



Measuring National Well-being in the UK: Four years of progress

Glenn Everett*

Office for National Statistics, Newport, UK – glenn.everett@ons.gov.uk

Abigail Self

Office for National Statistics, Newport, UK – abigail.self@ons.gov.uk

Abstract

There is widespread agreement that a broad set of economic, environmental and social measures are needed alongside GDP to provide a complete picture of ‘how society is doing’. In November 2010, supported by UK Prime Minister David Cameron, the Office for National Statistics launched the ‘Measuring National Well-being Programme’ with the aim of establishing “an accepted and trusted set of National Statistics which help people to understand and monitor national well-being”. Taking its lead from the Stiglitz Commission, the Programme has focused on providing: a fuller understanding of the economy – and has developed a set of measures of economic well-being to better reflect income, wealth and the household perspective; a better understanding of society – by conducting a 6 month national debate asking the nation ‘what matters’, defining a reporting framework of domains and measures of national well-being and adding questions about personal well-being to ONS largest household survey; and promoting sustainable development and monitoring the environment for the well-being of future generations – through developing a set of environmental accounts as well as measures of social, human and natural capital. Measuring national well-being in the UK is a long term development programme but much progress has already been made in raising the importance of well-being measurement in UK Policy, internationally and outside Government. Critical to this success has been regular stakeholder and citizen engagement from the outset.

Keywords: capitals; sustainable development; UK policy, stakeholder engagement

1. Introduction

In November 2010 supported by UK Prime Minister David Cameron, the Office for National Statistics (ONS) launched the Measuring National Well-being (MNW) Programme. In his speech, the Prime Minister stated, “you’ve got to take practical steps to make sure government is properly focused on our quality of life as well as economic growth...this information will help government work out, with evidence, the best ways of helping to improve people’s well-being”.

Since then, ONS has made significant progress. ONS took its lead from the Commission on the Measurement for Economic Performance and Social Progress (the Stiglitz Sen Fitoussi report) (2009) which reflected renewed global interest in looking beyond GDP when evaluating the progress of a country. In particular, ONS used the three pillars of the Stiglitz Sen Fitoussi report as the basis for MNW activities. These include:

- Providing a fuller understanding of the economy
- Enabling a better understanding of society
- Promoting sustainable development and monitoring the environment for the well-being of future generations

2. A UK definition of national well-being

In the absence of an accepted definition, ONS define national well-being as ‘how we are doing, as individuals, as communities and as a nation and how sustainable this is for the future’. It is more than individual well-being. It recognises that a broad set of activities are needed to fully address national well-being. For example, an individual’s well-being may not be directly affected by a fall in the stock of the education and skills in the labour market (human capital), but taken to the extreme, if stocks of human capital were to plummet, the future labour market would suffer from a lack of appropriate



education and skills and this would have indirect consequences for individuals though the impact on the UK economy.

3. Providing a fuller understanding of the economy

To provide a fuller understanding of the economy, Stiglitz Sen Fitoussi suggested:

- looking at individual and household perspectives instead of just the national economy
- considering distributions across society of income, wealth and consumption to highlight areas less well off
- considering wealth as well as income and to capture non-market activities - services that households provide for themselves

Measuring Economic Well-being

In December 2014, ONS published for the first time, measures of economic well-being (ONS, 2015) which were released alongside the UK's quarterly national accounts. The measures provide a better understanding of how the UK economy impacts people at the individual and household level and can help ensure policy decisions are focused on areas most in need.

Most recent figures (see Figure 1) at the time of writing showed:

- GDP per head grew by 0.5% while GDP grew by 0.6% in Q4 2014 compared with Q3 2014
- Net National Disposable Income per head has remained broadly flat since Q1 2012 but remains 5.6% below pre-recession levels
- Household net wealth grew by 2.6% in 2013, whilst net national wealth grew by 4.4%

Figure 1: Measures of Economic Well-being, March 2015



Figures show that the economy viewed from the individual and household perspective present a different picture than looking at national measures such as GDP, alone.

Valuing non market activity

ONS are also developing measures of non market activity or 'Household Satellite Accounts' (see Table 1). Household Satellite Accounts provide a means by which the influence of changing patterns of unpaid work on the economy can be measured. In the early 2000s, UK government policies led to substantial increases in availability of formal child care for under 5's. The initiative led to a 36.4%



increase in formal childcare per child under 5 between 1995 and 2010, encouraged more mothers into work and increased contributions to the economy. The valuation of unpaid work can therefore be useful in assessing the impact of policies on households and the voluntary sector as well as identify untapped potential for the economy.

Table 1: Non market value of selected UK Household Satellite Accounts, 2010

Account	Non Market Value	GDP equivalent
Informal child care	£343 billion	24%
Informal adult care	£61.7 billion	4.2%
Informal volunteering	£23.9 billion	1.5%

By summer 2015, ONS will have published eight household satellite accounts covering topics including: informal adult care (ONS, 2013), informal child care (ONS, 2013), volunteering (ONS, 2013), clothing, laundry services, transport, housing, and nutrition.

4. Enabling a better understanding of society

To enable a better understanding of society, Stiglitz Sen Fitoussi proposed the need to:

- understand what matters to people to ensure the right things are measured and sustained in future
- collect objective information on things agreed to influence a person's well-being, for example, health, education, right to decent jobs and housing, participation in the political process, their social and natural environment and factors shaping personal and economic security
- capture subjective information - how people think and feel about their lives, and to report where possible across gender, age, socio-economic groups and others to highlight inequalities

National debate and understanding 'what matters'

Understanding what matters to people has been a central focus for ONS MNW activities. ONS began by running a six month national debate in the UK, asking 'what matters?' (ONS, 2011). The debate included 175 events around the country and generated 35,000 responses. The findings and other research were used to determine a framework of over 40 measures of national well-being across 10 domains, for example, Personal Well-being, Personal Finance and the Natural Environment, which were consulted upon again and refined. Consulting widely on what matters to people has led to higher acceptance and legitimacy of the measures and methods of measuring national well-being in the UK.

Objective and subjective measures

The majority of measures of national well-being are based on existing data sources. They include objective measures, such as crime rates; as well as subjective information, for example, fear of walking alone after dark. By examining fact based information with how people think and feel, a more complete picture is provided than by looking at either type of measure alone. For example, between 2011/12, personal crime rates per thousand fell while fewer men and women felt safe walking alone after dark. The measures are updated with the latest data every six months and summarised in an annual Life in the UK report (ONS, 2015). ONS also used the 41 measures as a basis for developing indicators of children's and young people's well-being (ONS, 2014). Measures will continue to evolve as needs change.

Developing four new subjective measures

In 2011, ONS developed (in consultation with subject specialists) and added four questions to the Annual Population Survey, its largest people survey, to capture how people in the UK think and feel about their lives.

The questions capture long-term feelings of life satisfaction, the extent to which people feel the things they do in life are worthwhile, and daily experiences of positive and negative feelings such as happiness and anxiety, and have been extensively reported on elsewhere. The data are analysed by a



wide range of geographical break-downs, personal characteristics and circumstances in an annual publication, 'Personal Well-being in the UK' (ONS, 2014).

Analysing influences on well-being

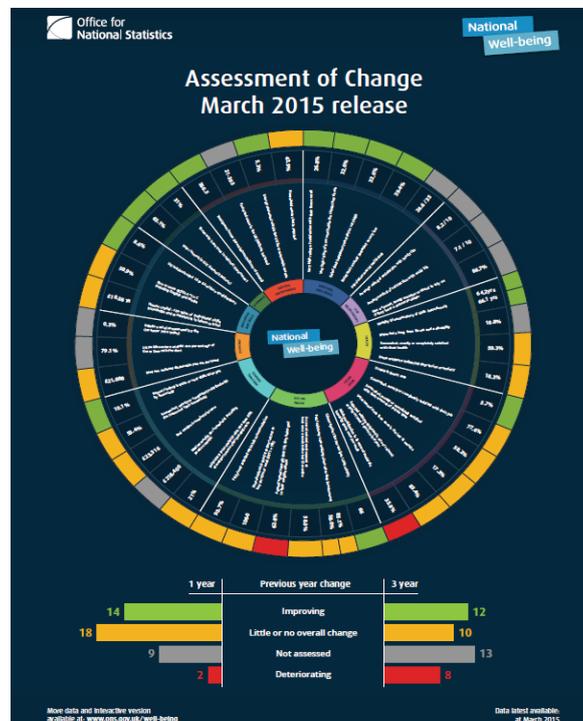
Including the four well-being questions on a large survey has allowed factors most strongly associated with personal well-being to be analysed. This analysis showed that self-assessed health, employment status and relationships are most strongly associated with personal well-being in the UK.

Further work has also looked at how well-being is associated with commuting to work; household income and expenditure; and the place where we live. The Commuting and Personal Well-being, 2014 article showed how different commuting times and modes of travel are related to personal well-being. The Income, Expenditure and Personal Well-being, 2011/12 article showed that whilst people in households with higher incomes report higher life satisfaction and happiness and lower anxiety (holding other factors fixed), an increase in the proportion of household income from cash benefits such as Housing Benefit and Job Seeker’s Allowance is linked with lower reported life satisfaction, happiness and perceptions in life are worthwhile and higher anxiety. These effects are strongest for men. The same research showed that household expenditure appears to have a stronger relationship than household income with how people rate their life satisfaction, perceptions that what they do in life are worthwhile and happiness. Looking at these influences in more depth provides a powerful new understanding into what drives our well-being.

Well-being Wheel

Recognising the importance of visualisation for connecting with the unengaged, ONS developed a ‘Well-being Wheel’ (see Figure 2) to illustrate the framework of measures. The Wheel includes all domains, measures and latest data, and is updated every six months. An interactive online version provides time series charts for each measure and links to underlying data.

Figure 2: Assessments of change in UK national well-being, 2015



In 2015, as part of the annual UK Life in the UK report, the Well-being Wheel included assessments of change in measures of national well-being for the first time. Figure 2 shows each measure colour coded according to whether it has improved, deteriorated, showed little change or was not assessed.



Highlighting change in individual measures helps to signpost those areas which may require further investigation or intervention by policy makers. Bar charts summarise the overall picture for two different time periods. Time periods over which change is assessed will be lengthened as more data become available.

ONS are currently developing a wider conceptual framework which will include measures of national well-being as well as other relevant existing indicator sets, such as Sustainable Development Indicators (SDIs) (formerly the responsibility of the UK Department for Environment, Food and Rural Affairs but now published by ONS) and those sets in development, for example the Sustainable Development Goals (SDGs), which will replace Millennium Development Goals in 2015. The framework will help users understand how the different indicator sets fit together and can be used for reporting on these areas.

5. Promoting sustainable development and monitoring the environment

As well as current well-being, there is a need to consider the sustainability of the environment as well as stocks of our human, physical, natural and social capital for future generations.

Measuring the impact of the economy on our environment

ONS has published and will continue to develop a set of Environmental Accounts (ONS, 2014). With the National Accounts, Environmental Accounts help to determine the impact of the economy on the environment by looking at environmental assets (such as, oil & gas reserves, woodlands), how they are used (such as energy, material flows) and the pressure they place on the natural environment (such as from emissions and waste). They also provide information on environment related taxes.

Such information is used to help consider decisions on what actions need to be taken and in what areas to ensure a more sustainable future. Work has already led to the identification of the need for more detailed information about companies' products, investments and processes which can be considered 'low carbon'. In response, ONS are currently undertaking a low carbon survey of businesses which will report towards the end of 2015.

Valuing and maintaining capital stocks

Sustainability refers to an economy's total stock of capital being maintained over time. The economy's total capital stock comprises the sum of physical capital (for example, buildings), natural capital (sub-soil assets, woodlands and ecosystems), human capital (education and skills) and social capital (personal relationships, support networks, civic engagement and trust). Capturing stocks in this way helps ensure we are conscious of their decline or sustainability for future generations.

UK work on natural, human and social capital is still in development. Work on human capital (ONS, 2012) has highlighted inequalities in the distribution of human capital stocks, and that widening inequalities are detrimental to national well-being. The natural environment, as well as being an economic resource we need to sustain, can have significant impacts on our physical and mental health, leading to higher individual, and therefore national, well-being (ONS, 2014). Higher social capital stocks mean people are more likely to act for the good of their community (ONS, 2015). ONS are also considering the potential for developing a comprehensive wealth account. The account would include all four capitals and would help us to understand and monitor future sustainability.

6. Impacts

Considerable progress has been made in the use of ONS MNW outputs across UK Government departments and policy (EAC, 2013-14). Examples include:

- ONS personal well-being questions have been added to over 20 different Government surveys covering topics such as health, crime, housing and taking part in sport and culture
- The UK Business Innovation and Skills department used ONS well-being questions to examine the relationship between workplace well-being and business performance (BIS, 2014)



- The UK Department for Work and Pensions used ONS well-being questions to determine impacts of different interventions to help move people from benefits into work (McManus et al, 2012).
- ONS well-being questions have been used to evaluate the benefits of a national citizenship service pilot, which is now being rolled out more widely (NatCen, 2013).
- The UK Department for Transport have used ONS domains of well-being in a tool to help policy makers assess the social impacts of major transport investment decisions (DfT, 2013).
- The UK Airports commission (2014) used ONS domains of well-being to conduct a quality of life impact assessment for a third London runway/alternative flight path scenario.
- In partnership with academia, the UK Government have created a dedicated 'Well-being What Works Centre' to help bridge the gap between well-being evidence and policy, and have adopted the ONS well-being definition to help shape its activities.
- ONS are working with the UK Department of Health to help them understand the link between mortality rates and the total value of human capital.
- As part of its work on measuring the green economy, ONS have been commissioned to develop and run a low carbon and renewable energy survey on behalf of several UK Gov departments (including DECC, BIS, Scottish Gov, Welsh Gov and Department of Enterprise, Trade and Investment, Northern Ireland). Among the resulting outputs, the survey will provide independent estimates of green jobs.

Internationally, ONS is a member of several working groups associated with measuring progress and has also contributed methodological guidance on measurement to several international handbooks, for example, OECD guidelines on Measuring Subjective well-being (OECD, 2013a), UNECE guidelines on measuring human capital; wealth and economic well-being chapters for the OECD framework for statistics on the distribution of household income, consumption and wealth (OECD, 2013b). In addition, ONS have worked closely with the UN Statistical Development Division and have been instrumental in developing the System of European Environmental Accounts (SEEA)

Well-being is also starting to be recognised outside Government in the UK. Housing Developer Berkeley Homes have used the domains of well-being to help steer the building of 'high quality, sustainable places where people choose to live, work and spend their time. These will be places that directly encourage people's well-being' In addition, the British Red Cross has used all measures from the MNW Personal Well-being domain to capture the well-being of refugees at the beginning and end of support periods to help improve the design of its services to better meet user needs.

7. Conclusions

Measuring national well-being in the UK is a long term development programme and considerable progress has been made since its launch in 2010. The focus on stakeholder engagement from the outset through the national debate and regular consultation thereafter has helped ensure outputs are rooted in what people have said matters to their lives. Developments such as measures of economic well-being; inclusion of objective and subjective information and assessments of change in the suite of national well-being measures; and environmental accounts and assessments of capital stocks – help to provide a better understanding of the economy, society and the environment. In turn, a clearer indication of 'how we're doing and how sustainable our future is' is provided.

Use of national well-being evidence in UK policy and beyond is encouraging but still very much in its infancy. There is still a need to ensure that this large amount of evidence, information and understanding of well-being which will continue to grow - is not wasted.

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