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## **UK ENJOYS HIGHEST NET INCOME IN EUROPE, BUT QUALITY OF LIFE IS POOREST**

The UK and Ireland are the worst places in Europe to live, according to the latest [uSwitch.com](http://uSwitch.com) Quality of Life Index<sup>[1]</sup>. While the UK enjoys the highest net household income in Europe, quality of life is the poorest, proving that there is more to good living than money. Long working hours, lower holiday entitlement and a high cost of living all contribute to a poor quality of life in the UK – and it's not much better for the Irish either:

- **Best quality of life can be found in France and Spain. The worst can be found in the UK and Ireland<sup>[1]</sup>**
- **Depressing: UK workers can expect to work 3 years longer<sup>[2]</sup> and die 2 years younger than their French counterparts<sup>[3]</sup>**
- **Cost of living: consumers in the UK are paying above the European average for fuel<sup>[4]</sup>, food<sup>[5]</sup>, alcohol<sup>[6]</sup> and cigarettes<sup>[7]</sup>**
- **Health and education: the UK's spend on healthcare<sup>[8]</sup> and education<sup>[9]</sup> is below the European average. Only Ireland and Poland spend less on healthcare, but Ireland has more doctors and hospital beds and Poland has more beds than the UK<sup>[10]</sup>**
- **Longer life: Germany, Spain, France, Italy, the Netherlands and Sweden all enjoy longer life expectancy than the UK<sup>[3]</sup>**
- **Retirement age in the UK has dropped, but it is still the 4<sup>th</sup> highest in Europe<sup>[2]</sup>**
- **UK enjoys highest net household income<sup>[11]</sup>, but workers in the UK get lowest holiday entitlement in Europe<sup>[12]</sup>.**

The latest uSwitch.com European Quality of life Index reveals that people in the UK are still getting a raw deal compared with their European neighbours. Despite the fact that the UK enjoys the highest net household income in Europe – £35,730 a year, which is more than £10,000 a year above the European average<sup>[11]</sup> – this does not translate into a good life.

Instead, people in the UK can expect to work longer, die younger and enjoy lower standards of healthcare and education.

The uSwitch.com study examined 17 factors in order to understand where the UK sits in relation to nine other major European countries. Variables such as net income, taxes and the cost of essential goods, such as fuel, food and energy bills, were examined along with lifestyle factors, such as hours of sunshine, holiday entitlement, working hours and life expectancy to provide a complete picture of the quality of life experienced in each country.

The findings show that people in the UK and Ireland have the poorest quality of life, while the French and Spanish enjoy the highest. The UK gets the lowest number of days holiday per year<sup>[12]</sup>, pays the highest prices for diesel<sup>[4]</sup> and food<sup>[5]</sup> and spends below the European average (as a percentage of GDP) on health<sup>[8]</sup> and education<sup>[9]</sup>. It also has the 4<sup>th</sup> lowest life expectancy in Europe<sup>[3]</sup> and workers retire later than most of their European counterparts<sup>[2]</sup>.

France, which topped the league, enjoys one of the lowest retirement ages<sup>[2]</sup>, has the longest life expectancy in Europe<sup>[3]</sup> and spends the most on healthcare<sup>[8]</sup>. Its workers also benefit from 34 days holiday a year – compared with only 28 in the UK<sup>[12]</sup> – and it comes only behind Spain and Italy for hours of sunshine<sup>[13]</sup>.

Spain, which topped the league last year, enjoys the most sunshine<sup>[13]</sup> – but it has more to smile about than just that. The Spanish can expect to live a year longer than people in the UK<sup>[3]</sup>, enjoy the highest number of days holiday in Europe (41 days a year)<sup>[12]</sup> and pay the lowest fuel prices<sup>[4]</sup>. And as if that's not enough to celebrate, they are paying the lowest prices for alcohol too<sup>[6]</sup>.

This year's index does not reveal the full impact of the recession – this can be expected to show next year. However, France officially went into recession in May 2009 and has already emerged again (August 2009)<sup>[14]</sup>. This quick turnaround could see it maintaining a high quality of life despite the economic difficulties facing most European nations. Spain entered recession in February 2009<sup>[15]</sup> with no official announcement as to when it is likely to exit. Poland is the only country in the study not to have gone into recession and it is widely expected to avoid it throughout 2009<sup>[16]</sup>.

## European Quality of Life Index<sup>[1]</sup>:

Rank	Countries	Total Score	Net household income after taxes (GBP) <sup>[11]</sup>	VAT - Goods and services (%) <sup>[27]</sup>	Average Working Hours (Hours per Week) <sup>[26]</sup>	Hours of Sunshine (Hours per year) <sup>[13]</sup>	Retirement Age (Years) <sup>[2]</sup>	Life Expectancy (Years) <sup>[3]</sup>	GDP per head (GBP) <sup>[28]</sup>	Education spending (% of GDP) <sup>[9]</sup>
1	France	6.87	£ 24,220	20%	38	1,967	59.4	80.9	£ 26,478	5.6%
2	Spain	6.42	£ 16,789	16%	39.2	2,665	62.1	79.9	£ 20,201	4.3%
3	Denmark	3.68	£ 27,834	25%	35.2	1,706	60.6	78.1	£ 35,991	8.3%
4	Netherlands	0.85	£ 26,414	19%	30.7	1,414	63.9	79.3	£ 29,493	5.6%
5	Germany	0.84	£ 27,468	19%	35.5	1,573	62	79.1	£ 25,437	4.4%
6	Poland	-1.08	£ 21,331	22%	41.1	1,514	59.3	75.4	£ 6,984	5.5%
7	Italy	-1.12	£ 18,218	20%	38.3	2,356	60.4	80.1	£ 22,333	4.8%
8	Sweden	-1.36	£ 26,848	25%	36.3	1,702	63.9	80.7	£ 31,329	7.0%
9	Ireland	-7.45	£ 29,192	21%	36	1,397	64.1	78.1	£ 37,424	4.9%
10	UK	-7.65	£ 35,730	18%	37	1,476	62.6	78.9	£ 28,667	5.5%

<b>Average</b>	£ 25,404	20%	36.73	1,777	61.83	79.0	£ 26,434	5.6%
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Rank	Countries	Health spending (% of GDP) <sup>[8]</sup>	Number of Holidays (Days per Year) <sup>[12]</sup>	Fuel - Unleaded (GBP per litre) <sup>[4]</sup>	Fuel - Diesel (GBP per litre) <sup>[4]</sup>	Cost of Gas (Euro Cent per kWh) <sup>[29]</sup>	Electricity Cost (Euro Cent per kWh) <sup>[29]</sup>	Alcohol Prices (GBP - Index) <sup>[6]</sup>	Food Prices (GBP) <sup>[5]</sup>	Cigarette Prices (GBP per 20 Pack) <sup>[7]</sup>
1	France	11.0%	34	£ 1.04	£ 0.92	4.9	9.3	£ 78.58	£ 118.76	£ 3.61
2	Spain	8.4%	41	£ 0.85	£ 0.81	5.6	12.8	£ 61.50	£ 123.89	£ 1.70
3	Denmark	10.8%	32	£ 1.03	£ 0.91	4.7	13.2	£ 93.59	£ 126.59	£ 2.92
4	Netherlands	9.4%	29	£ 1.16	£ 0.91	4.8	13.2	£ 81.26	£ 121.48	£ 2.79
5	Germany	10.6%	33	£ 1.04	£ 0.96	5.8	13.4	£ 66.32	£ 119.97	£ 3.20
6	Poland	6.2%	37	£ 0.91	£ 0.87	3.4	9.7	£ 85.14	£ 127.55	£ 1.08
7	Italy	9.0%	31	£ 1.05	£ 0.98	4.9	16.6	£ 82.06	£ 122.34	£ 2.31
8	Sweden	9.2%	33	£ 0.98	£ 0.96	6.1	11.4	£ 118.82	£ 123.75	£ 3.47
9	Ireland	7.5%	29	£ 0.92	£ 0.93	5.7	17.9	£ 148.01	£ 119.44	£ 5.07
10	UK	8.2%	28	£ 1.08	£ 1.13	4.6	15.3	£ 107.73	£ 134.48	£ 4.99

<b>Average</b>	9.0%	33	£ 1.01	£ 0.94	5.1	13.3	£ 92.30	£ 123.82	£ 3.11
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Out of the two countries experiencing the lowest quality of life, Ireland went into recession first in September 2008<sup>[17]</sup> while the UK officially went into recession in January 2009<sup>[18]</sup>. Both are yet to exit and the impact on the UK is expected to be severe and long lasting. Unemployment has already hit a 14 year high at 2.47 million workers or 7.9% of the workforce – the highest rate since 1995<sup>[19]</sup>. Even with the UK due to start recovery shortly, the jobless toll is still expected to rise with the British Chambers of Commerce predicting numbers exceeding 3 million next year<sup>[19]</sup>.

Importantly, as politicians start to plot a way out of the financial mire, quality of life in the UK could suffer even more. This is because public spending is likely to be reined in so that the amount spent in the UK on education and health could fall. The Labour Government has already indicated £2 billion of cuts to come on education<sup>[20]</sup> but it has so far rejected advice from management consultants to cut the NHS workforce by 10% over the next 5 years<sup>[21]</sup>. The UK is already spending below the European average (as a percentage of GDP) on both health<sup>[8]</sup> and education<sup>[9]</sup>.

## Wealth

The study shows that the UK has the highest net household income in Europe. At £35,730 it is £10,325 higher than the European average and more than double that of Spain, which has the lowest net household income at £16,789<sup>[11]</sup>. However, people living in the UK also have to contend with a high cost of living - the average household energy bill alone adds up to an eye watering £1,239 a year<sup>[22]</sup> while the average household now pays £1,175 a year in council tax<sup>[23]</sup>. Even travel is expensive with a 30 mile journey into London on a train setting commuters back over £3,000 a year<sup>[24]</sup>.

In fact, consumers in the UK are paying above average for most of the essentials:

- **Fuel:** at £1.08 a litre, the UK is the second most expensive country in Europe for unleaded petrol. However, diesel is more expensive in the UK than anywhere else in Europe - £1.13 a litre, which is 19p or 20% above the European average (£0.94). Spain has the lowest price for diesel at only £0.81 a litre<sup>[4]</sup>.
- **Food:** again, the UK is paying more than all its neighbours. The same basket of goods that costs £134.48 in the UK costs £124 on average in Europe and only £118.76 in France, which enjoys the lowest food prices<sup>[5]</sup>.
- **Cigarettes and alcohol:** not essentials, but nevertheless only Ireland and Sweden pays more for a round of drinks than the UK and only the Irish pay more for cigarettes than smokers in the UK<sup>[6]</sup>.

## Health

The UK is spending below the European average (as a percentage of GDP) on both education and health. The largest shortfall is on health though, where the UK is spending 8.2% of GDP compared with the European average of 9%. Only Poland and Ireland spend less on health than the UK. France is the biggest investor, spending 11% of GDP on health, closely followed by Denmark and Germany<sup>[8]</sup>.

The UK has 2.1 doctors per 1,000 people and 3.9 hospital beds. In contrast, France has 3.4 doctors and 7.3 beds. Poland, which spends less than the UK on health, has more hospital beds – 5.2 beds per 1,000 people. While Ireland spends less than the UK, but achieves a greater number of doctors per 1,000 and a higher number of hospital beds (2.9 doctors per 1,000 and 5.6 beds)<sup>[10]</sup>.

Lower spending on education and health could also be a contributing factor to the UK's lower than average life expectancy, which is 4<sup>th</sup> lowest in Europe<sup>[3]</sup>. There is some evidence to suggest that people who are better educated live longer and in better health than those who are less educated. This link between education and health cannot be explained by behavioural differences alone and has led scholars to suggest that having the right educational policies could improve a nation's health considerably<sup>[25]</sup>.

As well as shorter lives, people in the UK can expect to work for longer than most of their European neighbours too. The average European retirement age is 62 years old, however UK workers can expect to carry on working for 6 months longer than this. Poland has the lowest retirement age at just over 59 years old, closely followed by France<sup>[2]</sup>. In real terms, these differences mean that UK workers can expect to work 3 years longer<sup>[2]</sup> and die 2 years younger than their French counterparts<sup>[3]</sup>.

### **Well being**

Workers in the UK put in an average of 37 hours a week. Spain, France, Italy and Poland all work longer hours<sup>[26]</sup>, but they also benefit from more days off. While workers in the UK get the lowest holiday entitlement in Europe - 28 days a year – the Spanish benefit from 41 days a year, the highest entitlement<sup>[12]</sup>. As a result, UK workers can expect to work an average of 5 days more a year than their European counterparts and 13 days a year more than their Spanish counterparts<sup>[12]</sup>. Over a lifetime of work (45 years) a Spanish worker could expect to have over 5 years off as holiday, while a UK worker could expect to have just over 3 years off<sup>[26]</sup>.

**Ann Robinson, Director of Consumer Policy at [uSwitch.com](http://uSwitch.com), says:** “There is more to good living than money and this report shows why so many Brits are giving up on the UK and heading to France and Spain. We earn substantially more than our European neighbours, but this level of income is needed just to keep a roof over our heads, food on the table and our homes warm. It's giving us a decent standard of living, but it's not helping us achieve the quality of life that people in other countries enjoy.

“For too long the focus in the UK has been on standard of living rather than quality of life. As a result we have lost all sense of balance between wealth and well-being. The recession could prove to be a turning point, forcing us to re-evaluate our way of life, get back to basics and to the things that really count. Consumers are already beginning to do this – the Government and its policymakers would do well to follow suit.”

For more information visit [www.uSwitch.com](http://www.uSwitch.com) or call 0800 093 06 07

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**Notes to editors:**

1. Quality of Life Index – research was conducted by Research Insight in September 2009 with further analysis conducted by uSwitch.com based on the below standardisation methodology:  
A standardised score for each variable across each country was calculated based on the following: Standardised score = (raw score - average)/standard deviation. For example, average net income across all countries is £25,404.43 and the standard deviation (average distance from the mean) was £5,558.70. Net income in Denmark is £27,834. Standardised score =  $(27,834 - 25,404.43)/5,558.70 = 0.44$ . As this represents the distance between the raw score and the average, when the standardised score is negative, the raw score falls below the mean, and when positive, the score falls above. Overall Quality of Life is defined as the sum of the standardised scores.
2. Eurostat – average exit age from the labour market.
3. Based on life expectancy data collected by CIA World Fact Book 2008.
4. Unleaded petrol and diesel costs in GBP per litre – Eurostat.
5. Eurostat - harmonised consumer prices based on the following basket of food: cereals, meat (total), fish and seafood, milk, cheese, eggs, fats and oils, fruit, vegetables, sugar, jam, honey, chocolate and confectionary, food products n.e.c.
6. Eurostat – harmonised consumer prices – alcoholic beverages. Includes wine and beer.
7. [www.the-tma.org.uk](http://www.the-tma.org.uk) – conversion rate: GBP to EUR – 1.33998.
8. Health spending as % of GDP: Pocket World of Figures 2010 edition – The Economist.
9. Education spending as % of GDP: Pocket World of Figures 2010 edition – The Economist.
10. Doctors per 1,000 population and hospital beds per 1,000 population: Pocket World of Figures 2010 edition – The Economist.
11. Net household income after taxes (in GBP) based on two-earner married couple, one at 100% of average earnings and the other at 33%, with 2 children. Source: OECD.
12. Holiday entitlements are a sum of statutory minimum holidays and public holidays in days per year. Source: Mercer Human Resource Consulting, Eurostat, Federation of European Employers.
13. Number of hours with sunshine per month. Source: [www.solarventi.com](http://www.solarventi.com), except for France: [www.the-france-page.com](http://www.the-france-page.com).
14. Date of entry 15<sup>th</sup> May 2009 and exit 13<sup>th</sup> August, 2009. Source: <http://www.france24.com/en/20090515-france-officially-hit-recession-gdp-negative-growth-economic-crisis> and <http://www.france24.com/en/20090813-surprise-growth-french-economy-second-quarter-christine-lagarde-gdp>
15. Date of entry 12<sup>th</sup> February, 2009. Source: <http://www.france24.com/en/20090212-spain-officially-recession-first-time-15-years-crisis>
16. Source: <http://www.xe.com/news/2009-08-25%2005:43:00.0/629961.htm?c=1&t=>
17. Date of entry 26<sup>th</sup> September, 2008. Source: <http://www.independent.co.uk/news/business/news/ireland-enters-.html?ssion=942831.html>
18. <http://www.telegraph.co.uk/finance/financetopics/recession/4323415/UK-recession-lts-official-and-the-worst-since-1980.html>
19. Reported in Metro on Thursday 17<sup>th</sup> September, 2009.
20. [http://news.bbc.co.uk/1/hi/uk\\_politics/8265166.stm](http://news.bbc.co.uk/1/hi/uk_politics/8265166.stm)
21. [http://news.bbc.co.uk/1/hi/uk\\_politics/8267091.stm](http://news.bbc.co.uk/1/hi/uk_politics/8267091.stm)
22. Source: uSwitch.com. Based on a medium user consuming 3,300 kWh electricity and 20,500 kWh gas a year, with bill sizes averaged across all regions and all suppliers, for a dual fuel standard plan paying on receipt of bill.
23. Source: <http://www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax/>
24. Chelmsford (Essex) to London (Liverpool Street) - National Express trains charge £3,140 for an annual season ticket: [http://www.nationalexpresseastanglia.com/train\\_tickets/ticket\\_types/season\\_tickets/mainline\\_season\\_ticket\\_prices](http://www.nationalexpresseastanglia.com/train_tickets/ticket_types/season_tickets/mainline_season_ticket_prices)
25. Source: National poverty Centre, University of Michigan, [http://www.npc.umich.edu/publications/policy\\_briefs/brief9/](http://www.npc.umich.edu/publications/policy_briefs/brief9/)
26. Calculated as: 41 days a year x 45 years = 1,845 days divided by 365 = 5 years. 28 days x 45 years = 1,260 days divided by 365 = 3.45 years.
27. Eurostat - standard VAT rates.
28. GDP per head (in USD): Pocket World of Figures 2010 edition – The Economist. GBP to USD conversion rate of 1.5851 applied.
29. All data from Ofgem factsheet, except: Poland (gas & elec) and Italy (elec) sourced from Eurostat.

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Our aim is to help customers take advantage of the best tariffs and services on offer from every supplier. To aid us in this task we have developed a comparison calculator, which evaluates a number of factors including price, location, service and payment method, and advises consumers on the best deal to suit their needs.

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