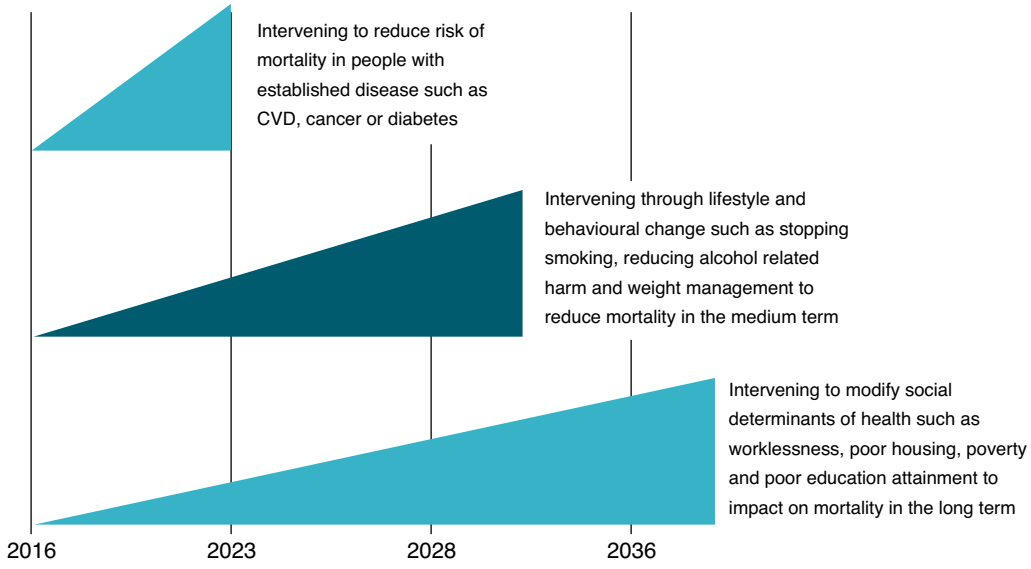
Varying geographical boundaries often act as a barrier, but the new devolved arrangements may help overcome this by working at the wider scale of the city region or combined authority.

Commissioning barriers

Strong system leadership is important[43]. Leaders will need to balance multiple priorities and services and ensure their way of working is carried through at all levels. Investment in wellbeing may be new for some people, particularly in those environments that have been historically geared around managing the demands placed on public services. Such an approach does not translate readily into the language of economics and for many will be a leap of faith. This is not insurmountable, but it requires understanding and buy-in from all levels of the system to succeed.

Devolution provides an important opportunity to create and embed new approaches to wellbeing with mayors playing a central role in galvanising the shift in thinking needed. A shared set of outcomes across the public sector within a place, accompanied by pooled budgets, could help ensure that all services share responsibility for action.

Figure 5. Health inequalities – different gestation times for intervention



Source: North East Health and Social Care Commission (2016)

43 NHS (2017) 'Developing People – Improving Care'

Ensuring wellbeing features in investment spending also requires well designed approaches to financing to overcome barriers and disincentives. The WHO has suggested a number of mechanisms, including[44]:

1. Dedicating earmarked funding which sets aside specific funds from new or existing revenue streams. This idea was recommended by the Commission for Health and Social Care integration in the North East. The North East Combined Authority Devolution Deal devolution deal, did not go ahead. But now that the North of Tyne devolution deal has been agreed, there is the opportunity to look at this idea again.
2. Delegating funding to an independent or semi-independent statutory health promotion body. This implies a transfer of power and discretion away from Government, but also from the new mayors.
3. Establishing joint budgets whereby two or more sectors share their resources to address a specific health promotion issue, such as employment and health as in Manchester's Working Well Programme. Greater levels of devolution may offer the potential to pool resources across sectors to improve health and wellbeing.
4. Identifying outcomes of interest to all potential partners, as well as the economic costs and payoffs.
5. Making ongoing financing conditional on routine monitoring and evaluation.
6. Sharing experiences from pioneering areas to improve replicability.

We may still be in the early days of devolution with more substantial decentralisation of funding and powers still to come. Already we can see the potential for change with some mayors already signalling their intent to focus on inclusive growth, joining those, such as in the Core Cities, which have been working on this agenda and public service reform for a number of years. These local government leaders working with national partners, What Works Centres, education institutions, private enterprises and investors would create a powerful coalition to test, deliver and evaluate real change.

This process should include residents in co-design. Communities can be empowered to respond, but they may require support through premises, small funding pots, or simply advice in translating a good idea into a project.

North East Health Prevention Fund

The report of the North-East Health and Social Care Commission proposed a radical improvement to improve wellbeing by increasing preventative spending across the health and care system. Of the £5.2 billion spent on health and social care annually in the North East, expenditure on prevention is both proportionately small and highly variable across health, care and wider public services.

The report proposes a Prevention Investment Fund to coordinate contributions from all partners that stand to gain from expected savings. The fund would ring-fence spending, managed on a cross-system basis, so that high impact interventions are funded irrespective of the original funding source. Savings from the fund would accrue to a range of partners including commissioners and providers of health and care. The fund would become self-sustaining as preventative activity reduces pressure on services, releasing savings which can be recycled to further wellbeing investments[45].

The Working Well Programme

The Working Well Programme in Greater Manchester is a unique approach designed by the GMCA, central government and the DWP to trial a locally-developed and delivered model of welfare-to-work[46]. Whilst the Work Programme was criticised for being less effective at helping those with physical and/or mental health issues into employment, the Working Well programme is designed around tailored interventions and intensive support with a holistic approach[47]. The focus has been to achieve more sustained job outcomes through intensive and personalised support that is fully integrated and sequenced as part of wider transformation of public services across Greater Manchester. Programme evaluation has found increased wellbeing amongst participants. As a result of this the next phase of the programme, has been expanded to incorporate the local work and health programme, with a total funding of £52m to support over 22,000 individuals in GM between 2018-2024[48].

44 McDaid, D and Park, A-La (2016), 'Health Evidence Network Synthesis Report'

45 North East Combined Authority (2016), 'Health and Wealth – Closing the Gap in the North East' – Page 4

46 Working Well Update Report to the Economic Scrutiny Committee (2016)

47 Dickinson, S (2015), 'Interim Evaluation of Working Well' - Page 4

48 GMCA (2017) 'GMCA appoints Working Well (work and health programme) provider' Available: https://www.greatermanchester-ca.gov.uk/news/article/222/gmca_appoints_working_well_work_and_heath_programme_provider. Accessed 23/11/17

6 What Could Mayors do?

Metro Mayors have a big opportunity to lead new approaches to wellbeing, prioritising preventative interventions that improve health and generate greater wealth. Because they have a wide popular mandate they have the authority to establish new system wide priorities for their areas that link social and economic policy together. The aim should be to hardwire wellbeing into local economic policy, so that health and wealth are the twin priorities for metro growth.

There is no blueprint for how to combine health and wealth strategies. This is a new opportunity, but to seize it will require overcoming institutional and financial barriers. We set out below some suggestions for how this agenda can be taken forward by Metro Mayors. Some of these are already being adopted in individual mayoralties, but the big prize will come from seeing these approaches across more areas.

1 Reflect wellbeing in economic plans and measures:

Reducing health inequalities should be measured and prioritised as an explicit focus of mayoral activities, rather than merely a consequence of economic growth.

- Create Strategic Economic Plans (SEPs) which have a wider approach to economic and community outcomes and that highlight the interconnections between prosperity and individual health and wellbeing. Mayors should work with local partners to ensure that their Strategic Economic Plans (SEPS) include life cycle measures, such as school readiness at age five, intergenerational equality, as key outcome indicators.
- Adopt wider Gross Value Added (GVA) measures, such as the RSA Inclusive Growth Commission's proposed 'quality GVA' measure (which includes living standards, employment and lifecycle wellbeing, as well as output). This could contribute to the prioritisation of action to promote wellbeing as a driver of growth and prosperity.

2 Make wellbeing a key priority of mayoral single pot investment funds.

Use the relatively unfettered investment funds introduced by devolution deals to prioritise wellbeing.

- As these funds often combine revenue and capital, they provide an ideal opportunity to move from traditional capital investments to system interventions that are designed to promote inclusive growth as well as GVA. That means investing in social infrastructure, early intervention to support children and families, skills and community employment, as well as physical infrastructure such as transport.
- It is important to invest in capacity in local communities to take part and shape action in support of this agenda, harnessing their insights and the assets communities themselves have to bring.

3 Adopt a Health in All Policies approach.

Place health at the centre of policy and decision-making.

- Mayors should collaborate across sectors to engage business, education, housing, transport and the judicial system to look at wellbeing issues in their work.
- Decades of experience from around the world shows that re-shaping people's, physical, social and service environments improves wellbeing and economic growth.

4 Use Mayoral Leadership to promote wellbeing and leverage local expertise

Use the mandate and platform that mayors have to commission and trial new city region-wide initiatives. Opportunities can include:

- Use the convening role of mayors to bring together key organisations across the system to agree area wide wellbeing priorities and then to drive system leadership approaches to these.
- Work with local practitioners and communities to identify innovative approaches to promoting healthy lifestyles and implementing interventions. Existing good governance structures such as Health & Wellbeing Boards can be enlisted to help drive the strategic vision for the city region.

5 Work across mayoral combined authorities to develop a new economic framework case for investment in wellbeing

Collaboration will be critical - to develop a shared framework for making the case for investment in wellbeing. This is about establishing a policy and investment environment within which officials feel that they have the 'permission' to invest in social as well as capital programmes.

- Existing ways of managing capital investment programmes is a significant barrier to developing new types of social investments. Mayoral Combined Authorities should work with each other to share good practice about how the economic case can be made for investment in areas such as early intervention, training, GP pilots on fit notes etc.
- There are frameworks that can be used and shared to enable social investment. These include the Inclusive Growth Decision making framework developed by Metro Dynamics with the Joseph Rowntree Foundation, and Cardiff and Sheffield City Regions; the Greater Manchester New Economy Cost-Benefit Analysis Tool, which is now included in the Treasury's Green Book; and the forthcoming PHE/ The Chartered Institute of Public Finance and Accountancy (CIPFA) report on financial reporting and accounting for prevention.
- To maintain momentum and develop good practice we recommend the establishment of a health and wealth network of mayoral combined authorities. Supported by Public Health England, this should include not just Wellbeing Boards, and Public Health Directors, but also economic development and capital programme officers.

6 Seize the opportunity to discuss with central government, the devolution of transformation funding and powers to ensure more priority is given to prevention and early intervention.

Many of the challenges that Metro Mayors are now dealing with require combining social and economic approaches at a city region level to deal with issues such as homelessness, underachievement in education, going back to a poor start to life in early years, and too many people unable to work due to mental illness.

Tackling the root causes of these issues will require more investment in preventative social interventions.

- Mayors could work together to develop the case for wellbeing and preventative investment being included in future devolution deals, building on the original mayoral devolution agreements. This would include powers to pool more budgets, additional flexibilities regarding investment criteria and new funding mechanisms.

7 Appendix

Acronyms

HiaP	Health in all Policies
DWP	Department for Work and Pensions
GMCA	Greater Manchester Combined Authority
GVA	Gross Value Added
NEETs	Not in Employment Education or Training
RSA	Royal Society of Arts
SEP	Strategic Economic Plan
SMEs	Small and Medium Sized Enterprises
WHO	World Health Organisation
WMCA	West Midlands Combined Authority

Public Health England

Public Health England exists to protect and improve the nation's health and wellbeing, and reduce health inequalities. We do this through world-leading science, knowledge and intelligence, advocacy, partnerships and the delivery of specialist public health services. We are an executive agency of the Department of Health, and a distinct delivery organisation with operational autonomy to advise and support government, local authorities and the NHS in a professionally independent manner.

Metro —— Dynamics

Metro Dynamics is a consultancy working with cities, towns and businesses across the UK and internationally supporting inclusive growth, collaborative governance and devolution. Our mission is to help cities to be places where all people can prosper, innovation can thrive and businesses can grow.

We have worked with the Midlands Engine, the West Midlands Combined Authority, a number of Combined Authorities within the Northern Powerhouse such as Liverpool, North of Tyne and Sheffield. We have also worked with Local Enterprise Partnerships across the country including New Anglia, Enterprise M3 and Cheshire and Warrington.

Metro Dynamics

3 Waterhouse Square
138 Holborn
London
EC1N 2SW

0203 868 3085

Elliot House
151 Deansgate
Manchester
M3 3WD

0161 393 4364