

Health

NHS investment boosts wider UK economy, study shows

Each £1 spent on health generates £4 of growth by increasing workforce numbers after post-pandemic drop



A record 2.5mn people are economically inactive due to long-term sickness, almost 500,000 more than just five years ago © Rui Vieira/PA

Sarah Neville in London 2 HOURS AGO

The NHS is a major contributor to the UK economy, with every £1 spent on health generating £4 of economic growth, according to a study that makes the case for investment as a driver of productivity.

The research, carried out by the consultancy Carnall Farrar, comes as the health service battles rising inflation, high energy costs and the prospect of further spending reductions with the [government enforcing “fiscal discipline”](#) in the wake of its “mini” Budget.

Against a backdrop of high sickness absence levels, the study, which was commissioned by the NHS Confederation, showed that reducing the number of Britons not in employment due to ill-health by 1 per cent could increase the number able to work by 180,000 — “equivalent to the working-age population of Bolton”.

However, achieving this would require greater investment in the NHS to reduce the treatment backlog, which this week reached a record high, and the number of those living with conditions that left them unable to work, it concluded.

Matthew Taylor, chief executive of the NHS Confederation, which represents

health organisations across the country, suggested economic growth would not be achieved without an increase in the UK working population.

More than 200,000 people have left the labour market since the onset of the [Covid pandemic](#) because of ill health, with a record 2.5mn people now inactive due to long-term sickness, almost 500,000 more than just five years ago.

Taylor said the analysis “debunks the myth that the NHS is a drain on public resources — in fact, it’s a key driver of labour productivity and wider economic activity”.

With a staff of about 1.4mn people, the NHS is one of the UK’s largest employers, providing the main source of employment in many areas, he pointed out.

Carnall Farrar drew on economic and health data from 2015-2020, concluding that spending on the NHS delivered a fourfold boost to “gross value added” in individual localities.

It said that “the link between an effective healthcare system and a high performing economy” was underscored by the fact that “those who were not currently working are far more likely to report poor health than those who are still in work”.

Reducing the number of people absent from the labour market due to illness would have “an overall beneficial impact on the productivity of that workforce”, the researchers said.

As a population became healthier, “the employment rate increases, but so too does the quality of the employment — with healthier workers able to pursue higher quality jobs”, Carnall Farrar said.

The study showed that investment in the primary care workforce and reduced A&E attendances and urgent admissions would have the greatest effect on the wider economy.