

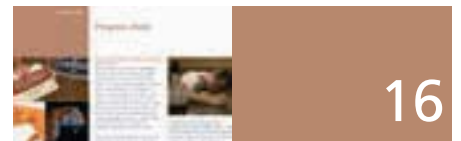
2009 ANNUAL REPORT
OF THE CHIEF MEDICAL OFFICER

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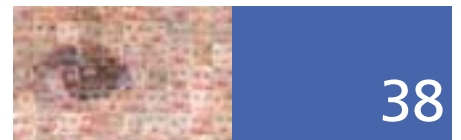
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The challenge of financial inclusion

The link between inequalities in income and inequalities in health was recently highlighted by Sir Michael Marmot's Health Inequalities Strategic Review Team and in books such as Richard Wilkinson and Kate Pickett's *The Spirit Level*, which captured the attention of many media commentators and social policy researchers in 2009.

In England, the life expectancy gap between those living in areas with the top 5% and bottom 5% of income is around seven years, and the difference in disability-free life expectancy is around 17 years.

Across Yorkshire and the Humber, partners in local authorities, the voluntary sector, primary care trusts and central government are working hard to promote financial inclusion and to eliminate the 'poverty premium' that sees people on low incomes pay more for essential goods and services. The City of Leeds has been carrying out a number of actions to address this,

including investing in credit unions so that people have an affordable alternative to doorstep lenders, and setting up cross-organisation collaboration to make sure that there is easy access to debt advice, benefits and welfare rights services.

Economically, this makes sense. Leeds City Council commissioned the University of Salford to carry out an evaluation of its financial inclusion activities. This showed that:

- over 50,000 people were helped to take greater control of their lives
- the activities put more money directly into people's pockets – £26 million of additional disposable income
- every £1 spent by beneficiaries generated an extra 25p in the regional economy
- every £1 invested in financial inclusion generated £8.40 for the regional economy.

Where people were helped directly to increase their incomes, they spent the extra

money mainly on food, paying bills, their children and saving. As well as feeling better off, a substantial number of people also reported that their health improved: they made fewer visits to the doctor and needed fewer prescriptions.

Whilst there is a rich tradition of work to raise income and reduce debt, this is an area that is often characterised by a patchwork approach to services and support. The challenge is to make the approach more systematic.

This costs money. It requires substantial investment up front and over time, but the work in Leeds is providing strong evidence of the scale of the potential returns on this kind of investment.

Doing nothing costs money too. In 2004/05, Leeds received £8.4 million to invest in regeneration through the Neighbourhood Renewal Fund. Whilst this funding was going into communities, between £3 million and £9.5 million was leaching straight out in 'excess' interest paid by residents in those very communities.

With support from the Department of Health and the Department for Work and Pensions, Leeds City Council is leading work to promote the case for investment in financial advice and support, and is developing a framework of principles to guide service commissioners.





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