

Current issues in Labour's economic policy

8. National Health Service, prevention and care

28 November 2024

[@ewanmg.bsky.social](https://bsky.app/profile/ewanmg.bsky.social) ~ ewan.mcgaughey@kcl.ac.uk

School of Law, KCL ~ CBR, Cambridge

‘Set a **national goal for wellbeing to make health as important as GDP**; invest in services that help **shift to a preventative approach**. Stand up for universal services and defend our NHS....

A **Clean Air Act** to tackle pollution locally...

Public services should be in public hands, not making profits for shareholders.... **end outsourcing [of our] NHS.**’

- Keir Starmer pledges 2, 3 and 5.

‘With Labour [the NHS] will **always be publicly owned and publicly funded**... We must **change the NHS so that it becomes not just a sickness service, but able to prevent ill health in the first place**.... Too many patients have seen their treatment affected by strikes. Labour will reset relations with NHS staff’.

- Manifesto pp. 93 and 96

‘Labour will **ban vapes from being branded and advertised to appeal to children** to stop the next generation from becoming hooked on nicotine... We face a **childhood obesity crisis. So, Labour is committed to banning advertising junk food** to children along with the sale of high-caffeine energy drinks to under-16s.’

- Manifesto p. 102

(1) Pledges – in summary

- (a) Shift **to prevention**, away **from a ‘sickness service’**, with focus on **nicotine**, **junk food**, and **toxic air**
 - (b) The **NHS is to be publicly owned and funded**, end outsourcing, and ‘reset relations with staff’
 - (c) Set a national well-being goal to **make health as important as Gross Domestic Product**
- (2) Human rights (3) Legal background (4) International rank, data (5) Reform models (6) Benefits, costs

(2) Human rights

- **‘Everyone has the right to** a standard of living adequate for the **health and well-being** of himself and of his family, **including... medical care and necessary social services...’** Universal Declaration of Human Rights 1948 art 25(1)
- (1) **‘the right of everyone to the enjoyment of the highest attainable standard of physical and mental health....** (2)... (b) The improvement of all aspects of **environmental and industrial hygiene**; (c) The **prevention**, treatment and control **of** epidemic, endemic, occupational and other **diseases**; (d) The creation of **conditions which would assure to all medical service** and medical attention in the event of sickness.’ International Covenant on Economic, Social and Cultural Rights 1966 art 12
- *These treaties (+ the European Social Charter 1996) are agnostic over countries using Bismarck vs. Beveridge systems (insurance vs public).*

‘money ought not to be permitted to stand in the way of obtaining an efficient health service... It is **repugnant to a civilised community for hospitals to have to rely upon private charity**’.

- Nye Bevan, Minister for Health (1946)

‘the right of everyone to education... Higher education shall be made equally accessible to all... **in particular by the progressive introduction of free education**’. International Covenant on Economic, Social & Cultural Rights 1966 art 13

‘**I swear by Apollo, the physician**... that I will, to the best of my power and judgment, keep this oath and this written declaration in its integrity. I shall hold him, who has taught me this art, as a parent.... I shall regard his sons as my brothers, and, **if they wish to be taught, shall teach them this art without fee or indenture.**’ The Oath of Hippocrates, ca 450 BC

But how do we achieve human rights,
and political aspirations, in reality?

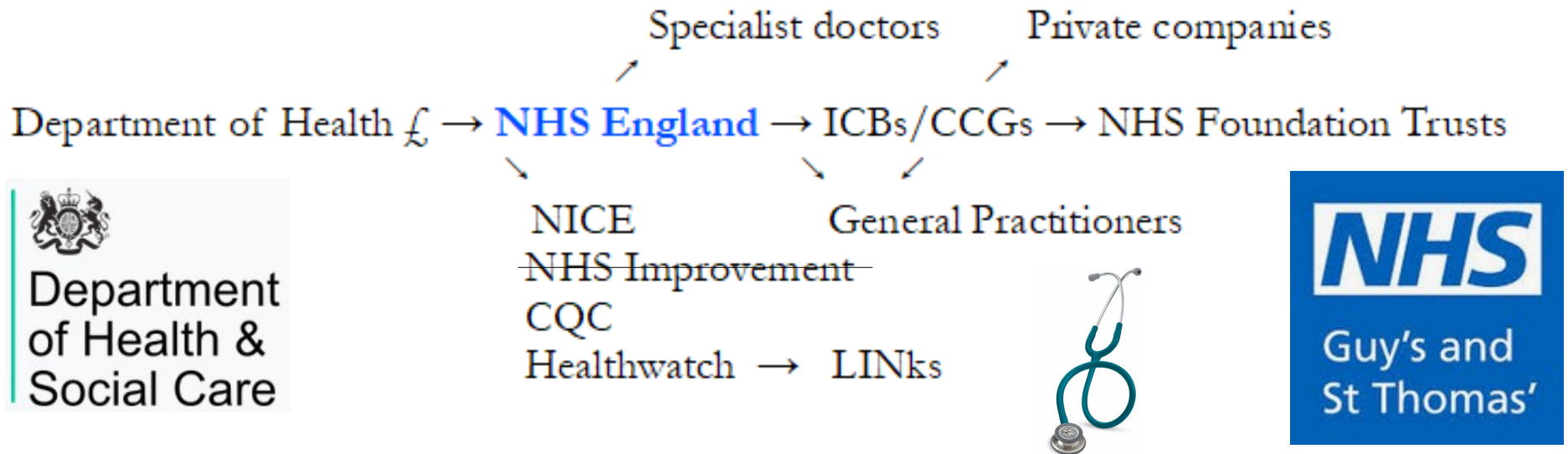
(3) Legal background

- (a) Prevention, public health and social care
- (b) NHS finance, governance and resetting relations with staff
- (c) Health and well-being vs. GDP

(a) Prevention, public health and social care

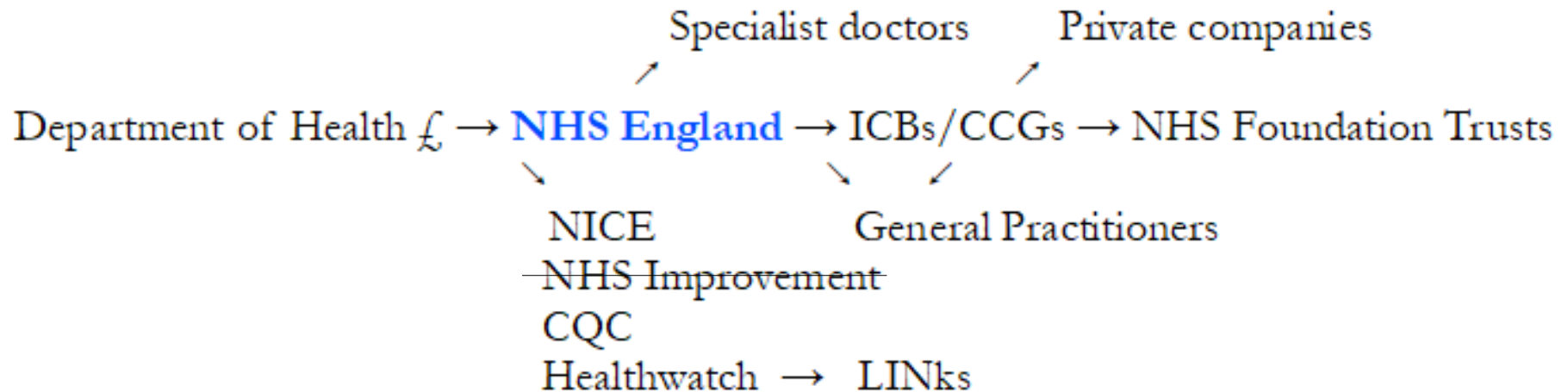
- **Public health duties (e.g. pandemic control) fall under Minister** and are delegated to UK Health Security Agency + OfHealth Imp + Disp (**not the NHS**) but may be transferred to NHS bodies. **No rulemaking powers yet over causes of poor health**: NHS Act 2006 ss 2A-B, 7A
- **Social care under control of local councils (not the NHS)**, with loose state supervision. Private providers, e.g. Southern Cross, found to have mismanaged, abused elderly residents: *YL v Birmingham CC* [2007] UKHL 27. Care Standards Act 2000 ss 1-11
- Council duty to accommodate and give services for care, but **may charge**: National Assistance Act 1948 ss 21-9
- Duty to 'meet the needs' of people, assistance at home, recreation, comfort, meals, communications. Councils assess needs of disabled, respond to request: Chronically Sick and Disabled Persons Act 1970. Disabled Persons (SCR) Act 1986 ss 4-16. Care Act 2014 ss 8-20.
- No cap on costs (even at a proposed level of £72k p.a.)

(b) Finance...



- **‘Access to NHS services is based on clinical need, not an individual’s ability to pay.’** DoH, *NHS Constitution for England* (2023) Pr 2. NHA 2006 s 1H.
- **NHS trusts can borrow privately**, if the Secretary of State approves. NHS (Private Finance) Act 1997 s 1
- Charges for **dental**, **optical** + for ‘drugs, medicines or appliance or pharmaceutical services’ unless people qualify for reimbursement of costs: NHA 2006 ss 172-181
- **NHS foundation trusts can do up to 49.9% private work** (2% before 2012): NHS Act 2006 s 43(2A) → Health and Social Care Act 2012 s 164

... governance ...



- **NHS England** (NHS Commissioning Board) appointed by Secretary of State, and distributes money to ICBs, Drs, and specialists: s 1H, Sch A1
- **Integrated Care Boards** appointed by SS: 3 nominated by NHS trusts, staff who 'provide primary medical services' + councils: NHSA 2006 Sch 1B para 8
- NHS trust boards are appointed by SS by order: NHSA 2006 Sch 4, paras 3-5
- **NHS foundation trusts** directors are one-third to half elected by staff, local councils and universities: NHSA 2006 Sch 7, paras 3-9
- GP terms are set collectively, and must have a 'patient participation group': NHS (General Medical Services Contracts) Regulations 2015 reg 26

... + staff pay and education costs

- Prime Minister sets NHS pay through collective bargaining on advice of Pay Review Bodies, appointed by Minister:
 - Review Body on Doctors' and Dentists' Remuneration
 - NHS Pay Review Body
- Nurses, doctors and dentists pay £9,250 to £45,420 a year in university tuition fees to train: Higher Education Act 2004 s 47
 - £40,000 debt average for nurses in 2024
 - £71,000 debt average for doctors in 2021

(c) Health and well-being vs. GDP

- GDP is not in statute (nor is well-being), but is calculated to include all **economic activities including those causing pollution, or harm to health and well-being**, by HM Treasury + ONS. From 26 January 2017:

“GDP is calculated three ways, adding up:

- **all the money spent on goods and services**, **minus** the value of **imports... plus exports** ... [expenditure]
- the **money earned through wages and profits** [income]
- the **value of goods and services produced** [output]

... All three different methods of calculating GDP should, in theory, give the same number... **GDP matters because it shows how healthy the economy is**”. Also EU GNI Regulation 2019/516 art 1.

How GDP is distorted by measuring harm

- But GDP increases for example if
 - (1) **health services are moved from free + public, to priced + private, even if health outcomes worsen**
 - (2) companies pollute but make profit, or
 - (3) companies sell junk food, nicotine, polluting vehicles + profit.
- None of this expresses “how healthy the economy is” because they make the economy less efficient in allocating resources, externalities, and harm to people who produce.
- Nor are they “a gauge of how money flows and the resources available for households and government to consume and to invest”: C Giles (27 Nov 2024) Financial Times.

(4) International rank and data

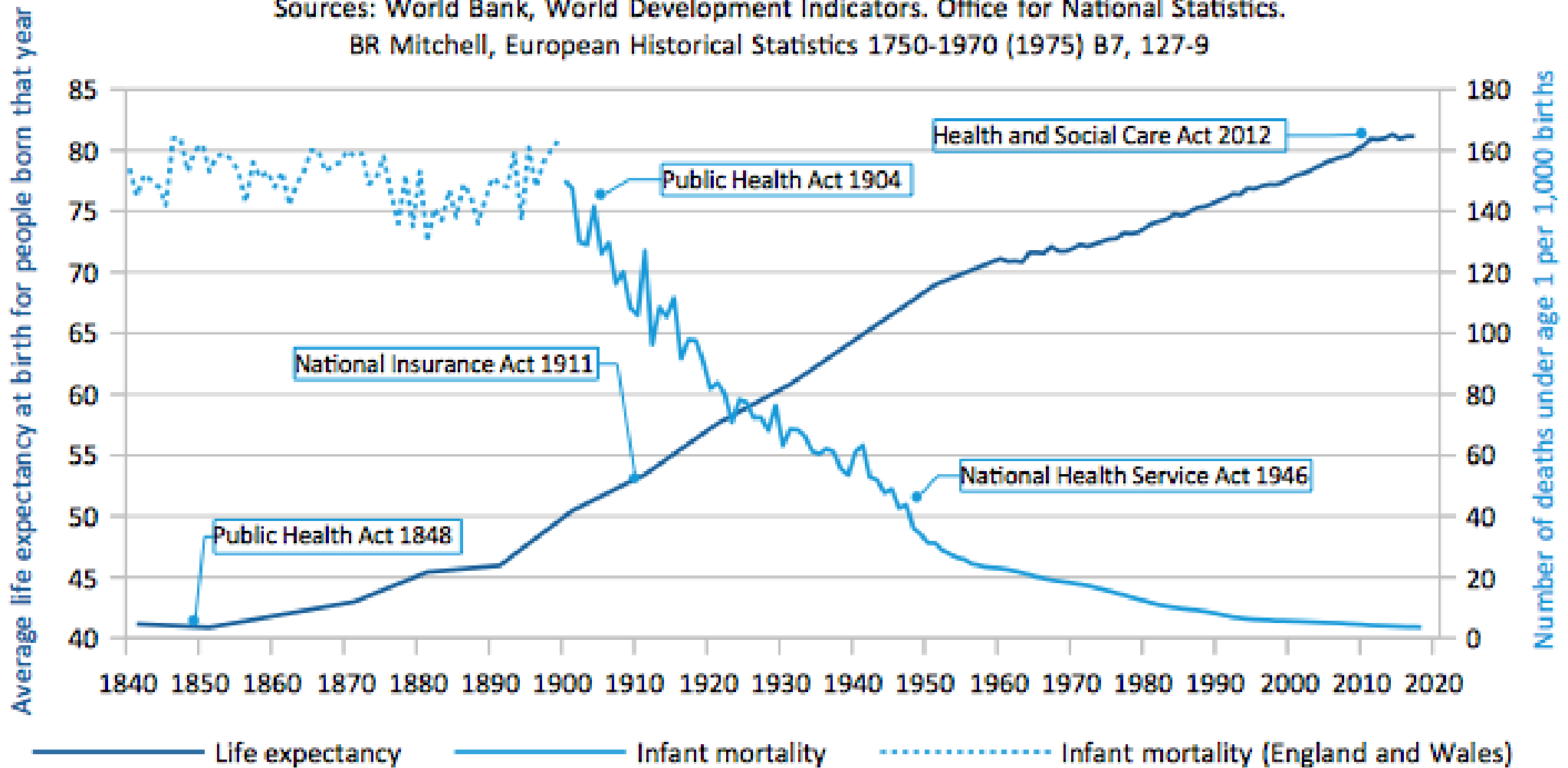
(a) UK's life expectancy, obesity, nicotine, air quality

(b) Cost of the NHS compared to abroad, and changes in outcomes

(c) Health and well-being vs. GDP

UK life expectancy and infant mortality 1840-2020

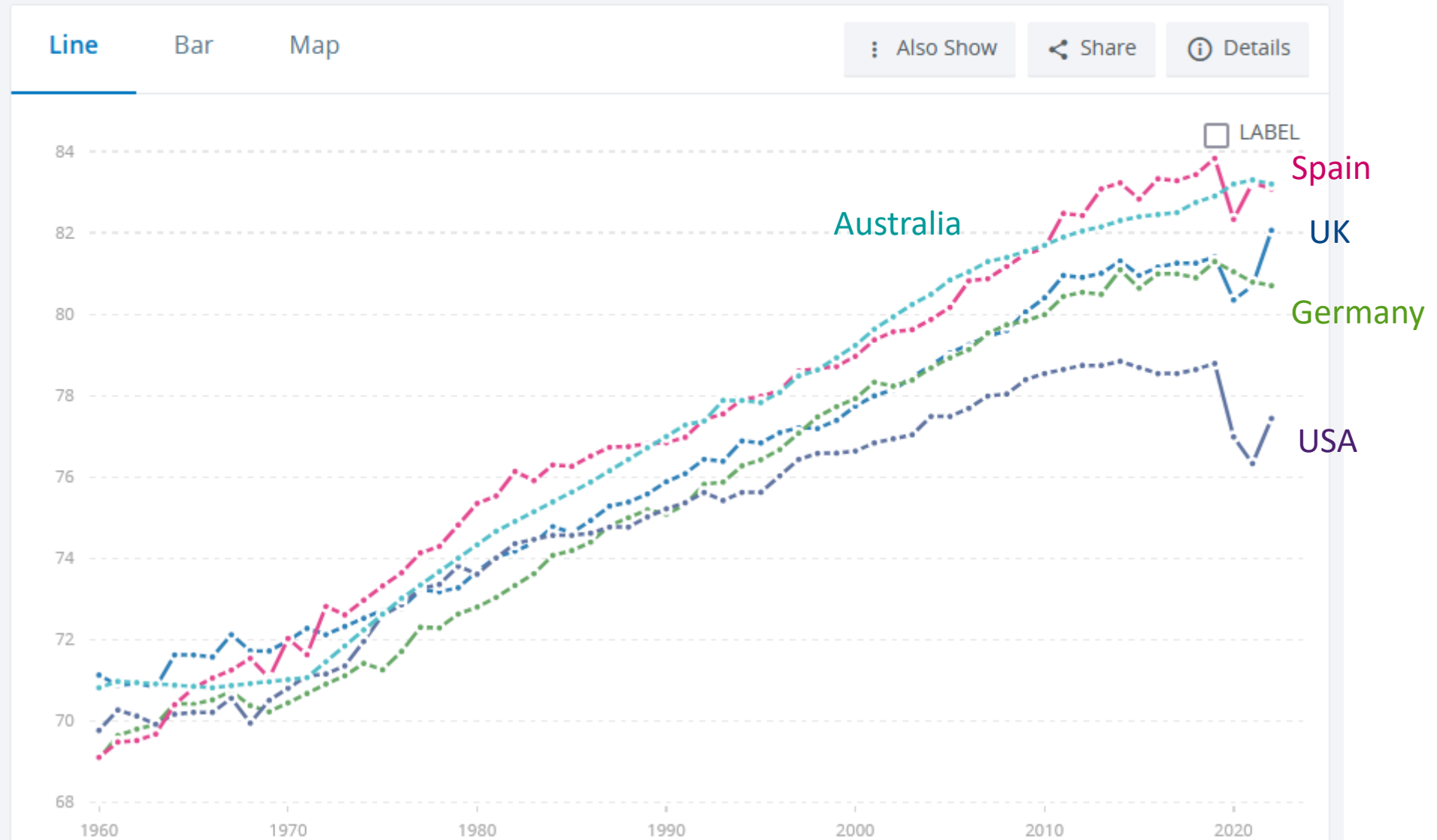
Sources: World Bank, World Development Indicators. Office for National Statistics.
BR Mitchell, European Historical Statistics 1750-1970 (1975) B7, 127-9



Life expectancy at birth, total (years) - United Kingdom, Germany, United States, Spain, Australia

(1) United Nations Population Division. World Population Prospects: 2022 Revision; or derived from male and female life expectancy at birth from sources such as: (2) Statistical databases and publications from national statistical offices; (3) Eurostat: Demographic Statistics.

License : CC BY-4.0 [i](#)

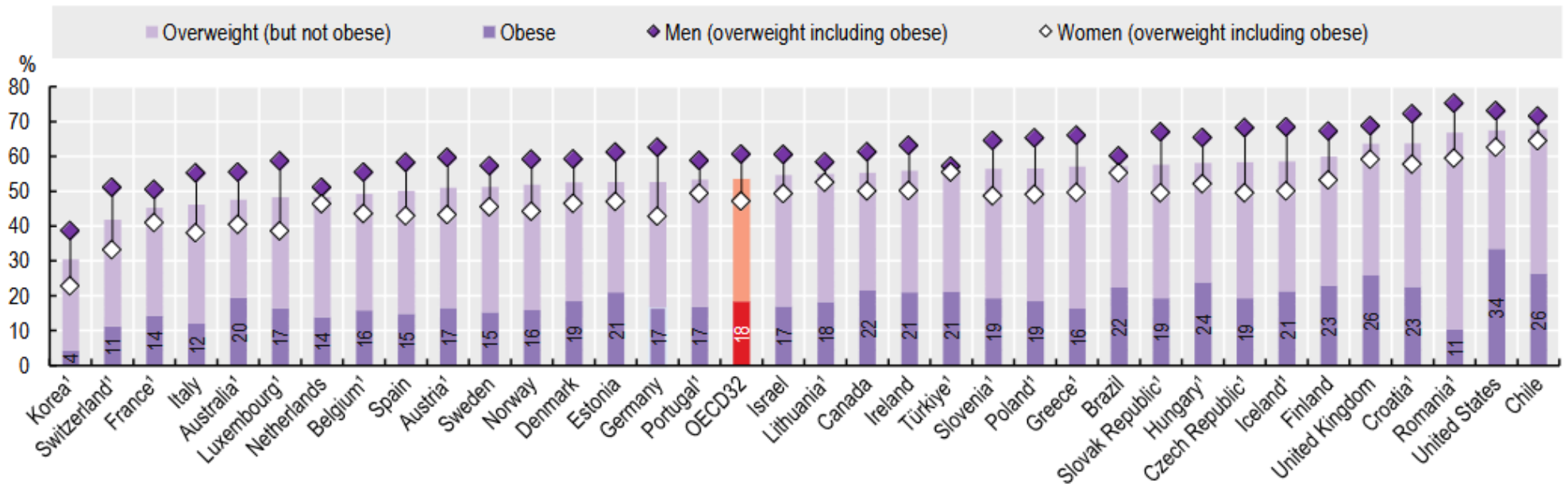


Major causes of UK deaths in 2022

- (1) dementia, alzheimers (i.e. old age) = **11.5%**
- (2) **heart failure** (i.e. fat food, drinks → Tesco, Sainsbury, KFC, McDonalds, Coca-Cola, Nestle, etc) = **10.3%**
- (3) **respiratory disease** (i.e. air pollution → Shell, BP, VW, etc; BA Tobacco, Altria, Imperial etc) = **10.2%**
- ... from 14-34 years, leading causes are suicide, road accidents and drug/alcohol overdose.

3rd worst for obesity (26%) in OECD (2023)

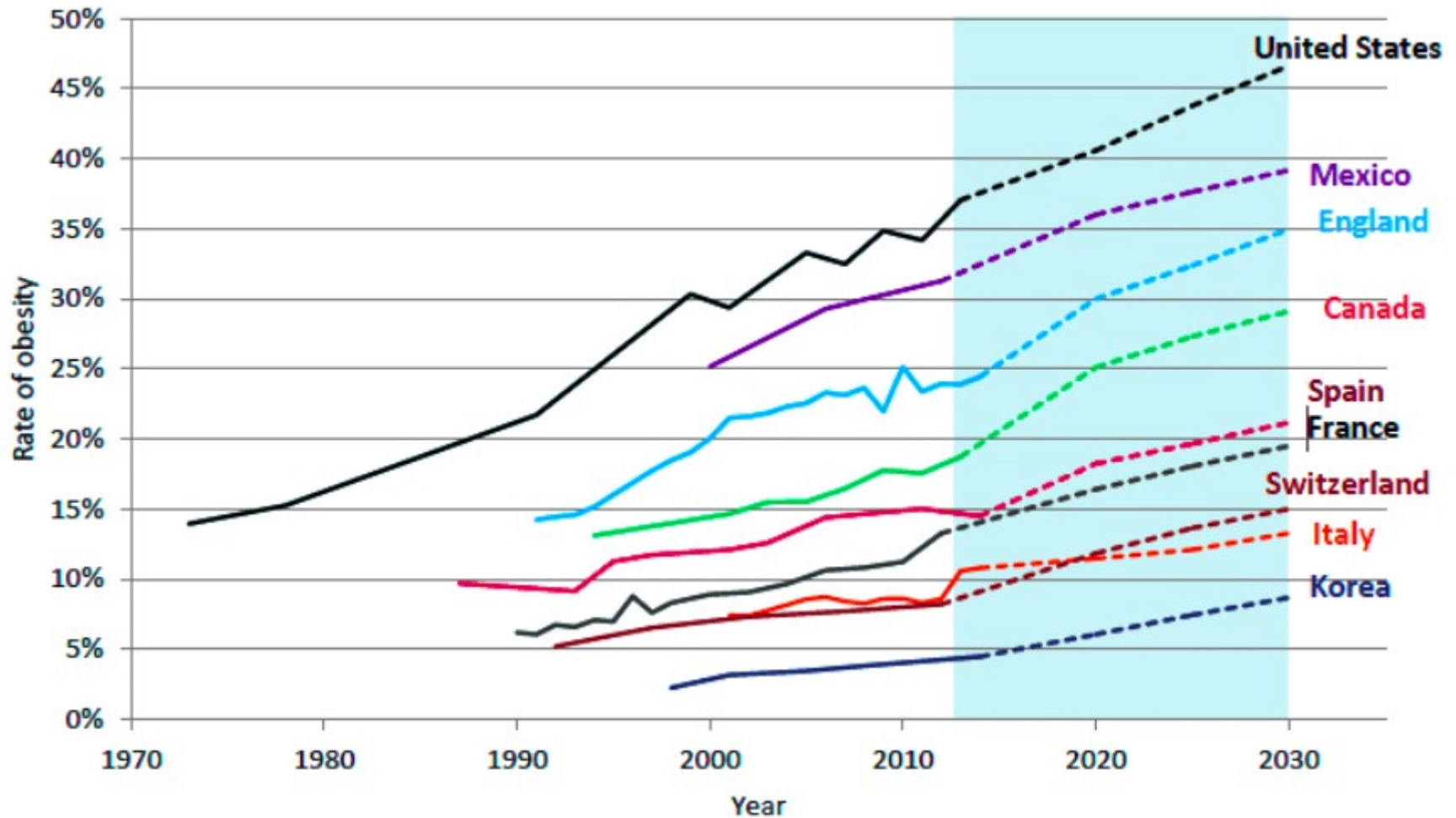
Figure 4.12. Self-reported overweight and obesity rates among adults, by sex, 2021 (or nearest year)



1. 2017-19 data.

Source: OECD Health Statistics 2023.

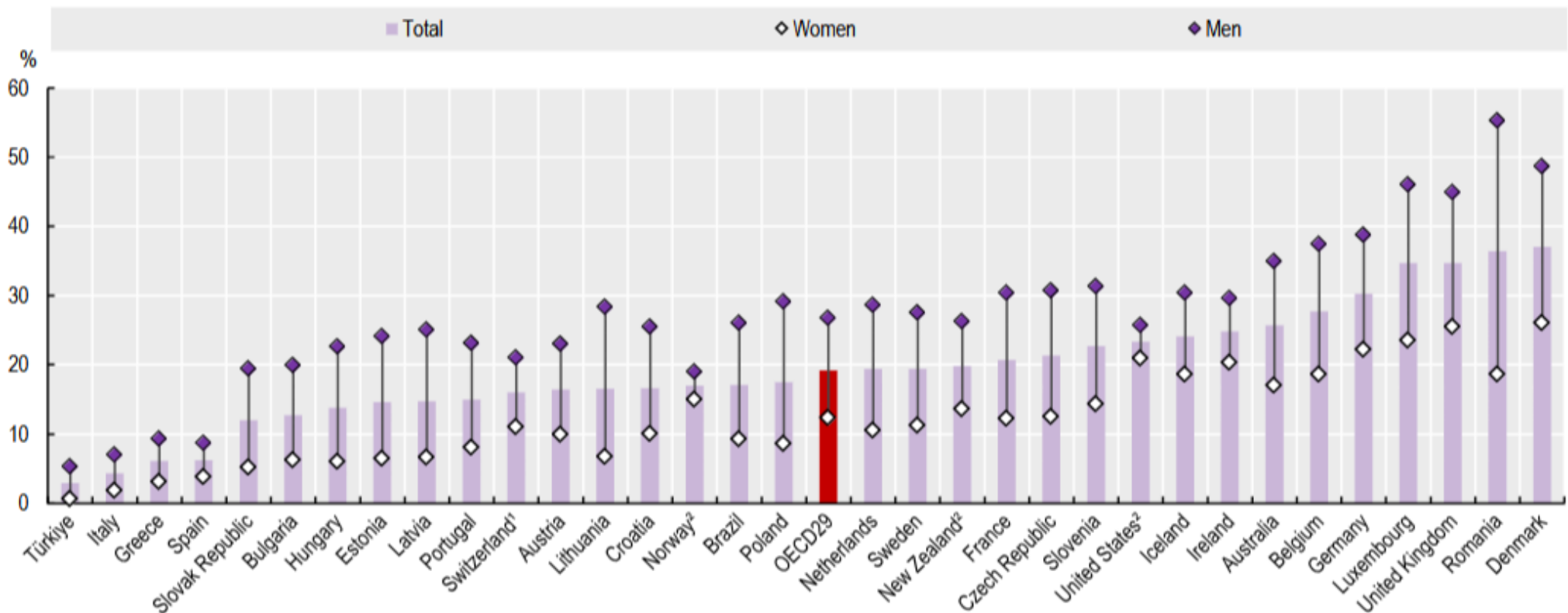
England's obesity rate: 14% in 1990 → 26%



M Lee (2019) 13(6) Nutrition Research and Practice 461

3rd worst for binge drinking in OECD (2023)

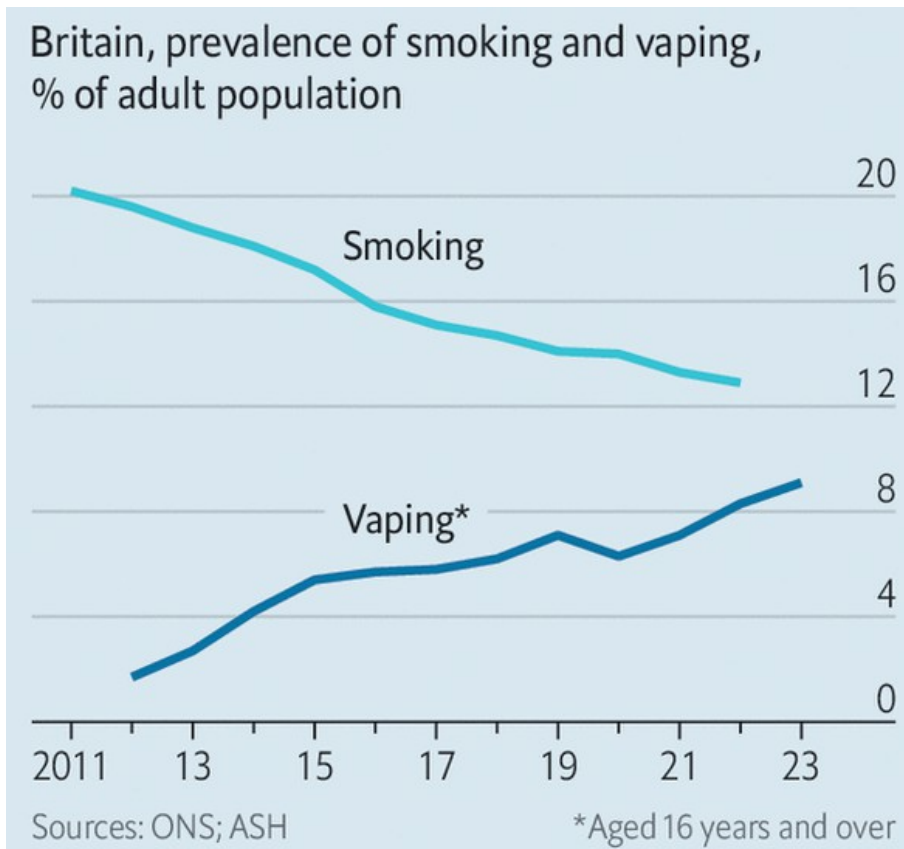
Figure 4.5. Proportion of adults who reported heavy episodic drinking, by sex, 2019 (or nearest year)



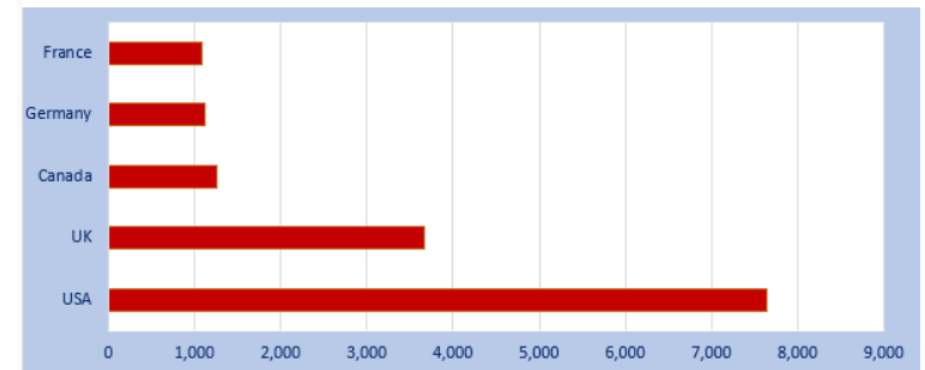
1. 2017 data; 2. 2021/22 data.

Source: Eurostat, EHIS, complemented with national data sources for non-EU/EEA countries.

Smoking → Vaping = Addicted buyers.
UK was world's 2nd biggest market in 2020



Top 5 markets for vape products 2020 (\$m)



Source: Statista³

'Air pollution 'kills 40,000 a year' in the UK, says report' (2016) nhs.uk

Trends in NO₂ in London vs. no ULEZ scenario

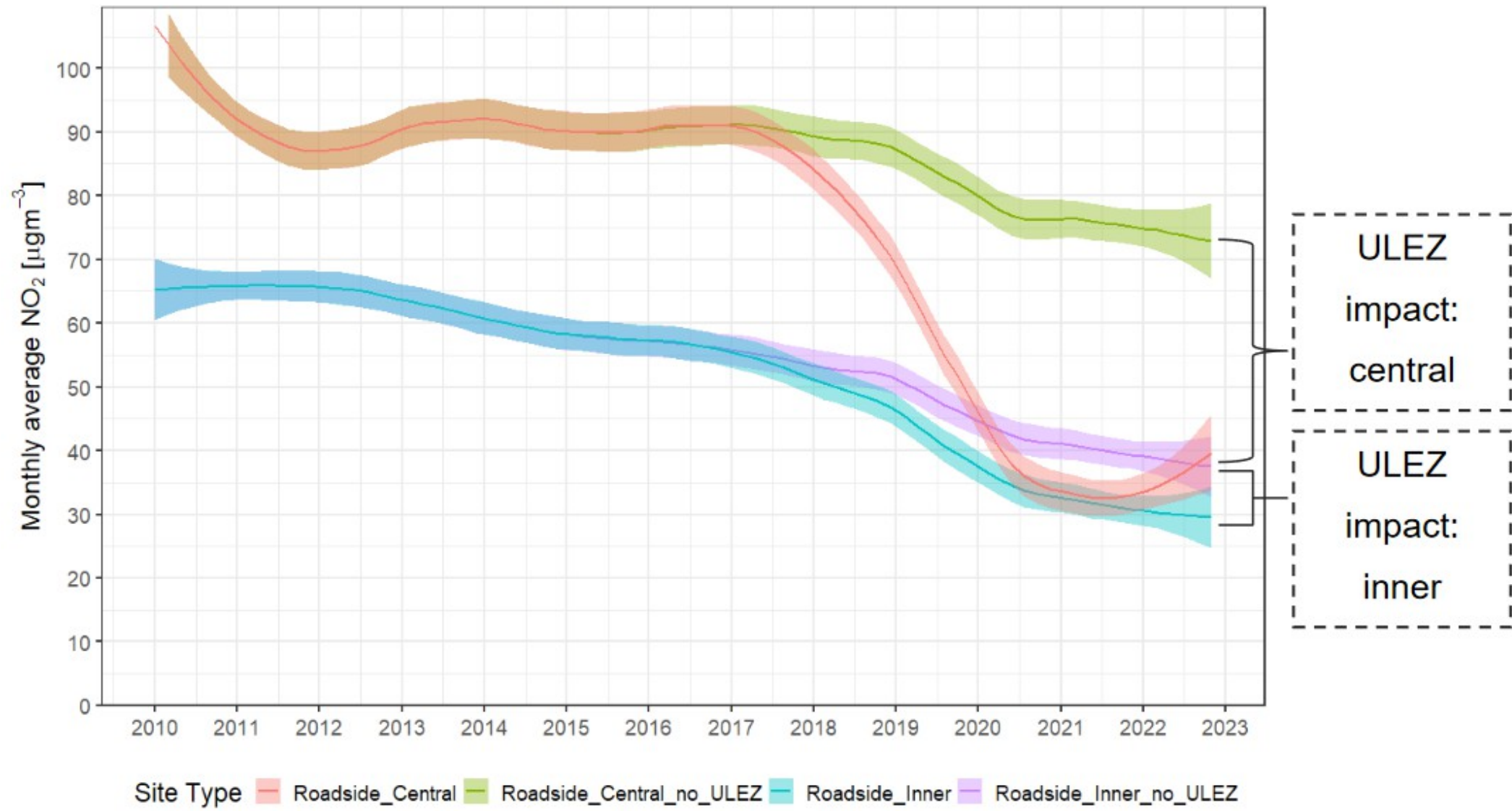


Figure 2: Trends in NO₂ in London compared with a "no-ULEZ" scenario

Trends in PM_{2.5} in London

Roadside Sites

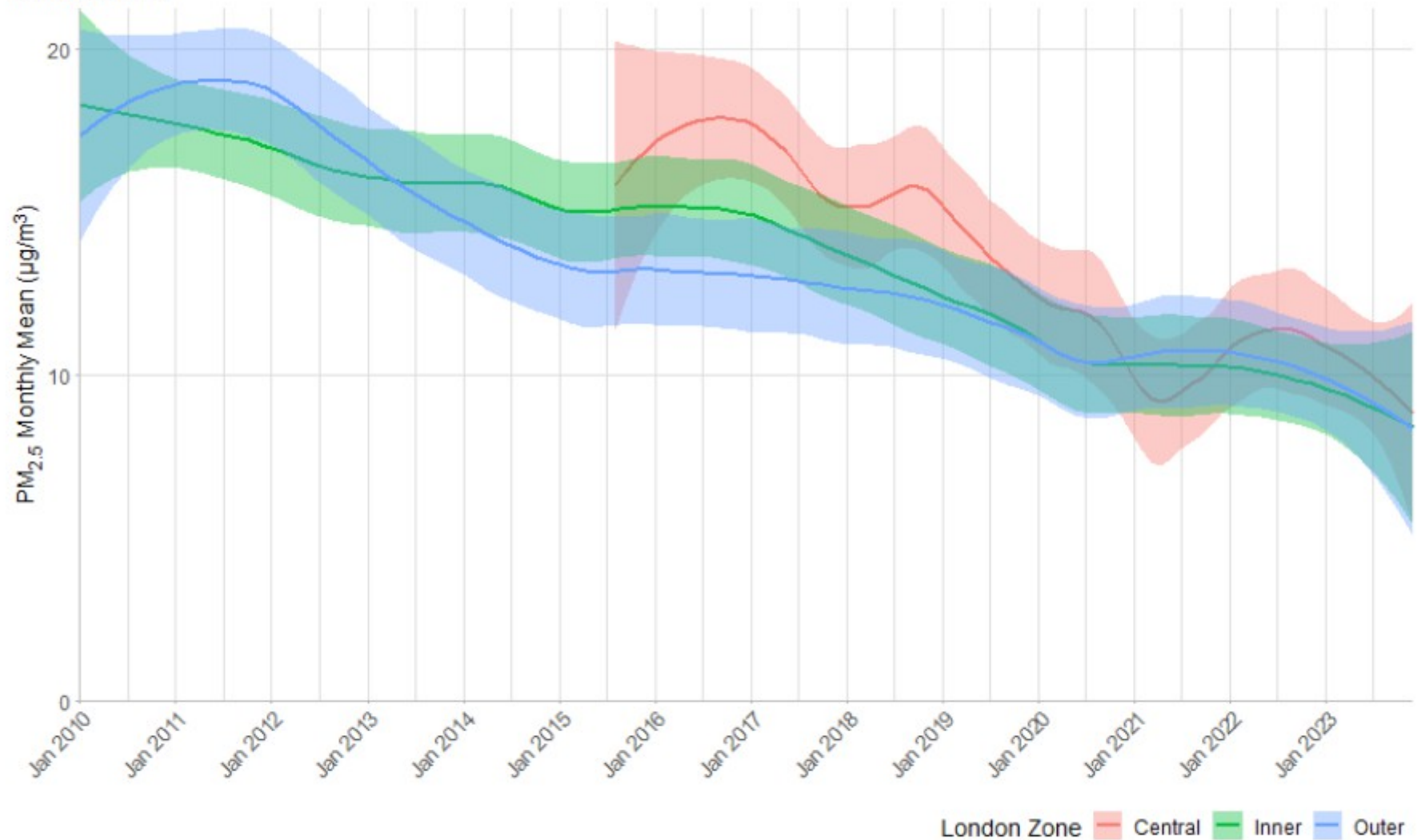
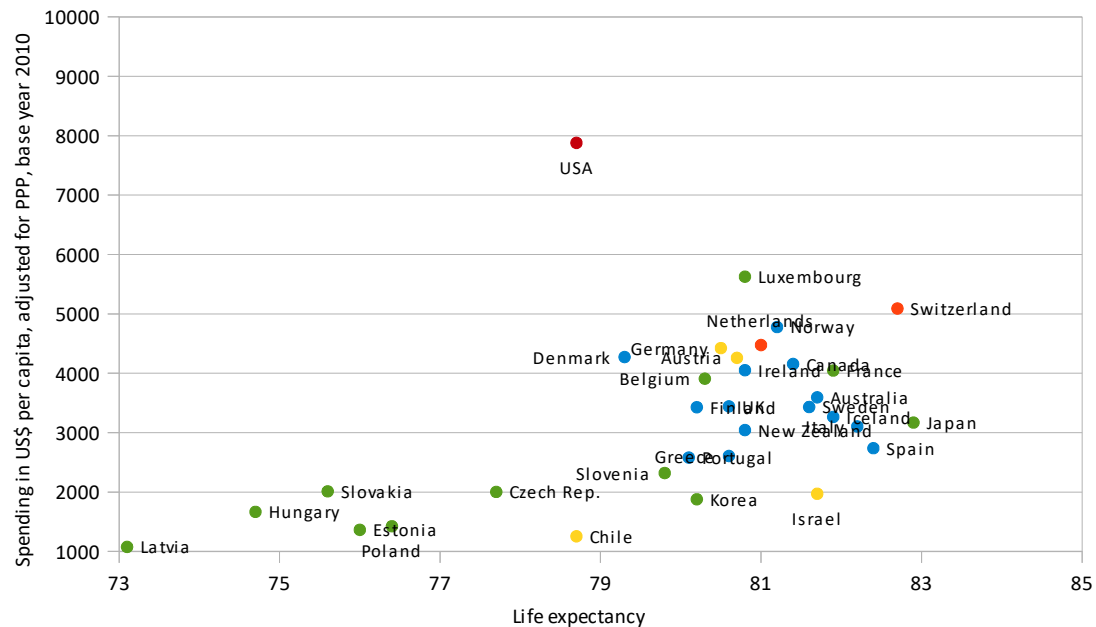


Figure 6: Monthly average PM_{2.5} roadside concentrations in London from 2010 to 2023

Health spending US\$ and life expectancy 2010

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)

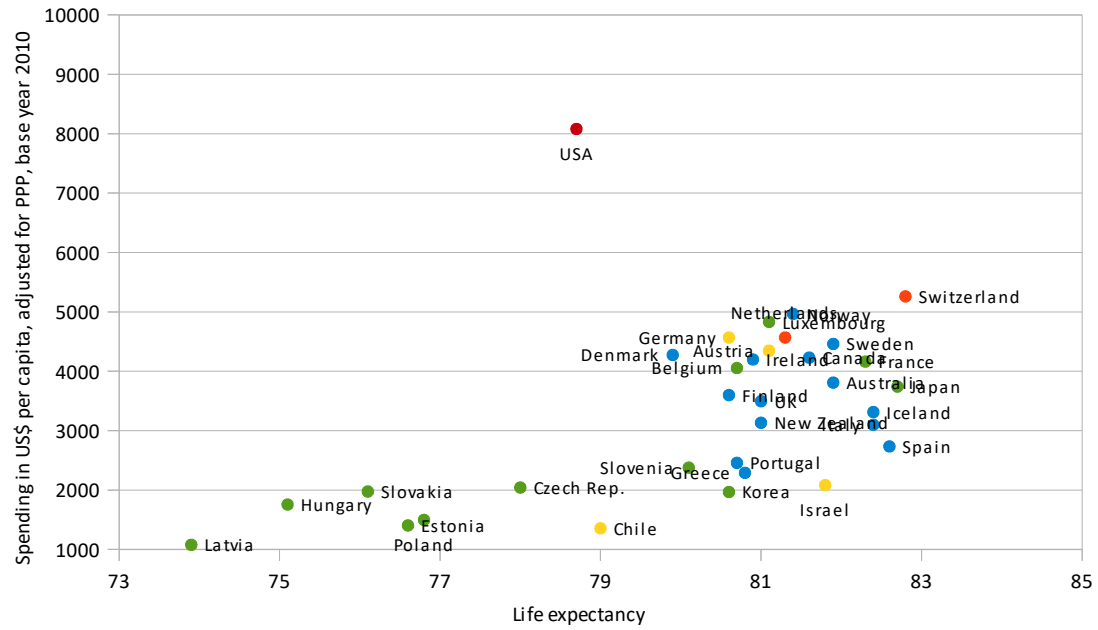


- Public insurance system
- Single-payer system (Beveridge)
- Public/private mixed insurance system (Bismarck)
- Private insurance system
- Fails to guarantee universal health care, and private (Broken)

Health spending US\$ and life expectancy 2011

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

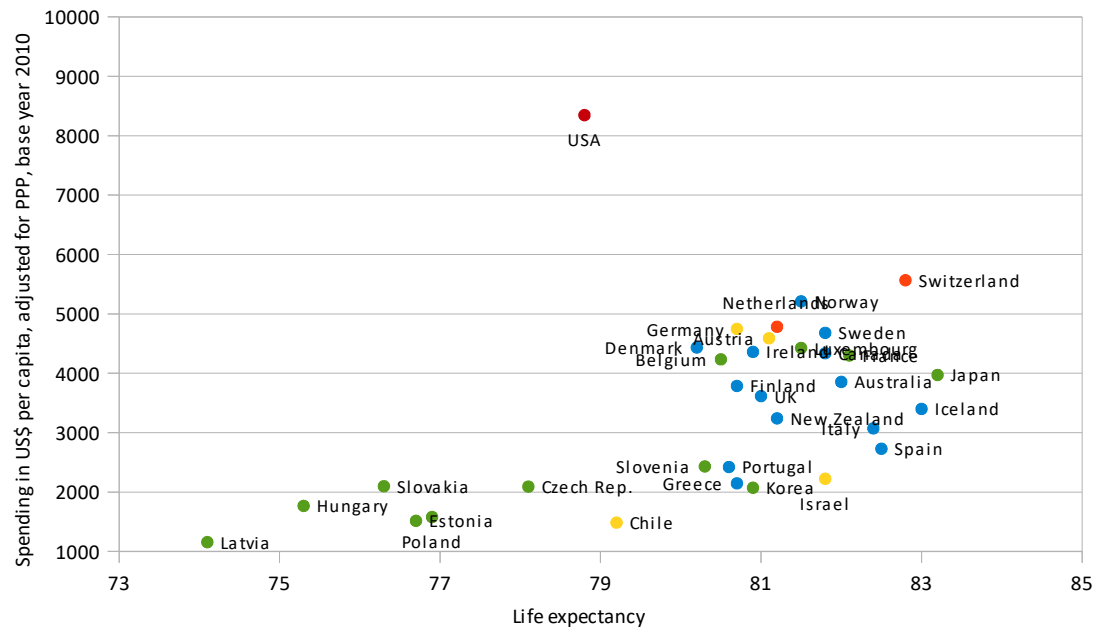
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



Health spending US\$ and life expectancy 2012

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

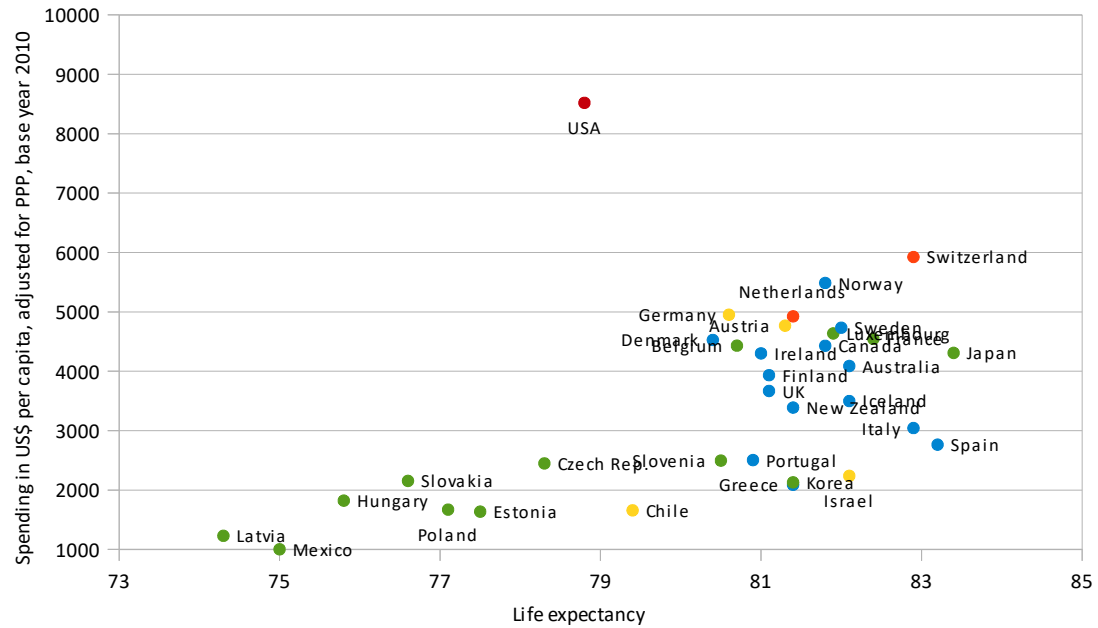
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



Health spending US\$ and life expectancy 2013

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

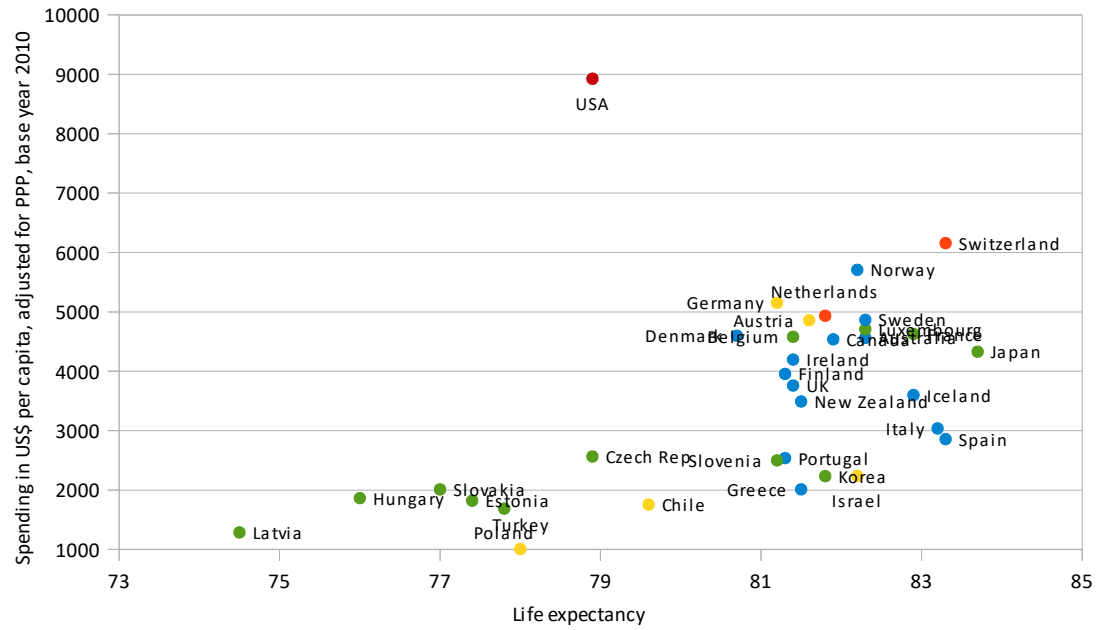
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



Health spending US\$ and life expectancy 2014

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

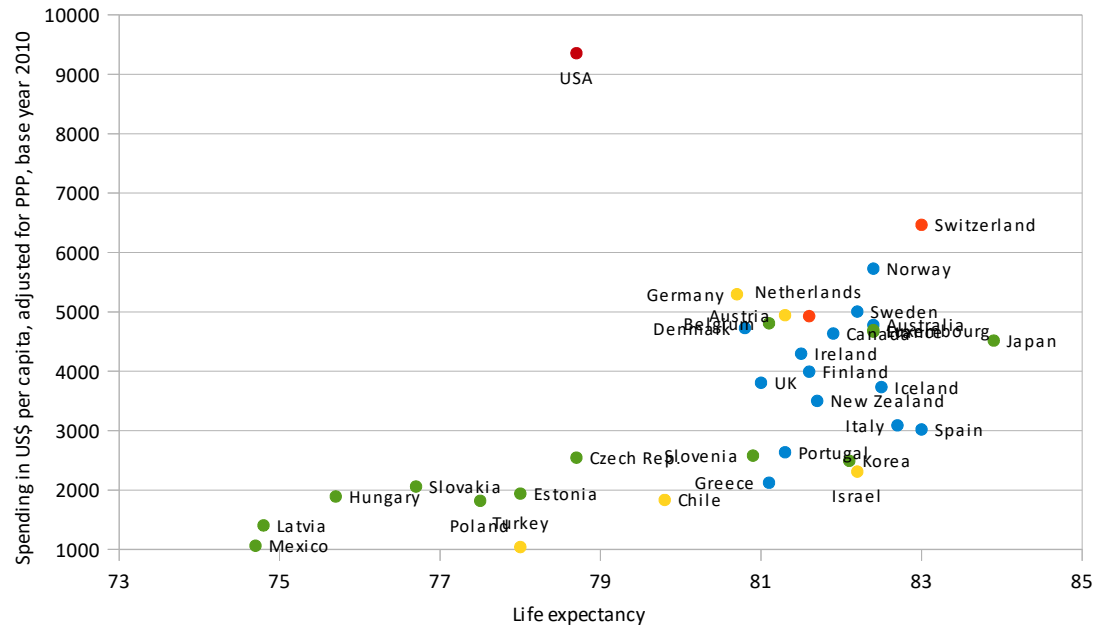
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



Health spending US\$ and life expectancy 2015

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

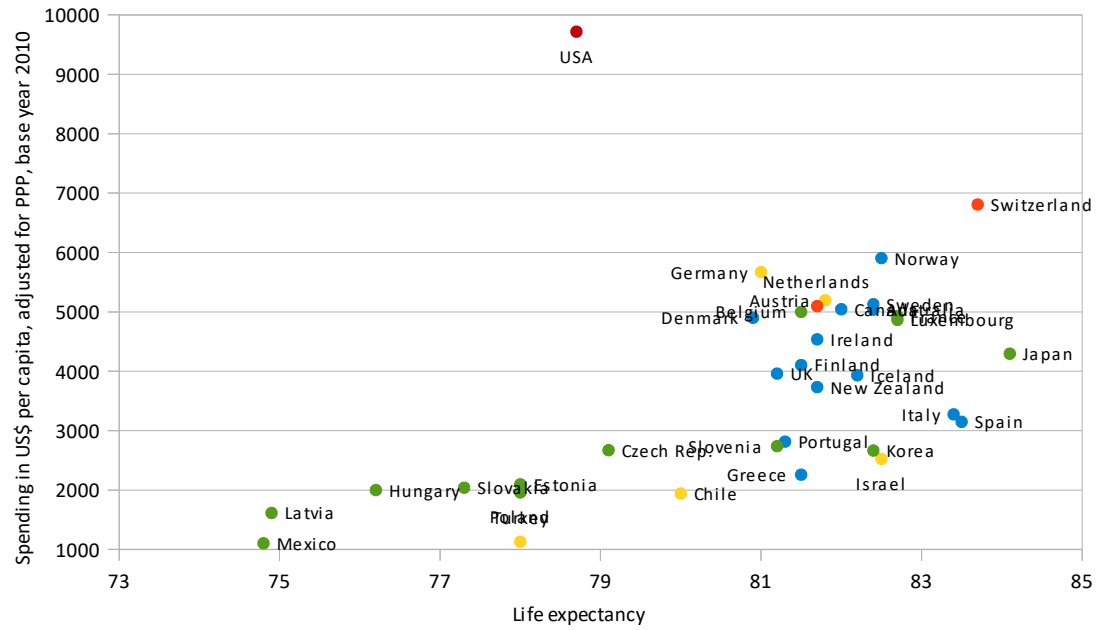
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



Health spending US\$ and life expectancy 2016

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

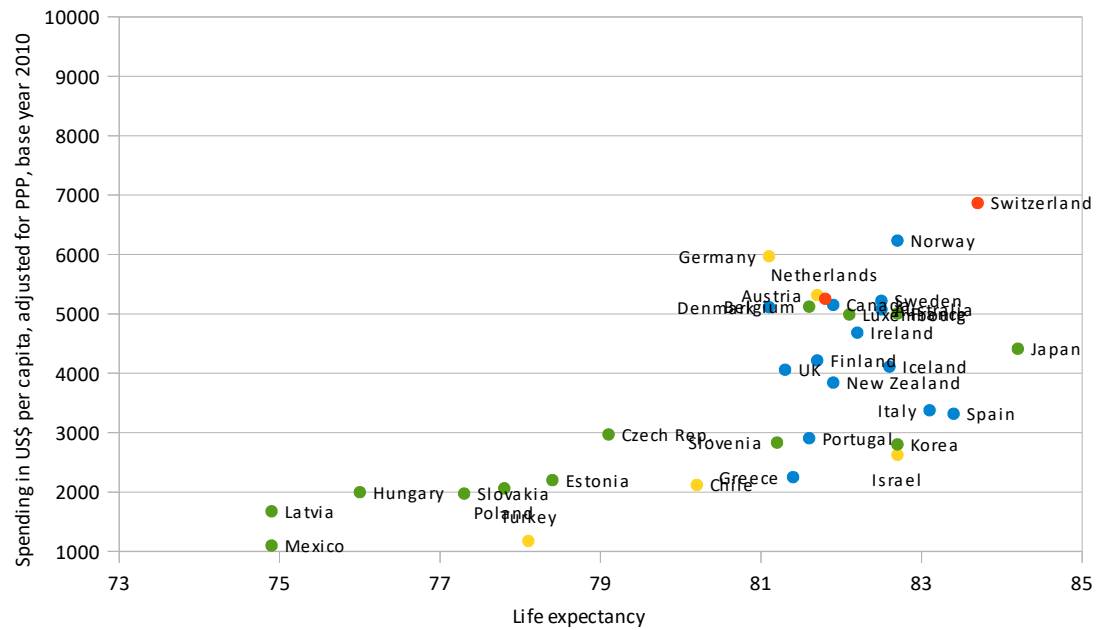
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



Health spending US\$ and life expectancy 2017

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

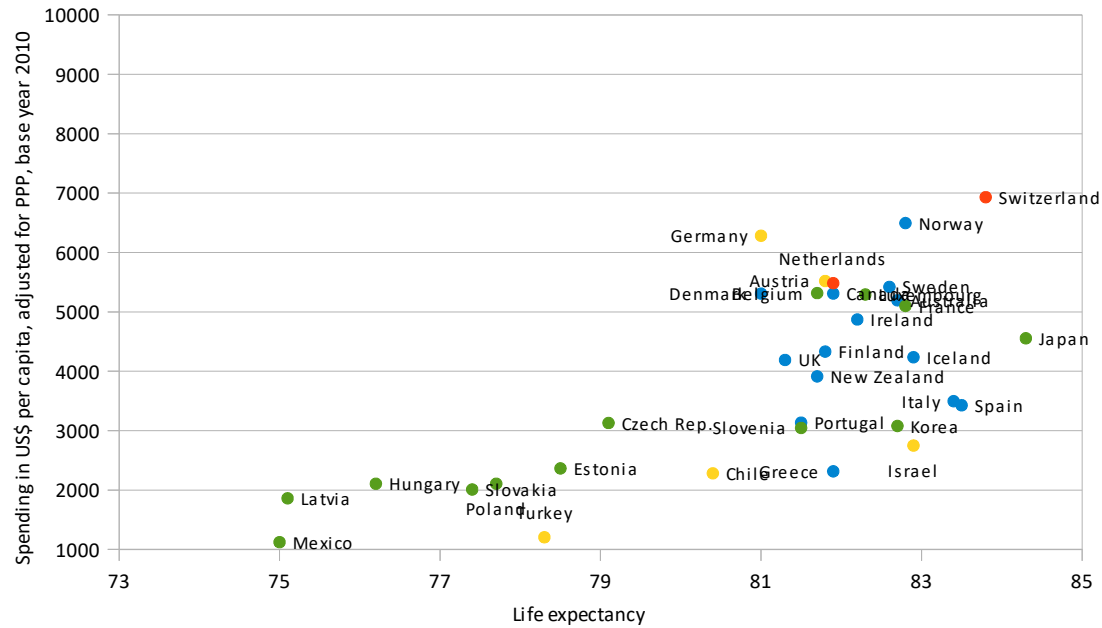
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



Health spending US\$ and life expectancy 2018

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

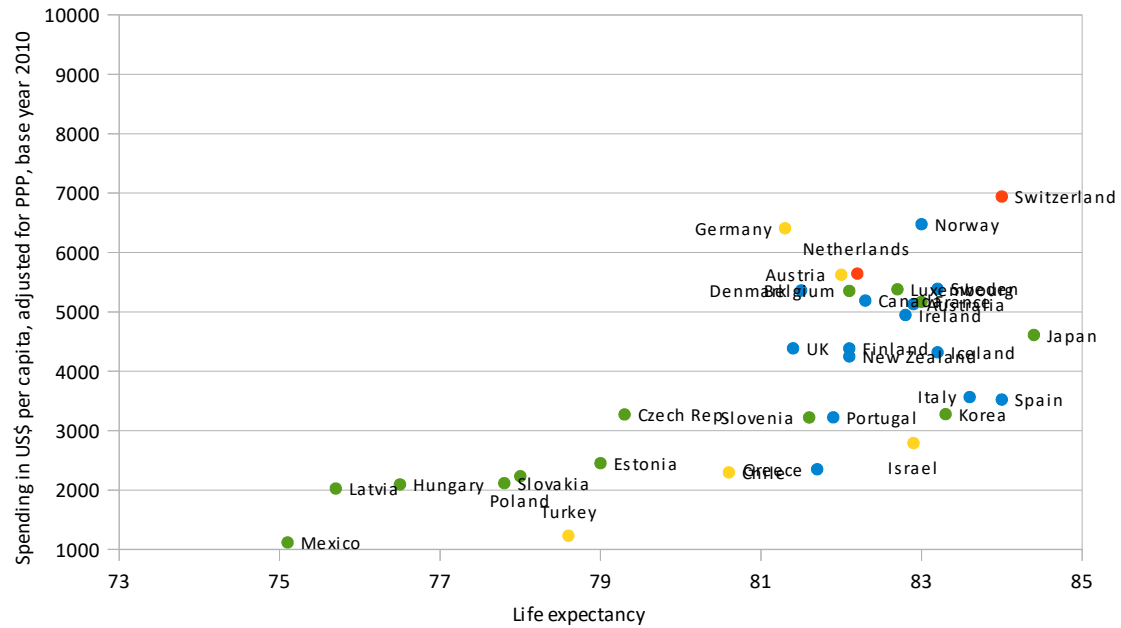
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



Health spending US\$ and life expectancy 2019

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

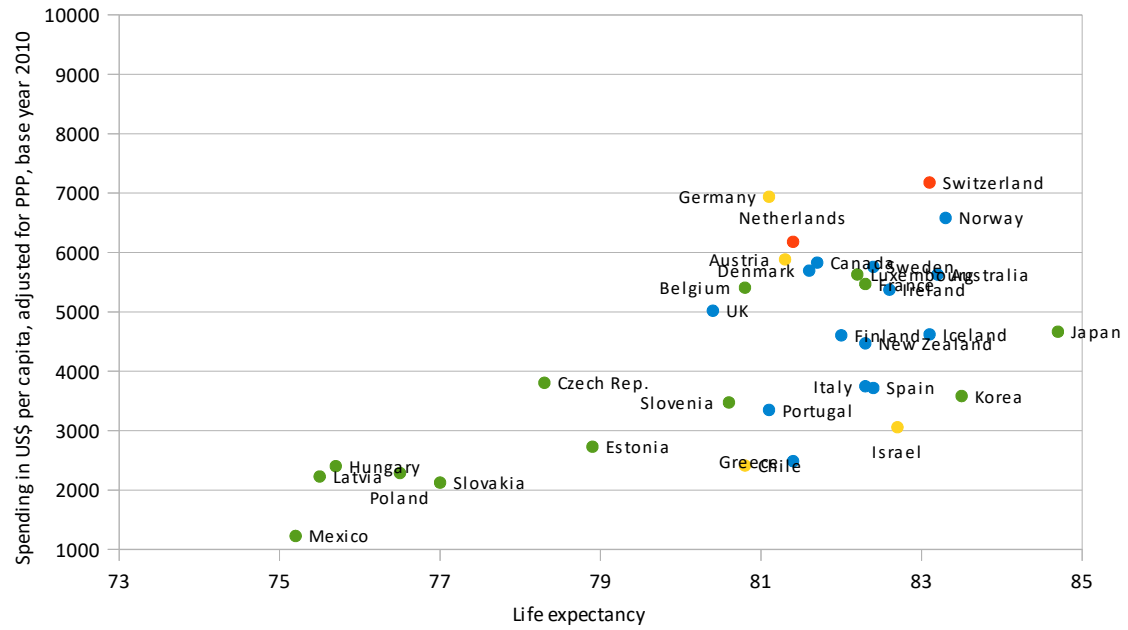
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



Health spending US\$ and life expectancy 2020

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

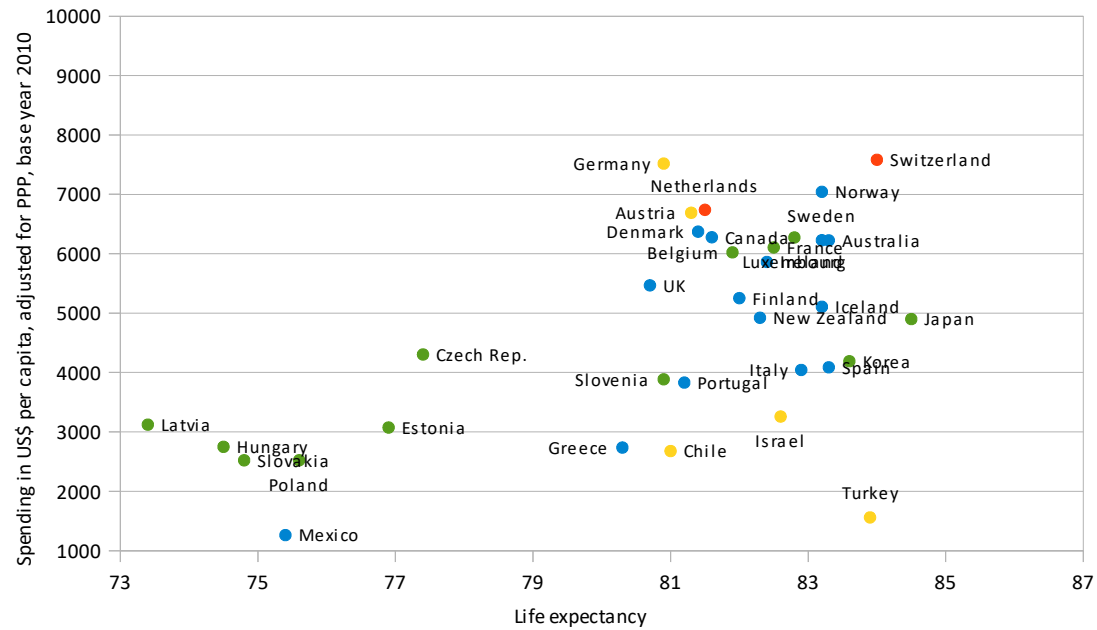
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



Health spending US\$ and life expectancy 2021

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

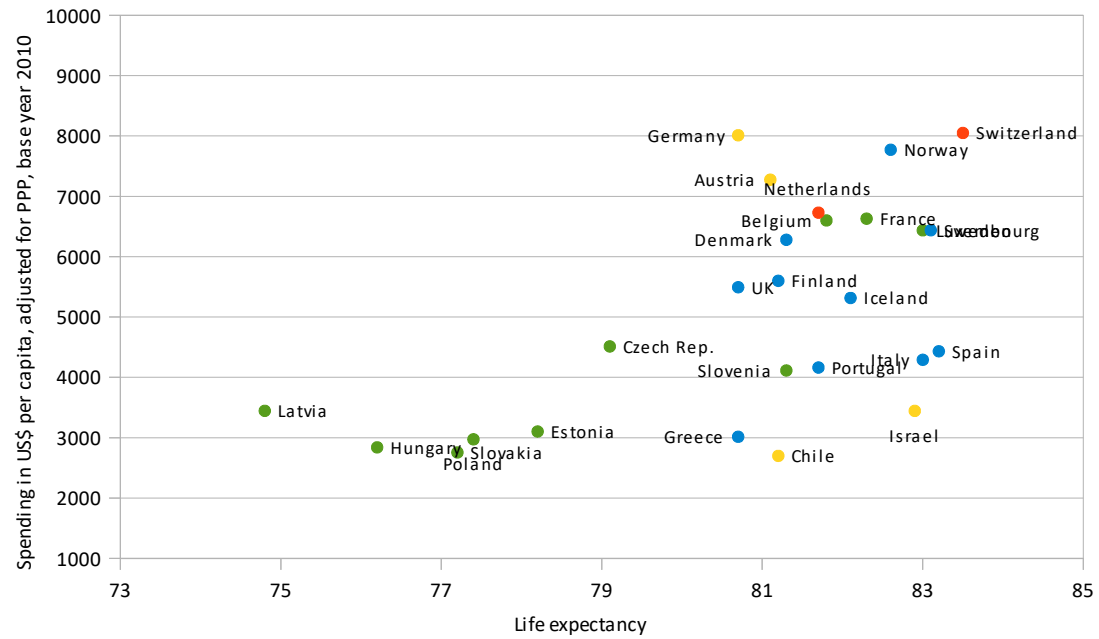
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



Health spending US\$ and life expectancy 2022

Sources: OECD Statistics, stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#.

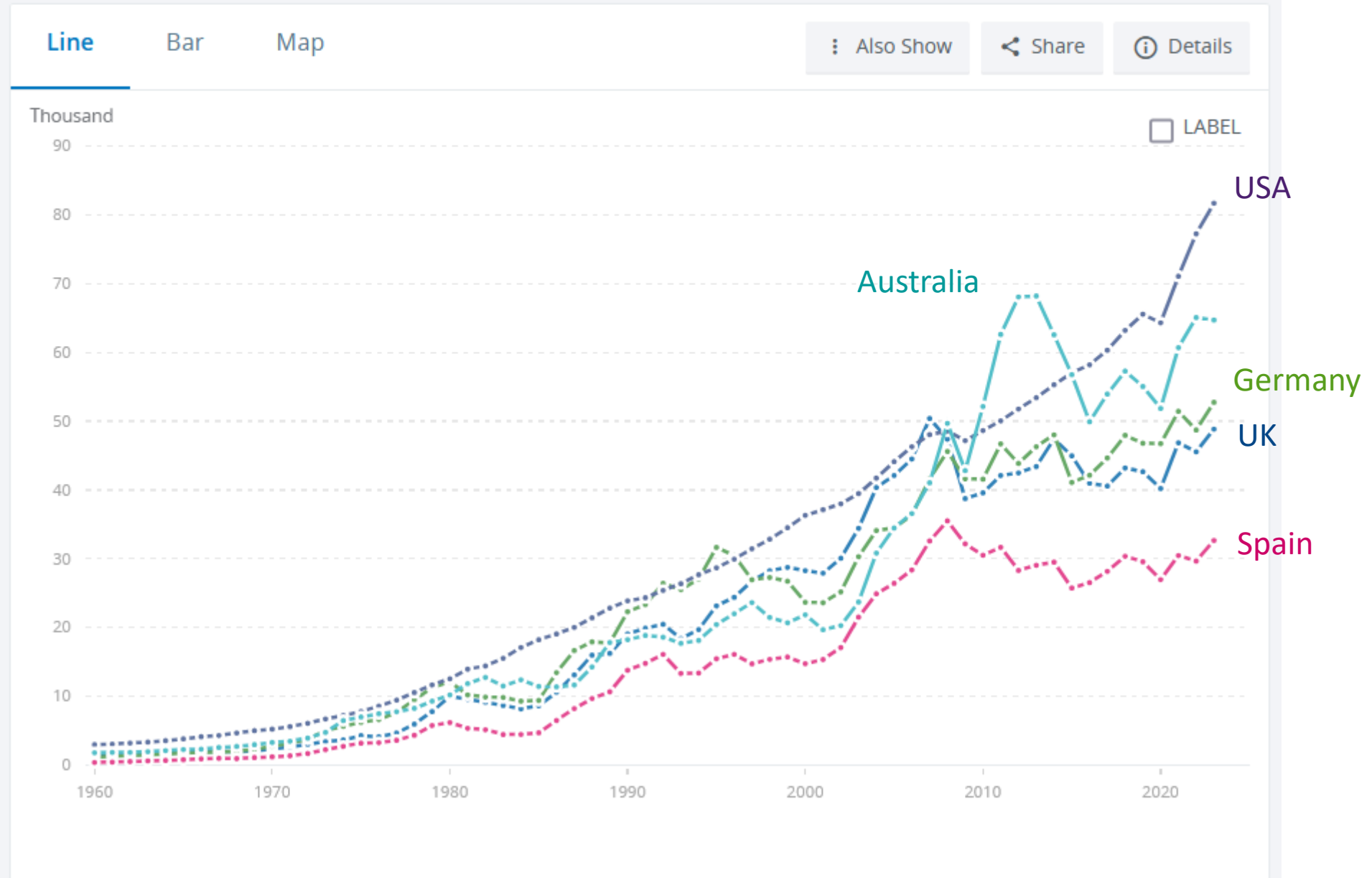
US Social Security Administration, Social Security Programs Throughout the World: Europe and Asia (2018)



GDP per capita (current US\$) - United Kingdom, Germany, United States, Spain, Australia

World Bank national accounts data, and OECD National Accounts data files.

License : CC BY-4.0 [i](#)



US Gross Domestic Product vs. Reality

- **US \$71,055 GDP per capita '21** vs. Australia **\$60,697.25**
 - \$12,196 **US health spending** '21 vs. Australia \$6,225
 - **deduct \$5971** (based on OECD statistics)
 - \$15,270 **US education spending** '21 vs. Australia \$12,191
 - **deduct another \$3079** = \$62,005
 - **HDI loss from inequality** for US = 11.1% vs. Australia 7.9% (UN Inequality Adjusted HDI, 2021) = **reduce by 3.2%**
 - **US GDP reduces to \$60,020** = \$677.25 poorer than Oz
- And keep subtracting (if statistics were available) for extra costs in US of pensions (from Wall St. fees), transport, housing, mass imprisonment, etc. This shows why the US looks (and is) poorer.

(5) Models and options to meet goals

- Transfer public health powers to the **NHS with rulemaking powers on supermarkets and food, and controls on pollution** – default acceptance by Minister and laid before Parliament: NHS Act 2006 s 7A
- Place social care within the NHS, for **a National Care Service**.
- **Reduce private work limits by NHS trusts from 49.9% back down to 2%**, and place duty on private hospitals and specialists to do up to 49% NHS public work at fair prices: NHS Act 2006 s 43(2A)
- Put Private Finance Initiative costs on government books to end the accounting wizardry, and then **scrap PFI** in favour of cheaper public borrowing.

... and in governance and staffing

- Extend **staff-elected directors from $\frac{1}{3}$ to $\frac{1}{2}$ on NHS trust boards, and ICBs + at least 2 local council or patient reps**: NHS Act 2006 Schedules 1B and 7.
- **Remove tuition fees for nursing, medical, and dentistry degrees in line with the Hippocratic Oath**, so that poorer people are not punished with debt. (More on all student fees next week.)
- **Phase-out prices for essential medical, dental, optical services**: NHS Act 2006 ss 172-194

(6) Benefits and costs of reform

- **£6 billion savings each year for the NHS, £20 billion in negative economic impacts overall** from **reducing air pollution would stop 40,000 deaths**: Royal College of Physicians and Royal College of Paediatrics and Child Health, *Every breath we take: The lifelong impact of air pollution* (February 2016) xliii
- **£1.5bn savings from not having strikes** in 2023-24 (and increasing cooperation through democratic governance and fair pay): NHS England (2024)
- **Fill 40,090 nurse and doctor vacancies by cancelling £400m in tuition fee debt**: Nuffield (2023)

Discussion questions

- (1) What is the best mechanism of **governance** for the NHS, between Integrated Care Boards and Foundation Trusts?
- (2) What is the optimal balance between public and private **finance** or ownership in the health service to improve health outcomes?
- (3) What should be done for better **prevention** of the causes of ill health in reforms to the NHS or elsewhere?