

Box B: Examining Rising Inactivity and NHS Waiting Times

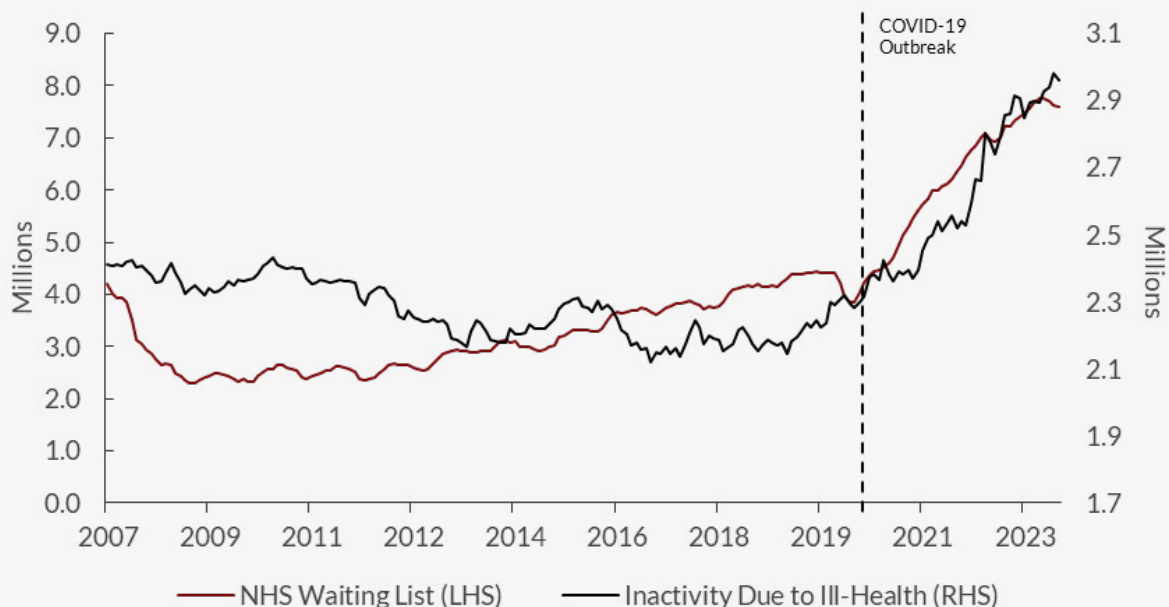
By Max Mosley

The rise in economic inactivity has played a frontline role in labour market conditions since the pandemic. While part of this rise can be explained by Covid itself, such as people using lockdowns as an opportunity to re-enter higher education, inactivity has not returned to pre-pandemic levels four years later. Chief among the explanations is ill-health (both temporary and long-term), which has remained at an elevated level since Covid. As of the end of 2023, 71 per cent of the growth in total inactivity since the pandemic can be attributed to ill-health.

While many explanations have been provided attempting to explain why this is, one argument has questioned the potential role of higher NHS waiting lists. This seems like a possible explanation, as waiting times at an all-time high could be preventing people from receiving access to the treatment they need to remain in the labour market. This box aims to assess the evidence behind this.

There was a clear spike in both the total number of people on NHS waiting lists and those inactive due to ill-health immediately after the first lockdown in 2020 (Figure B1). While the former can be explained by a reprioritisation away from general healthcare treatment towards the Covid-19 response and the latter by the effect of the virus itself, their sustained levels since the vaccine rollout requires further examination.

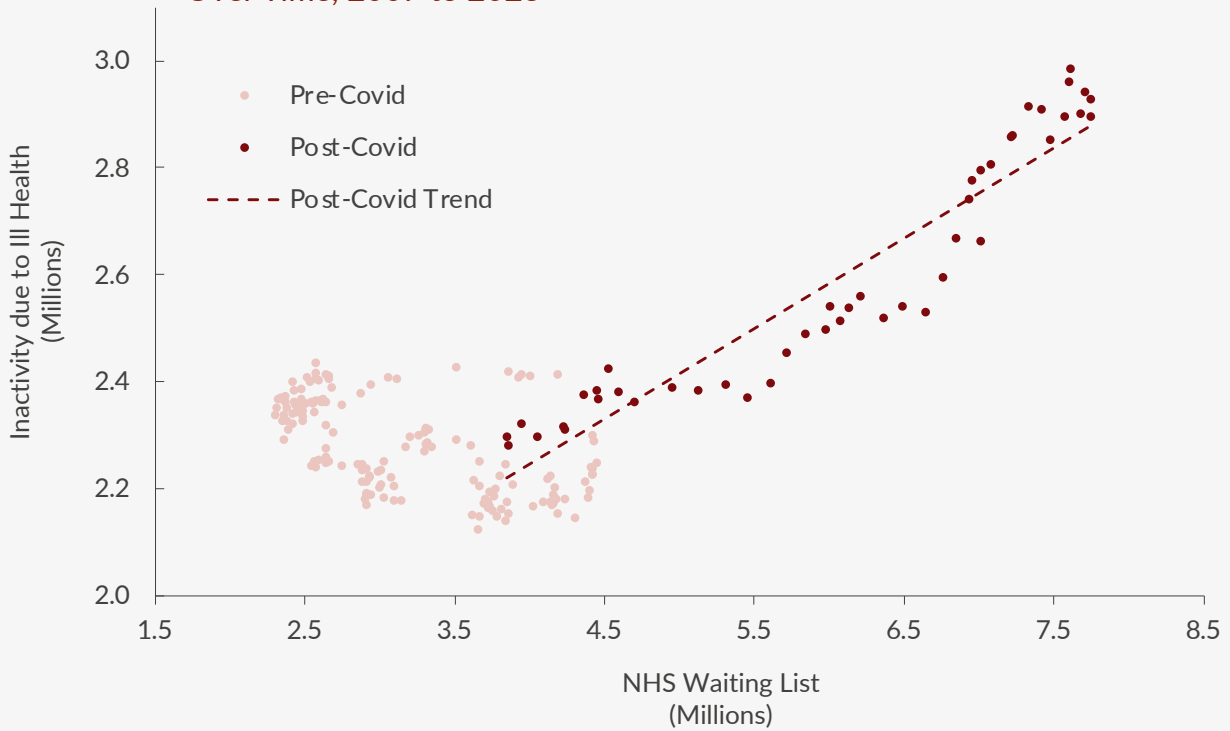
Figure B1: NHS Waiting List and Inactivity Over Time, 2020 to 2024



Notes: NHS waiting list defined as the total outstanding number of people waiting for treatment.
Source: Referral to Treatment Time (NHS) and Inactivity by Reason (ONS).

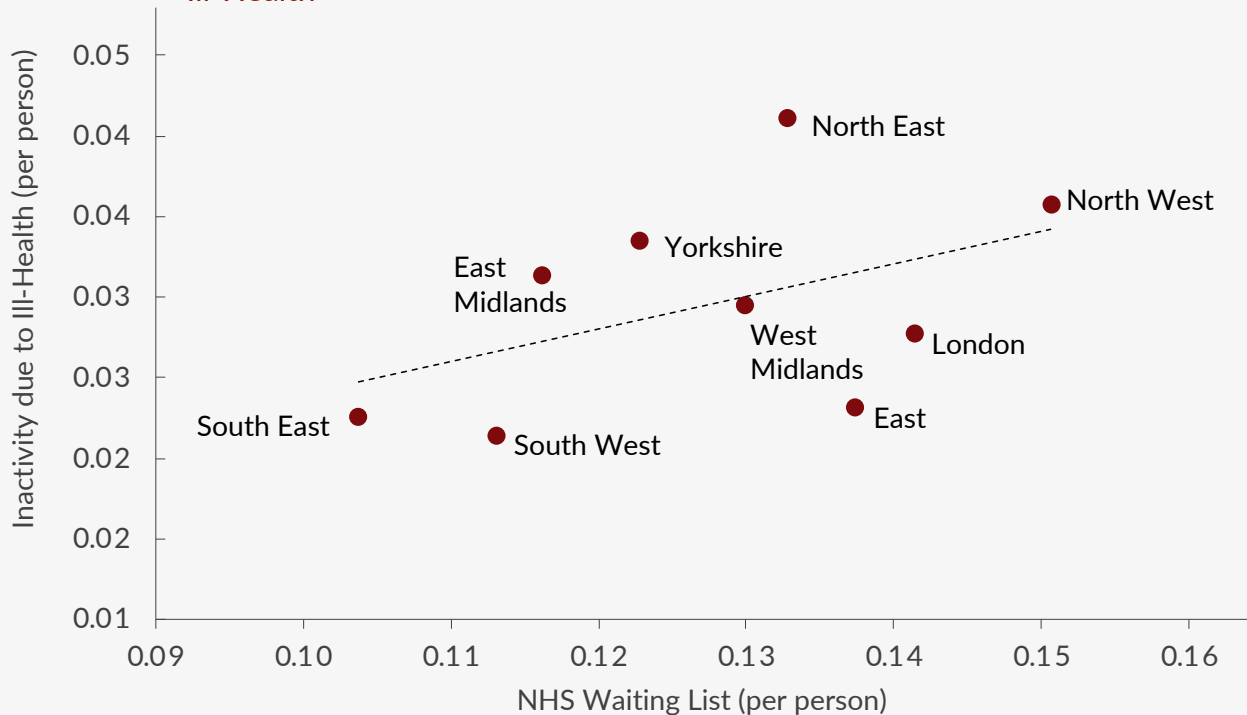
When comparing the long-run relationship between NHS waiting lists and inactivity due to ill-health, we see little to no relationship before the pandemic (figure B1). In fact, we see a negative relationship between 2007 and 2019, with NHS waiting lists slowly rising and inactivity due to ill-health falling gently. Since the pandemic, however, there is a clearly observed association. Figure B2 shows this even more clearly with the pre-Covid data (pink dots) suggesting no obvious relationship whereas the post-Covid data (claret dots) suggest a positive association.

Figure B2: Relationship Between NHS Waiting List and Inactivity Due to Ill-Health Over Time, 2007 to 2023



Notes: NHS waiting list defined as the total outstanding number of people waiting for treatment.
 Source: Author’s analysis of Referral to Treatment Time (NHS) and Inactivity by Reason (ONS).

Figure B3 plots NHS waiting lists and inactivity due to ill health by region in 2023, weighted by the 2020 Census estimates of regional population, using data from the nine English NUTS1 regions. It shows that regions with higher NHS waiting lists (such as the North West) tended to have higher rates of inactivity due to ill-health, though the relationship is weak. Of course, this result could be driven by regional specific factors that are associated with both NHS waiting lists and inactivity (such as economic deprivation) but it seems that NHS waiting lists and inactivity due to ill-health are currently positively correlated.

Figure B3: Regional Relationship Between NHS Waiting Lists and Inactivity Due to Ill-Health

Notes: Regional NHS waiting lists are estimated by taking the total waiting list in each NHS trust and applying it to its relevant region. Aggregate data is then divided by the region's population as estimated in the 2020 Census. Data is only for NHS trusts in England. Inactivity data by region is also divided by the region's population as estimated in the 2020 Census data.

Source: Author's Analysis of Referral to Treatment Time by NHS Trust (NHS), and Inactivity by Reason by Region (ONS), and Population by Region (ONS).

What factors could be driving this relationship?

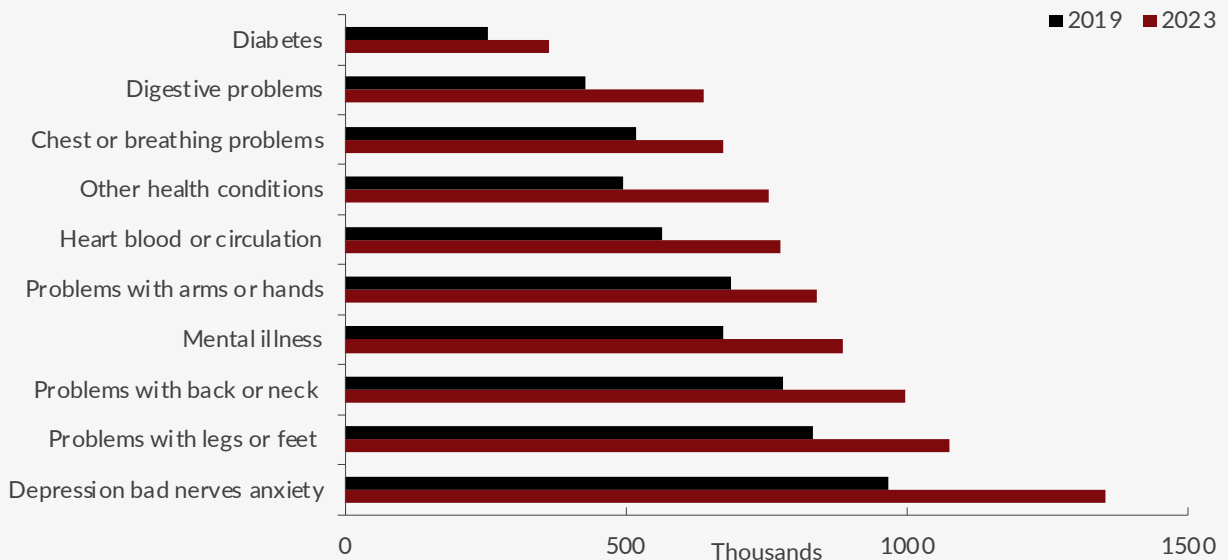
There are three alternative explanations for this observed relationship. First, higher NHS waiting lists have led to a deterioration in the nation's health and an increase in inactivity on account of long-term sickness. Second, greater inactivity caused by the pandemic has led to a deterioration in public health and is driving NHS waiting lists. Third, there is a common factor (e.g., a new illness that has occurred since the pandemic) driving both. While we cannot definitively state a causal relationship given a lack of data, we can make a reasonable assessment using the available evidence.

The first two explanations are both possible, as the relationship between public health and employment works both ways (Health Foundation, 2022). Waiting longer for NHS treatment could lead to a deterioration in your health that would leave you more likely to drop out of the labour force. So longer waiting lists could be contributing to higher inactivity on account of ill health. On the other hand, the positive relationship between unemployment and adverse health consequences is well documented (Schmitz, 2011). Therefore, the fact that inactivity is high could be contributing to high healthcare demand and subsequent waiting lists.

However, the cause of elevated NHS waiting times has been well documented: it is known to be driven by the backlog of treatments created when service provision prioritised Covid-19 during the pandemic, along with industrial action and general staff shortages (BMA, 2024). Although the increased presence of more economically inactive people may contribute to NHS waiting lists, it is likely not to do this in a way that would explain the strength of the relationship, especially given this relationship cannot be observed before the pandemic. It is more likely that waiting times are largely independent of the levels of economic inactivity.

In terms of a common factor, it is possible that there has been an increase in the incidence of a specific, possibly new, illness which is driving both these trends. By exploring what types of illnesses have developed since the pandemic, we can make a reasonable assessment as to whether this is the case. The ONS has recently provided analysis on what specific illnesses people inactive due to ill-health are reporting (figure B4). Here we can see in each category of illness, there are more people reporting sickness in 2023 than in 2019 and, so, there is no specific illness that is driving inactivity, but rather a rise in general sickness. It seems implausible to me that something has happened to make people in the United Kingdom suddenly more likely to have all of these long-term sickness conditions and that this is driving inactivity and NHS waiting lists. The uniformity across illnesses suggests that this is more likely driven by the inability of people to access their relevant treatments, resulting in an inability to remain in, or (re-)enter, the labour market. To be sure of this, we would need to know that the increase in NHS waiting lists is also affecting patients generally and not just those with a specific condition. But unfortunately, we do not have the data to check this, though we can note that demand for all NHS services has gone up.

Figure B4: Health Conditions Who Are Economically Inactive Because of Long-Term Sickness, 2019 to 2023

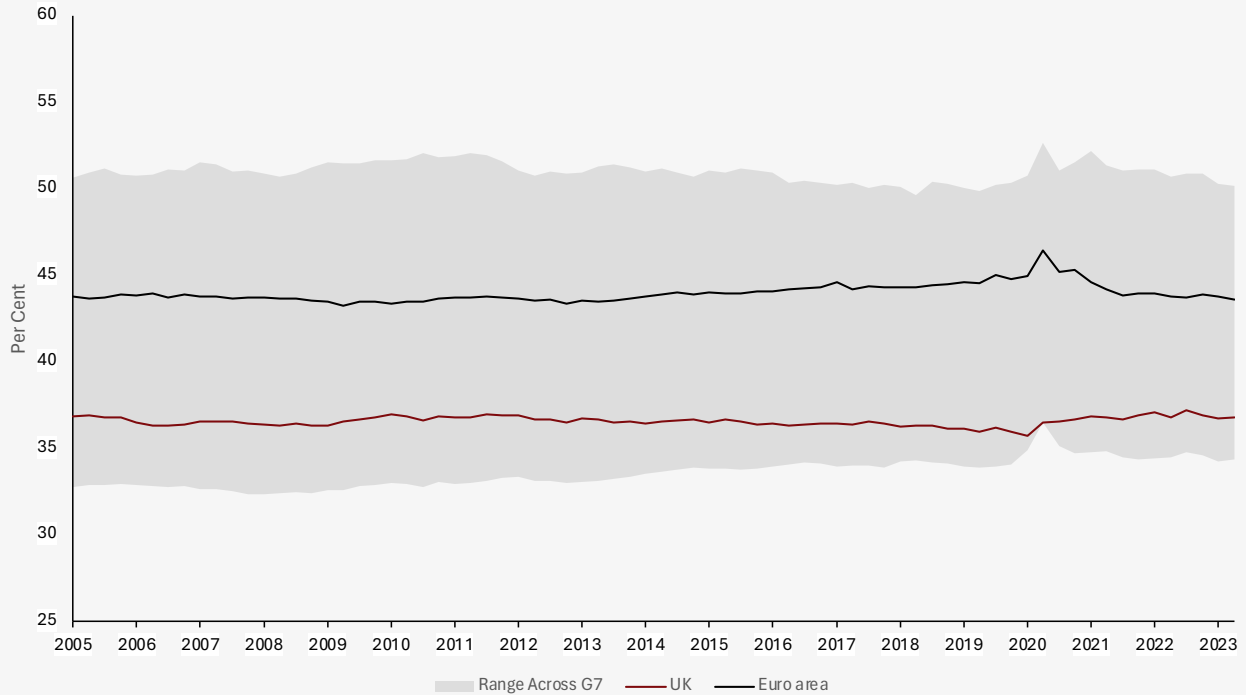


Notes: conditions shown are the top ten most reported sicknesses. Respondents were able to report multiple health conditions. Only includes people aged 16-64.

Source: ONS (2023).

We should however put this issue in a wider context. Compared to other countries, the United Kingdom has one of the highest participation rates in the world, and the inactivity rate in the United Kingdom is one of the lowest across the G7 (figure B.5). That said, falls in participation at a time of labour market shortages are clearly a cause for concern.

Figure B5: Inactivity Across the G7



Source: OECD.

The analysis in this box suggests that well intentioned efforts to enhance labour force participation through support for people with a disability and mental health challenges may not be as successful as first hoped, given that inactivity seems to be associated with a lack of access to healthcare.

References

BMA (2024), NHS backlog data analysis

Health Foundation (2022), Relationship between employment and health

NHS (2024, February), Referral to Treatment Time Series

NHS (2024, February), Referral to Treatment Time by Hospital Trust

OECD (2023), Inactivity Rates

ONS (2023), Rising ill-health and economic inactivity because of long-term sickness, UK: 2019 to 2023

ONS (2024), Economic inactivity by reason (seasonally adjusted)

Schintz, H (2011), 'Why are the unemployed in worse health? The causal effect of unemployment on health', *Labour Economics*, Vol. 18, pages 71-78.