House of Commons
Environmental Audit Committee

Well-being

Fifteenth Report of Session 2013–14

Volume I: Report, together with formal minutes, oral and written evidence

Additional written evidence is contained in Volume II, available on the Committee website at www.parliament.uk/eacom

Ordered by the House of Commons
to be printed 13 May 2014

HC 59
Published on 5 June 2014
by authority of the House of Commons
London: The Stationery Office Limited
£15.50
Environmental Audit Committee

The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by Her Majesty’s Ministers; and to report thereon to the House.

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The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/eacom. A list of Reports of the Committee in the present Parliament is at the back of this volume.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume.

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Summary

In this report we have examined two ongoing Government-sponsored initiatives intended to increase the measurement and use of sustainable development metrics. One is the project by the Office for National Statistics (ONS) for ‘Measuring National Well-being’ which aims to identify the state of each of the ‘capitals’ under the three pillars of sustainable development—economic, social and environmental (or natural) capital. The other is Natural Capital Committee (NCC) which seeks to address one of those pillars—natural capital.

Natural capital needs to be ‘hard wired’ into policy-making, but it is currently inadequately measured. The Government should give clear encouragement to the work that the NCC is taking forward. To maintain the momentum of the NCC’s work past its current remit ending in 2015, the Government should put the NCC on a long-term statutory footing and respond formally to the NCC’s annual reports. The Government should also accept without delay the NCC’s key recommendation for a 25 year plan for improving England’s natural capital, and make it responsible for monitoring the implementation of that plan.

More than three years after the Prime Minister’s declaration that we should be “measuring our progress as a country not just by our standard of living but by our quality of life”, well-being measures are not yet receiving the same attention as economic ones. The ONS work on ‘subjective well-being’—capturing the views of individuals about the satisfaction they get from their lives—is producing valuable new insights into people’s satisfaction with society, our environment and our economy. The process of producing a single headline indicator of well-being, which might be considered alongside GDP, could prompt a useful debate about what matters most to people, but it runs the risk of not being accepted by those who do not agree the weightings given to particular components of well-being. Such a move should not be contemplated until a track-record has been built up and a general consensus and acceptance secured on the appropriate component measures of well-being.

Well-being considerations should increasingly drive policy-making, including ‘nudge’ programmes, as the extent and understanding of well-being data is increased. The so far ‘experimental’ nature of the data, and current gaps in understanding of cause and effect, has prompted Government caution. The Government should begin using the already available data to ‘wellbeing-proof’ existing policy proposals, and set out a clear plan for how and in what circumstances the data should start to be used proactively to identify new policies. It is too soon, however, to contemplate the case for a Social Capital Committee, analogous to the NCC.
1 Introduction

1. Sustainable development involves ensuring that the opportunities of future generations for prosperity, in its widest sense, is not reduced by the actions we take and the resource we consume today. It is usually discussed as a requirement to consider progress in terms of balancing three pillars—environmental, social and economic development. It has been couched in terms of “living on the Earth’s income rather than eroding its capital”; protecting or enhancing ‘natural capital’ and ‘human (or social) capital’ while pursuing economic development.

2. In the lead up to the UN Conference on Sustainable Development—the ‘Rio+20’ Earth Summit—in June 2012, and in its aftermath, there was increasing research and discussion on how such thinking could be made a normal part of government policy-making. As we noted in our October 2011 report on the *Preparations for the Rio+20 Summit*, the Deputy Prime Minister (who led the UK delegation to the Summit) highlighted particular commitments on sustainable development: on the ‘green economy’, corporate sustainability reporting, Sustainable Development Goals, and using ‘GDP-plus’ measures of sustainable development and natural capital accounting.

3. We have previously examined some of these initiatives. In our May 2012 report on the *Green economy* we discussed the need for the Government to pursue such a model in a way that addressed environmental and social considerations. In the course of several reports we have tracked the progress of initiatives to require companies to report on their sustainable development and emissions performance. Most recently, in our report on *Green finance* we recommended that the Government work with companies to ensure reporting requirements provide investors with the information they need for determining ‘carbon risks’. We discussed the development of Sustainable Development Goals, one of the main outcomes of Rio+20, in two of our reports on the Summit. These Goals are being developed alongside and coordinated with work to formulate Post-2015 Development Agenda goals, and involve the formulation of new global measures that encompass all aspects of sustainable development for all counties rather than the poverty-reduction focus of the current Millennium Development Goals which apply to developing countries.

4. Like the Sustainable Development Goals, the commitment made at Rio+20 on ‘GDP plus’ related directly to how sustainable development might be more effectively measured. The Rio+20 outcomes document, *The Future We Want*, highlighted the need for new

3 HC Deb, 26 June 2012, col 161
6 *Preparations for the Rio+20 Summit*, op cit; *Outcomes of the UN Rio+2 Earth Summit*, op cit.
measures of progress to complement Gross Domestic Product. It identified a need for better data:

... for guiding decision-making and implementation of sustainable development at all levels, ... we recognise that integrated social, economic, and environmental data and information, as well as effective analysis and assessment of implementation, is important to decision-making processes.

The Deputy Prime Minister reported soon after the Summit that:

Rio+20 recognised that we need to develop broader measures of progress to complement GDP in order to take account of the natural assets that will contribute to future prosperity—so-called GDP-plus. In the UK we have already committed to including natural capital within our system of national accounts by 2020. We worked hard at the summit to ensure that all nations present recognised the importance of broader measures of environmental and social wealth to complement GDP.

5. The Government had been developing measures for assessing progress towards sustainable development on two fronts which predated the 2012 Summit. The Office for National Statistics had been running a ‘Measuring National Well-being’ initiative, following an announcement by the Prime Minister in November 2010 that it would develop measures of “national well-being and progress” to supplement existing measures of economic development such as GDP. We discuss this work in detail in Part 3. Secondly, Defra has revised its Sustainable Development Indicators, which we examined while under consultation in November 2012. The proposed new set of Indicators were intended to be “high-level outcome measures and capture priority issues for making economic, environmental and social progress for this and future generations”. There was some overlap between the SDIs and the Measuring National Well-being measures, and the Government cited the well-being measures initiative as a reason for streamlining the SDIs.

6. As Defra explained at the time, SDIs were intended to provide a view of “long-term and intergenerational progress” on “a high-level summary of progress across the three pillars of sustainable development”, whereas well-being measures were “focused primarily on current well-being”. The final post-consultation SDIs, published in July 2013,

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7 UN, The Future We Want (June 2012), para 38
8 Ibid, para 98
9 HC Deb, 26 June 2012, col 161
10 Environmental Audit Committee, Fifth Report of Session 2012–13, Measuring well-being and sustainable development: Sustainable Development Indicators, HC 667
12 Measuring well-being and sustainable development: Sustainable Development Indicators, op cit
13 Defra, Informal Consultation on Sustainable Development Indicators (July 2012)
14 Ibid.
15 Defra, Sustainable Development Indicators (July 2013); Defra, Informal Consultation on Sustainable Development Indicators.
nevertheless introduced a new ‘social capital’ indicator, using the results of a Community Life Survey, which is also used in the well-being work. The new indicator includes as metrics the proportion of people volunteering and who report that they can ‘trust’ or ‘rely on’ others. The SDIs also retained an indicator which addresses social mobility by measuring the proportion of people who have jobs in ‘higher-level occupations’ than those of their parents. The Government response to the SDIs consultation in June 2013 noted:

National well-being tends to focus on the current well-being of the nation so that policy makers, businesses, civil society and individuals can make more rounded decisions about what really matters to people now. The well-being framework includes a number of environmental and economic measures, but currently tends towards measuring social progress. The SDIs are designed to capture progress over a longer timeframe than the national well-being indicators and the indicators are balanced across the three pillars of the economy, society and environment.\textsuperscript{16}

Our inquiry

7. With new SDIs now in place, in this inquiry we have examined the continuing developments on measuring and using well-being (Part 3). This, as we have discussed above, covers elements of the three pillars of sustainable development—environmental (or natural), economic and social capital. First, however, we examine in Part 2 developments specifically on one of those pillars—natural capital—and the work of the Natural Capital Committee (NCC) to identify any lessons for measuring well-being and for ‘subjective well-being’ (part of its social capital component).

8. We took evidence from Professor Dieter Helm, chair of the NCC, in May 2013, soon after publication of the NCC’s first progress report. We also explored wider well-being measurement issues with the ONS, Defra, the New Economics Foundation, Professor Jan Bebbington of St Andrews University and Nick Hurd MP, the Cabinet Office’s Minister for Civil Society. We have taken on board the results of a useful series of workshops on well-being and inequality organised for us by the British Academy and our specialist adviser Professor Tim O’Riordan.\textsuperscript{17} We are grateful to them and others who took part.

\textsuperscript{16} Defra, \textit{Consultation on new Sustainable Development Indicators: Government response (June 2013)}

\textsuperscript{17} Prof Tim O’Riordan declared the following interests: Donor to a range of environmental, social justice and developmental charitable organisations. Adviser to the Cambridge Institute for Sustainability Leadership and to Anglian Water. Fellow of the British Academy. External examiner for several universities.

we must ... account nationally for our natural capital. Economic losses and gains resulting from natural capital ought to be properly recorded. This includes changes to the value of physical environmental assets, such as fish stocks or forests, and also to the value of natural services provided by a healthy ecosystem, such as insect-borne pollination of crops. The Government will take action to capture the value of natural capital on the nation’s balance sheet. In doing so, we will end the situation where gains and losses in the value of natural capital go unrecorded and unnoticed.18

It pledged to put natural capital “at the heart of government accounting”.19 Alongside the white paper, the Government published the *UK National Ecosystem Assessment*; the first analysis of the UK’s natural environment in terms of the benefits it provides to society and continuing economic prosperity.20

10. The white paper contained a commitment to include natural capital in the UK Environmental Accounts by 2020. It also previewed the establishment of the Natural Capital Committee (NCC), which was subsequently set up in May 2012 and tasked:

to help the Government better understand how the state of the natural environment affects the performance of the economy and individual well-being in England, and to advise the Government on how to ensure England’s natural wealth is managed efficiently and sustainably, thereby unlocking opportunities for sustained prosperity and well-being.21

The NCC, Dieter Helm told us, would advise the Government “when natural assets are being used unsustainably” helping to incorporate natural capital into the fabric of national and corporate accounting”.22 The NCC has been established for an initial period of three years and has published progress reports at the end of its first and second years of operation.

11. In its first report in April 2013, *The State of Natural Capital: Towards a framework for measurement and valuation*, the NCC analysed the level of benefit currently supplied by natural capital, and showed how that benefit is changing as a result of human activity. It set out “a framework that will help natural capital to be hard-wired into economic decision

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19 Ibid.
20 Defra et al, *UK National Ecosystem Assessment* (June 2011)
22 Qq5, 19 and 20
making in this country … so that we can better understand which of our natural assets are critical to our well-being”. Professor Helm told us that:

If you think of natural assets as, effectively, assets in perpetuity that you want to sustain through time—which is essentially what we mean by sustainability—you have to maintain the value of those assets intact ... Imagine how radical it would be for the Chancellor to stand up and say in his Budget speech, “My cash position is net of having set aside sufficient to maintain those assets intact”.

12. In its March 2014 second progress report, Restoring our Natural Assets, the NCC presented “a preliminary analysis” of the current state of natural capital in England. In several cases, the NCC observed, “the level of benefit is currently far from ideal and more effort and investment is necessary to meet stated policy objectives.” It identified a set of 10 types of ‘natural assets’ which could be used for monitoring and reporting—species, ‘ecological communities’, soils, coasts, etc.—according to the types of “benefit to people” they produce: food, fibre, energy, clean water, clean air, hazard protection, wildlife an equable climate, recreation and aesthetics. Others too have noted the link between the environment and the well-being that people get from it in terms of quiet, open green spaces. The NCC report noted a deteriorating situation for some species and some habitats.

13. The NCC called on the Government to give high priority to a number of actions to “improve our understanding of natural assets, focussing on those that are not being used sustainably and are important for our well-being. These included prioritising work “to develop measures to monitor the state of natural assets directly, paying particular heed to potential thresholds”, and developing and keeping up-to-date a risk register for natural capital. In our October 2011 report on Preparations for the Rio+20 Summit, we had discussed the concept of nine ‘planetary boundaries’ at the global scale within which “humanity can operate safely”, and noted that three of those boundaries might have been already exceeded, including ‘ecosystem biodiversity’. In terms of England’s natural capital, the NCC’s 2014 report, able to use only partial data (paragraph 19), did not identify any approaching boundaries for assets with what it called “unsustainable use”, defined as

23 Natural Capital Committee, The State of Natural Capital: Towards a framework for measurement and valuation (April 2013), p4
24 Q11
25 Natural Capital Committee, The State of Natural Capital: Restoring our Natural Assets (March 2014)
26 Ibid, p9
27 Ibid, para 3.5
28 For example: Legatum Institute, Well-being and Policy: Executive Summary (21 March 2014), pp47, 64-66; Woodland Trust Healthy trees, healthy places (July 2013); New Economics Foundation, Natural solutions (November 2012).
29 Natural Capital Committee, The State of Natural Capital: Restoring our Natural Assets (March 2014), para 2.5 & Annex 1
30 Natural Capital Committee, The State of Natural Capital: Restoring our Natural Assets (March 2014), p10
those assets with “continuous decline” and approaching any “safe limit” beyond which the deterioration would be difficult to reverse.

14. The scale of the task is evident in the NCC’s 2014 second progress report, which noted that despite recent progress in some areas:

we are not on a trajectory to meet the Government’s long-term vision, as set out in the Natural Environment White Paper, of being “the first generation to leave the natural environment of England in a better state than it inherited”.

A year before, Professor Helm had described that aim as “an extraordinarily bold and radical objective”. Our recent report on HS2 and the environment demonstrated that the ambition of seeking environmental net gain has yet to be, in the NCC’s words, “hard-wired”. In that report, we criticised the Government’s aim of seeking only ‘no net biodiversity loss’ on HS2, and highlighted the loss of ancient woodlands. ‘That followed our report on Biodiversity offsetting where we also raised a concern about the Government’s offsetting proposal potentially undermining the ‘mitigation hierarchy’ which seeks as a first priority the preservation of existing habitats.’ We intend to examine the Government’s wider environmental performance—its ‘environmental scorecard’—in a later inquiry.

15. In summary, the NCC’s 2014 report identified “three key messages for Government and other interested parties”:

Some assets are currently not being used sustainably. The benefits we derive from them are at risk, which has significant economic implications;

There are substantial economic benefits to be gained from maintaining and improving natural assets. The benefits will be maximised if their full value is incorporated into decision-making; and,

A long-term plan is necessary to maintain and improve natural capital, thereby delivering well-being and economic growth.

The report noted that “it is important not to lose sight of natural infrastructure and the integral part that natural capital plays in delivering sustainable economic growth”. The NCC called on the Government to integrate the value of natural capital into decision-
making “to enhance taxpayers’ value for money and generate net benefits for society”.39 It stated that:

Changes in natural assets are too often assigned a value of zero, even though we know this is not the case. Without the right incentives and mechanisms to value those changes properly, the picture of overall decline will simply continue, to the detriment of future prosperity and well-being.40

Given that maintaining those benefits provided by natural capital often costs money (and of course may preclude the opportunity of funding other things with that money), then arguing that environmental goods should not be valued in economic terms ignores the fact that every decision implicitly puts a value on such goods. So the relevant question becomes whether or not those values reflect the benefits those goods provide.41

16. That approach of reflecting the value of natural capital in policy-making requires that natural capital costs and benefits are fully incorporated into decision-making tools and frameworks, including the Government’s appraisal guidance.42 In response to our inquiries on Embedding sustainable development, Defra commissioned a review of sustainability in the impact assessments used for policy proposals.43 The results, published in March 2014, concluded that while “the majority of impact assessments [across Government] consider sustainable development issues in an appropriate and proportionate manner”, there were “some areas where impact assessments could be improved, for example in better identification of ecosystems impacts”.44

17. The NCC recommended in its 2014 report that the Government should incorporate natural capital into future iterations of its National Infrastructure Plan. The Government, it said, “cannot undertake this task [of restoring natural capital] alone and needs to work with the private sector to achieve this aim.”45 The report concluded that “there is a tremendous potential for improvements if decision-making places the values derived for natural capital on an equal footing with those provided by market priced goods.”46

18. Some elements of biodiversity in the UK are at risk, as others are elsewhere in the World, and the ecosystem service benefits we are able to draw from that ‘natural capital’ are being diminished. Natural capital, as the NCC noted (paragraph 11), needs to be ‘hard wired’ into policy-making, to help Government not just protect this

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39 Ibid, p11
40 Ibid, para 1.8
41 Ibid, para 4.5
42 Ibid, p11
44 Eftec (for Defra), Baseline evaluation of environmental appraisal and sustainable development guidance across Government (March 2014)
45 Natural Capital Committee, The State of Natural Capital: Restoring our Natural Assets (March 2014), para 4.47
46 Ibid.
essentially component of well-being but ensure that it is improved from one generation to the next.

19. One obstacle to such an approach is a lack of data. The NCC’s 2014 report concluded that “integrating the environment into the economy is hampered by the almost complete absence of proper accounting for natural assets. What is not measured is usually ignored.” It identified:

crucial evidence gaps relating to the condition of individual natural assets, such as soils, the atmosphere, wild species and oceans. Information is generally lacking about England’s natural assets and what is happening to them.

The NCC believed that it is “imperative” that these information gaps are addressed urgently and warned that

In the few cases where we do have relevant information on our natural assets (freshwaters, coasts, rare species and priority habitats), we find that their current status is some way from policy objectives.

The NCC concluded that further research is needed to record the status of our natural assets “on a continuing basis”. The NCC urged the Government to continue to support the work being led by the ONS to integrate natural capital into the National Accounts, looking for “opportunities to speed this up where possible”. Such Accounts, the NCC believed, could provide a “better understanding of the wealth of the nation” and how natural capital contributed to that.

20. Natural capital is currently inadequately measured. There are risks from measuring it, that in doing so it becomes something that can be monetised and traded off against other ‘capitals’ (including economic capital). But we share the NCC’s assessment that not to do so presents the greater risks, as the NCC put it, that “what is not measured is usually ignored” (paragraph 19). The Government has yet to formally respond to the NCC’s reports: when it does so, as we discuss below, it should give clear encouragement to the natural capital measurement work that the NCC is taking forward.

21. The NCC is an independent advisory body to Government and formally reports to the Economic Affairs Committee of the Cabinet Office, chaired by the Chancellor of the Exchequer. Dieter Helm told us in May 2013 that the Government was not putting political obstacles in the NCC’s way:

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47 Natural Capital Committee, The State of Natural Capital: Restoring our Natural Assets (March 2014), p4
48 Ibid, p9
49 Ibid.
50 Ibid.
51 Natural Capital Committee, The State of Natural Capital: Restoring our Natural Assets (March 2014), p11
52 Ibid, para 2.28
On the contrary, at the Cabinet Office, the Treasury and Defra, everyone is behind achieving the objective. ... The difficulty is actually doing it, and that is where we are impatient.\textsuperscript{53}

Our Defra witnesses told us that this was "a long-term agenda ... and the Treasury is fully behind that agenda. ... For a long time the Treasury has ... supported the principle of using environmental valuation in policy appraisal to inform decision-making."\textsuperscript{54} This was reflected, we were told, in the Treasury’s Green Book for the appraisal of Government projects and policies (paragraph 16).\textsuperscript{55} In our June 2013 report on \textit{Embedding sustainable development} we noted the results of a National Audit Office briefing for us which described the Green Book’s inclusion of guidance on accounting for environmental impacts.\textsuperscript{56} As we concluded in our earlier report, and as Defra’s subsequent analysis has shown (paragraph 16), there is still scope for greater compliance by departments with that guidance.\textsuperscript{57} The NCC plans to make recommendations in its third progress report, in 2015, on how the Green Book and other appraisal guidance “might be developed to take better account of issues relating to the sustainable use of natural capital”.\textsuperscript{58}

22. Nick Hurd MP, Minister for Civil Society, told us in January 2014 that the Government’s commitment to the integration of natural capital “has come from the Prime Minister and the system recognises that”.\textsuperscript{59} Two critical tests of political support for an increased emphasis on natural capital, however, will be (a) whether the NCC’s reports command attention and action from the Government, and (b) the NCC’s longer-term status. After the NCC’s first report, the Government wrote briefly to Professor Helm.\textsuperscript{60} Several Members in a Commons debate in October 2013 raised the absence of a fuller response.\textsuperscript{61} The Government has yet to respond to the NCC’s second report. We discussed with Dieter Helm the scope for the NCC being put on a statutory footing, as for example the Committee on Climate Change has been. He believed that safeguarding natural capital was “not less important than climate change”.\textsuperscript{62}

23. While the NCC’s remit currently runs only to 2015, in its second report it identified a need for sustained action over an extended period. It stated that “the existing plethora of efforts and policies aimed at maintaining and improving aspects of natural capital should be applauded”, but noted that the evidence suggested that “collectively, they are not as successful as they need to be to achieve the goal of improving the natural environment”.\textsuperscript{63}

\textsuperscript{53} Q6
\textsuperscript{54} Q113
\textsuperscript{55} Ibid.
\textsuperscript{57} \textit{Embedding sustainable development: An update}, op cit, para 20
\textsuperscript{58} Natural Capital Committee, \textit{The State of Natural Capital: Restoring our Natural Assets (March 2014)}, para 4.44
\textsuperscript{59} Q112
\textsuperscript{60} Letter from Defra and Treasury ministers, 22 May 2013
\textsuperscript{61} For example HC Deb 21 October 2013, col 120
\textsuperscript{62} Q28
\textsuperscript{63} Natural Capital Committee, \textit{The State of Natural Capital: Restoring our Natural Assets (March 2014)}, para 5.12
Current policies and approaches, it said, were “often piecemeal and focused narrowly on individual issues”, which could lead to “perverse results”.64 To address this, the NCC identified a need for a 25 year plan to maintain and improve England’s natural capital “within this generation”, and called on the Government to work with the NCC and others over the next year to shape the plan. The NCC planned to devote much of its third year to putting more flesh on the bones of the proposed 25 year plan. In doing so, it:

will be particularly focussed on two things: finding the projects which deliver the maximum benefits, and identifying ways in which the various funding and spending streams could be better managed to deliver more environmental benefits for any given cost. 65

24. It is important that the momentum behind the NCC’s work is kept up. There is a risk that with its current remit finishing in 2015, only weeks before a general election, its future will not get sufficient consideration. The Government should signal its continuing commitment to the NCC, and thereby to the importance of measuring natural capital and using it in policy-making, by (i) initiating measures now to put that body on a long-term statutory footing and (ii) responding formally to the NCC’s annual reports, starting with its March 2014 report as soon as possible.

25. The Government should accept the NCC’s key recommendation for a 25 year plan for improving England’s natural capital without delay. It should also give a permanently established NCC, enabled to operate beyond its current three year remit, the twin tasks of providing continuing advice and monitoring the implementation of that 25 year plan.

64 Ibid, para 5.13
65 Ibid, p4
3 Well-being

26. A recent report by the Commission on Wellbeing and Policy, Well-being and Policy, highlighted the need to avoid relying only on economic measures such as GDP for measuring prosperity. It noted the 2009 report from the Commission on the Measurement of Economic Performance and Social Progress by Joseph Stiglitz and others, commissioned by President Sarkozy (the “Sarkozy Commission”), which identified deficiencies in the GDP metric. The Commission on Wellbeing and Policy noted that “there are many other things that people care about other than goods and services; they care about health, education, their feelings, their ability to participate effectively in society, and their friendships and relationships with other people.” There is a growing recognition that the measures of a country’s progress need to include the well-being of its citizens. Others have highlighted that a more fulfilled society is more likely to engage in constructively pursuing the public interest, and that disenfranchised societies turn inward and pursues individual self-interest.

27. The Prime Minister announced in November 2010 that there should be a shift to “measuring our progress as a country not just by how our economy is growing, but by how our lives are improving … not just by our standard of living, but by our quality of life”. In our January 2011 report on Embedding sustainable development, we welcomed that initiative. The Prime Minister referred to the Sarkozy Commission report, which focused on maintaining ‘stocks’ of ‘capitals’ over time and concluded that it was “possible to collect meaningful and reliable data on subjective well-being”. Subsequently, the OECD produced a Better Life Index in 2011, and the UN Rio+20 Earth Summit in June 2012 (paragraph 2) tasked the UN Statistical Commission to develop “broader measures of progress to complement GDP in order to better inform policy decisions”. In March 2013, the OECD published Guidelines on Measuring Subjective Wellbeing, which the Commission on Wellbeing and Policy believed “represented an important step forward in moving the measurement of subjective well-being from a primarily academic activity to the

67 Commission on Wellbeing and Policy, Legatum Institute, Well-being and Policy (March 2014), p20
68 Commission on Wellbeing and Policy, Well-being and Policy: Executive Summary (March 2014)
69 Andrew Dobson, Improving our chances of transition to sustainability: the role of values and the ethics of solidarity and sympathy, in Addressing Tipping Points for a precarious futures (ed: Tim O’Riordan and Tim Lenton), Oxford University Press, pp. 322-6
70 Richard Wilkinson and Kate Pickett, The Spirit Level: why more equal societies almost always do better (2009)
71 Speech by Rt Hon David Cameron MP, 25 November 2010,
72 Environmental Audit Committee, Embedding sustainable development across government, First Report, Session 2010–12, HC 504
74 OECD, Better Life Index (2011). This differentiates between material conditions and ‘quality of life’, but has so far not addressed ‘capitals’.
75 UN, The Future We Want (June 2012), para 38
sphere of official statistics”. Elsewhere, others have also produced well-being metrics, including the Genuine Progress Indicator, the Human Development Index and the Index of Sustainable Economic Welfare.

**Measuring well-being in the UK**

28. In the UK, the ONS’s ‘Measuring National Well-being’ programme has involved consultations on the measures to be used. The ONS published for consultation in October 2011 possible ‘domains’ (the themes comprising well-being) and the ‘measures’ underlying those domains. As a result of that consultation, a “not significantly” revised final set of measures was published in July 2012. These include measures of both ‘subjective well-being’, to be gleaned through surveying people to “find out how people think and feel about their own lives”, and ‘objective well-being’. The ONS explained that:

One of the main benefits to National Statistics Offices of collecting information on subjective well-being is that it is based on people’s views of their own individual well-being. In the past, assumptions were made about how objective conditions, such as people’s health and income, might influence their individual well-being. Subjective well-being measures, on the other hand, are grounded in individuals’ preferences and take account of what matters to people by allowing them to decide what is important.

29. Four high-level ‘subjective well-being’ monitoring questions have been included in the Government’s Integrated Household Survey and Opinions & Lifestyle Survey:

- Overall, how satisfied are you with your life nowadays?
- Overall, to what extent do you feel the things you do in your life are worthwhile?
- Overall, how happy did you feel yesterday?
- Overall, how anxious did you feel yesterday?

These questions reflected the OECD’s well-being measurement guidance (paragraph 27). Indeed, the OECD’s recommended eudaimonic (or overall ‘human flourishing’) survey question is based on the ONS’s four main survey questions.

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76 Well-being and Policy, op cit, p28
77 Genuine Progress, Genuine Progress Indicator
78 UN Development Programme, Human Development Index
79 Index of Sustainable Economic Welfare
80 ONS, Measuring National Well-being: Discussion paper on domains and measures (Oct 2011)
81 ONS, Report on consultation responses on proposed domains and measures (July 2012); Table 1
82 Report on consultation responses on proposed domains and measures, op cit; Q5
83 ONS First ONS Annual Experimental Subjective Well-being Results (July 2012)
84 Ibid, p2
85 Ibid.
86 Well-being and Policy, op cit, pp28, 30
30. The ONS has published two significant strands of analysis of its subjective well-being work, drawn from its survey questions: one showing the linkage between people’s well-being scores and their characteristics (for example health, employment, gender, race and religion), and another revealing a breakdown of people’s subjective well-being scores by region and local authority area. Its report, Measuring National Well-being: What matters most to Personal Well-being?\(^{87}\), published in May 2013,\(^ {88}\) showed:

- a large correlation between people’s health and the scores for all four survey questions;
- a large correlation between employment and ‘life satisfaction’ and ‘worthwhile’ scores;
- a large correlation between marital status and ‘life satisfaction’ scores;
- only small or very small correlations with subjective well-being for almost every other attribute (ethnicity, house tenure, religion, education, etc); and
- some variations within attributes, for example:
  - Black people having on average lower ‘life satisfaction’ scores;
  - People of Indian/Pakistani extraction having worse ‘anxiety’ scores;
  - Immigrants having higher ‘life satisfaction’ and ‘happiness’ scores than those born in the UK; and
  - Religious affiliation being linked to greater ‘life satisfaction’, ‘worthwhile-ness’ and ‘happiness’ scores.

In March 2014, after a further survey round, the ONS published Measuring National Well-being: Life in the UK, 2014.\(^ {89}\) It found that 77.0% were ‘satisfied’ with their lives in 2012–13 (an increase from 75.9% in 2011–12).

31. Personal Well-being Across the UK 2012–13,\(^ {90}\) published by the ONS in October 2013, identified results for particular local authority areas. It noted, for example, that people in Northern Ireland and the South-west of England on average had higher subjective well-being ratings. Looking at local authorities in England, “Hampshire and Cornwall had some of the highest levels of personal well-being … Among the areas with the lowest personal well-being were Stoke-on-Trent, Blackburn with Darwen and Inner London”. The ONS cautioned, however, that “the relationship between personal well-being and local

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87 ONS, Measuring National Well-being – What matters most to Personal Well-being, (May 2013)
88 The ONS published earlier analyses in July 2011 (Measuring what matters), in July 2012 (First ONS Annual Experimental Subjective Well-being Results), and in November 2012 (Measuring National Well-being: Life in the UK 2012).
89 ONS, Measuring National Well-being: Life in the UK, 2014 (March 2014)
90 ONS, Personal Well-being Across the UK 2012/13 (Oct 2013)
circumstances is complex and the reasons why different areas have different levels of personal well-being is not yet fully understood.\textsuperscript{91}

32. The subjective well-being analysis is subsumed in a wider set of well-being indicators, many of which have ‘objective’ metrics, across the 10 ‘domains’ or themes\textsuperscript{92} (paragraph 28). The subjective well-being analysis, based on the four survey questions described above, comprises the ‘personal well-being’ theme. The others are a mix of objective measures and other ‘subjective’ survey questions.\textsuperscript{93} The full list is as follows:

- Personal well-being (essentially the four ‘subjective well-being’ indicators discussed above);
- Our relationships (all from the results of other subjective survey questions);
- Health (objective measures (eg life expectancy) plus some subjective question results);
- What we do (rates of unemployment, volunteering and sport participation, plus some subjective survey question results);
- Where we live (crime rates, plus some subjective results);
- Personal finance (household income levels, plus some subjective results);
- The economy (all objective measures: National income per head, public sector net debt, and inflation rate);
- Education and skills (all objective measures, eg GCSE scores, and the value of skills calculated using a ‘lifetime labour income’ approach);
- Governance (proportion of registered voters, and (subjective) trust in Government);
- The natural environment (all objective measures: emissions, protected areas, renewables energy and recycling).

33. The Cabinet Office explained the rationale for this mix of subjective and objective measures:

This framework is intended to directly connect policy development to what people say matters most to their lives. As such, a very important aspect is the mix of objective and subjective measures that have been selected. This framework recognises that how people feel and experience progress is as important as what objective statistics tell us about their lives. Objective levels of crime, social isolation, and employment can differ from respective

\textsuperscript{91} Ibid.
\textsuperscript{92} ONS, \textit{Domains and measures September 2013} spreadsheet
\textsuperscript{93} ONS, \textit{Measuring National Well-being – Domains and Measures: September 2013}, (September 2014)
subjective levels of fear of crime, feelings of loneliness and job satisfaction—with clear consequences for policy.94

The UK is monitoring international work on natural capital accounting, including UN and World Bank initiatives, but on well-being it is developing its own model.95 David Halpern, then head of Behavioural Insights Team in the Cabinet Office, told us in January 2014 that:

The PM, was impatient to get going. Even three years ago, on the well-being agenda specifically, most [international] institutions … were not active in this area, so the UK has played a leading role. … The UK, and particularly the ONS, has led it—on well-being specifically—but increasingly it has to be an international effort.96

34. The well-being data is extensive, based on large surveys giving often statistically significant correlations. An example, we heard, is the strong correlation between people’s overall level of anxiety and aircraft ‘noise contours’.97 But the data does not so readily demonstrate cause-and-effect; a necessary component for policy-making. The close link between good health and subjective well-being does not tell us, for example, whether health increases well-being or whether someone’s well-being makes them healthier. Again, the aircraft noise example is telling, with another correlation showing a somewhat unexpected relationship with positive mental health, which might be a result of, over time, only those able to cope with the noise remaining living under flight-paths and such people being more likely to have jobs dependent on a nearby airport.98 The ONS has recognised that the nature of well-being data more generally limited the conclusions that could be drawn from them:

Our genes and personality explain much of the differences between people’s levels of personal well-being. Indeed, it has been estimated that these differences may explain up to half of the variation observed between people in their level of personal well-being. This study uses data from the Annual Population Survey which does not include any measurement of personality or genetic differences. Excluding these important areas, we would hope to be able to explain up to 50% of the differences in personal well-being between people. In our analysis, we have explained between 10% and 19% of the differences in levels of well-being between people.99

35. The Government has made a cautious assessment of the current utility of well-being data for policy formulation. David Halpern told us that:

94 Government (UWB 012), para 19
95 Q114; Government (UWB 012), para 15
96 Q114
97 Qq131-133
98 Ibid.
99 ONS, Personal Well-being Across the UK 2012/13, (Oct 2013), p6
There is a lot of work to be done to get to the point where we could use social capital measures in a way that is credible enough certainly to stand up to Treasury scrutiny.\(^{100}\)

The Minister highlighted the still early stage in the development and application of the data:

This is effectively the first set. We have no trend analysis. Our priority at this stage is around the credibility of the measurement ... It is too early to be drawing too many conclusions as Ministers from it.\(^{101}\)

... some of it is bleeding obvious in the sense that most of us sitting in the pub could have written down a few factors that we know are instrumental in driving well-being, but I think there is a huge amount of value in trying to calibrate this and to understand a bit better what is important here.\(^{102}\)

We are at the start of a journey here. It is very experimental and there are not a huge number of people involved in this, but it is important, because it has come from the top and there is an architecture to support it. As we advance in terms of the measurement piece and get a better picture of how we are doing, I think it will get increasingly co-ordinated and less disaggregated than it is at the moment. That is the direction of travel I see.\(^{103}\)

There also seems to be a Government caution in its high-level presentation of the state of the country. While the 2014 Budget, for example, focusses on GDP and to a lesser extent income per head, there is no mention of the state of well-being or natural or social capital.\(^{104}\)

36. More than three years since the Prime Minister’s declaration of intent (paragraph 27), our ‘quality of life’ is not yet receiving the same attention as economic aspects in “measuring our progress as a country”. The Government-commissioned work on subjective well-being is producing valuable new insights into our society, showing not just the state of citizens’ life-satisfaction or anxiety but also how well that correlates to their circumstances and where they live. The ONS data, however, currently only ‘explain’ less than a fifth of the difference in people’s well-being, and have yet to be developed to a state where they can identify the cause-and-effect links that would be needed for policy-making.

**A headline metric**

37. A challenge for well-being measurement is the inherent difficulty, or even desirability, of combining the individual metrics into an aggregate, or headline, indicator that might be

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\(^{100}\) Q124  
\(^{101}\) Q128  
\(^{102}\) Ibid.  
\(^{103}\) Q107  
\(^{104}\) Treasury, Budget 2014 (March 2014), HC 1104
considered alongside GDP. One of our witnesses, NEF, identified benefits of a headline indicator for well-being:

The agenda would be greatly boosted by an effective headline indicator to engage the public with the well-being evidence, as well by the collection of better income and other data alongside subjective measures of well-being ... The Government should ask the ONS to use the building blocks within its [Measuring National Well-being] programme to create a subjective well-being indicator that is designed to take its place within the premier league of indicators, that is, those which have an overarching impact on public perceptions and policy-making.

... One key route to public engagement with well-being evidence is through a high-profile headline measure of population well-being that is reported regularly by the media, and referred to frequently by politicians and political commentators.105

Professor Jan Bebbington from University of St Andrews highlighted the headline indicator that Oxfam Scotland used for its 'Humankind Index' and welcomed the debate on what people value that was necessary for producing it.106 The OECD has produced a 'Better Life Index', also with a headline indicator but allowing users to attach their own weights to different domains.107

38. Despite the weaknesses of GDP as a measure of economic development (paragraph 26), it does have the advantage of being a single standardised and widely-used objective measure. The difficulty in determining a headline well-being indicator arises because of the number of different aspects of well-being that would need to be weighted and combined. That leaves any headline indicator open to challenge for the particular attributes of well-being it implicitly regards as more important than others. As the Commission on Wellbeing and Policy, noted:

Given the range of different concepts covered by the term ‘subjective well-being’ it is not possible to identify a single correct way to measure subjective well-being as a whole. Different measures capture different concepts, and the most appropriate measure will vary depending on the circumstances.108

The well-being agenda has also sometimes been the focus for a debate of the pros and cons of austerity, where some commentators have seen austerity as directly harming well-being in the short-term and others that it indirectly benefits it in the longer-term by providing a precursor to a recovered economy. And similar arguments have revolved around what constitutes a beneficial or harmful level of inequality of incomes.

105 New Economics Foundation (UWB 010)
106 Q79
107 Q73
108 Well-being and Policy, op cit, p30
39. A single headline indicator of well-being could be a ready measure of our overall sustainable development and how that changes over time. Because it would require weighting of the component parts of well-being—environmental, social and economic—it could prompt a useful debate about what matters most. However, it would also run the risk that those who did not agree with the weightings, or with the inclusion or absence of particular measures, might also ignore the changes or trends in that overall score. If a single measure was sought also for subjective well-being, both the benefits of the debate it could generate and the risk of only partial acceptance of the results would perhaps be even more marked.

40. The Government and ONS should not at this stage attempt to define a headline measure for overall well-being, or for overall subjective well-being, and should not contemplate such a move until a measurement track-record has been built up on the component measures, they have achieved a reasonable level of public familiarity, and a general consensus has been reached on their value and usefulness.

Well-being in policy-making

41. Well-being data, even without a single headline indicator, could still help in monitoring changes in the state of sustainable development. It would provide more significant benefit, however, if it could be used for policy-making. The Commission on Wellbeing and Policy’s report, Well-being and Policy, noted that “data on the well-being effects of … activities offer a new prospect for evidence-based policy making”.109 It drew a distinction, however, between policy areas where the ‘willingness to pay’ valuation methodologies of cost-benefit analysis may be helpful—transport, industry, education, and (sometimes) the environment—and areas where valuation questions “produce nonsensical answers”—health, elderly care, child well-being, law and order, and welfare benefits.110 A challenge for well-being measures is to put a valuation on social capital, in the same way that the National Ecosystem Assessment has been seeking to do for natural capital (paragraph 9). The Government has been undertaking research on the scope for using the well-being survey data and income data to work out monetised values for aspects of well-being.111

42. The Commission on Wellbeing and Policy identified a number of “policy priorities”—mental health, ‘resilience’ soft skills in schools, community-building, incomes and work—as well as making well-being a policy goal itself and making well-being data available to people to allow them to use the results to influence their lives.112 So far, however, the Government appears to have limited its use of the well-being data to checking the impacts of some policies already under consideration:

Early consideration of well-being in policies: policy makers can directly engage with well-being by considering the impact of proposed policy

109 Ibid, p50
110 Ibid.
111 Government (UWB 012); Treasury & DWP, Valuation Techniques for Social Cost-Benefit Analysis, (July 2011)
112 Well-being and Policy, op cit, p57
recommendations on the domains of well-being and the drivers of subjective well-being for each key stakeholder. Exploring ways to ameliorate negative impacts, or how marginal changes to recommendations can have positive well-being impacts, can be a productive part of the policy development process.113

The Government listed examples for us,114 and told us that:

The impact of policies is increasingly being evaluated in well-being terms, allowing the more robust capture of their effect on individuals. For example, the National Citizenship Service, support for the long term unemployed, Universal Credit, universal parenting classes and troubled families interventions are all measuring impact on the personal well-being of those involved. Subjective well-being data is also increasingly being used to value social goods, services and impacts in monetary terms, for example: unpaid care, volunteering, food safety, community learning, and occupational injuries.

Some departments are also beginning to look at their policies through a ‘well-being lens’ and to explore how they might impact the domains of well-being and the different drivers of subjective well-being—positively or negatively. Known drivers of subjective well-being include control, family, social networks, and continued learning. These factors provide a disruptive perspective that can be a source of innovation in option selection, analysis and decision-making.115

43. The New Economics Foundation considered that “current Government action on the well-being agenda is best characterised as pockets of activity”, and that “mainstreaming the use of well-being evidence across all policy making represent[ed] a considerable challenge”.116 NEF wanted well-being data to drive entirely new policies:

… Well-being data create the possibility of subjecting the ‘standard story’ from economic analysis to more rigorous testing, with the various different pathways connecting the policy change and well-being explicitly identified and assessed. Thus the results of well-being analysis could result in increased priority for existing policy aims, for example: minimising unemployment, which is significantly worse for well-being than the associated loss of income, or a different stance on labour market regulation.117

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113 Government (UWB 012), para 23
114 Government (UWB 012)
115 Ibid.
116 New Economics Foundation (UWB 010)
117 Ibid.
In a similar vein, the Commission on Wellbeing and Policy identified a need to focus on maintaining a stable rather than cyclical pattern of growth, because of the harm caused by unemployment being out of proportion to the change in income that flows from that.\textsuperscript{118}

44. The Government told us that “our challenge in Government is to begin to use the emerging indicators to better account for well-being in policy development”.\textsuperscript{119} The Minister told us:

> What we are trying to do is to insert into the policy debate some statistical evidence hopefully to change the priorities, or to get people thinking in a broader sense about the implications of what they are doing … so that decisions are taken with a more rounded sense of debate and information about what is important and why.\textsuperscript{120}

The caution in the Government’s use of well-being measurement in policy-making appears to be a result, at least in part, of the newness and “experimental” nature of data:

> It should be emphasised that the current indicators are experimental statistics and still in development, and as such we should not expect at this stage to have examples of major decisions that have been heavily influenced by well-being research. This is very much a long term process. However, we are putting in place the foundations and most departments are using well-being data where it is relevant and adds value to their work.

The Government’s approach is to measure well-being and use the emerging data to support policy development. No specific well-being targets have been set; nor are there mandatory policy assessment processes in place to consider well-being. Rather the focus is on providing guidance, encouragement and support from the centre and fostering interchange and sharing of learning between departments.

The fact that the national well-being framework is a work in progress and still considered new and experimental statistics suggests some degree of caution in policy application, as the work develops and analytical approaches and techniques mature. It is still relatively early days for the use of well-being analysis and research in policy.\textsuperscript{121}

We have seen this cautious approach elsewhere. In our report on \emph{Embedding sustainable development} we criticised the Cabinet Office for using its role in challenging other departments on their business plans only to ‘sustainability-proof’ existing policy proposals, rather than to prompt consideration of new sustainability-enhancing policies.\textsuperscript{122} As we

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\textsuperscript{118} \textit{Well-being and Policy}, \textit{op cit}, pp66-67

\textsuperscript{119} Government (UWB 012)

\textsuperscript{120} Q131

\textsuperscript{121} Government (UWB 012)

discuss below, the Government should start to plan now for how a more proactive use of well-being data could be progressively implemented.

**Nudge**

45. The role of government is typically defined in terms of delivering ‘public goods’, tackling market failures and ‘externalities’ that are not addressed by markets, and redistributing resources. The Commission on Wellbeing and Policy identified a further rationale, however, as intervening to tackle ‘behavioural failure’ when “individuals make choices that might not be in their, or society’s, long-term interest”. An example is a frequent failure to save enough for retirement, because individuals can find it difficult to weigh differences in their current and future well-being. Individual freedom of action is important, even to make such “mistakes”, but the Commission on Wellbeing and Policy concluded that “in the end governments have to decide if overall well-being will be enhanced by action”. While it favoured giving people well-being data to empower them (paragraph 42), it also noted that “we are all prone to systematic errors when making such judgements; we over-weight recent and peak experiences, both good and bad”. Given the UK’s culture of “libertarian paternalism”, policy-making should involve ‘nudge’ levers: “to shape the inevitable choice architecture to favour outcomes that are positive for busy consumers and citizens”. The Commission on Wellbeing and Policy concluded that:

> This flags a key role for governments: to gather and disseminate better well-being information for people and communities to make better informed choices for themselves. Thus one of the most powerful, but simple, ways that governments can boost the well-being of their citizens is put in their hands better information about the relationship between everyday choices and subjective well-being. Ultimately, this will be data gathered from citizens, shared with citizens. In this way, citizens’ own better-informed choices will reshape markets and societies for the better.

46. In March 2010 the Cabinet Office and Institute for Government published *Mindspace: Influencing behaviour through public policy*, which discussed the scope for using behavioural sciences in policy-making. In our recent inquiry on *Plastic Bags*, we were disappointed that Defra’s policy proposal for a carrier bag charge had not been exposed to the work of the Behavioural Insights Team, explicitly to address the behavioural aspects of the policy.

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123 Well-being and Policy, *op cit*, p13
124 Ibid, p39
125 Ibid, p14
126 Ibid, p72
127 Ibid, p14
128 Ibid, p72
**Skills**

47. In our report on *Sustainability in BIS*, the first in a series of inquiries looking at sustainable development in individual departments, we noted limited use of available training on sustainable development, and we urged the Government to make learning modules on sustainability widely available as soon as possible.\(^{131}\) We recently heard how in the Home Office (the second department we have examined) less than 1% of its staff had taken up its sustainable development courses.\(^{132}\) This illustrates the challenge that will be faced in developing the more specific well-being policy skills.

48. NEF argued that a lack of training, and reluctance, in using social science data in policy formulation could be an obstacle to greater use of well-being data:

> [Many] ways of thinking among policy officials … are based on a neo-classical economic framework which often does not take into account the findings within schools of inquiry which have emerged more recently such as behavioural economics and well-being economics. … Their overarching framework treated ‘intervening’ as intrinsically harmful.\(^{133}\)

To advance the well-being agenda, NEF suggested that

A strategic focus on well-being across Government would be promoted by introducing training for civil servants in recognising the underlying frameworks they use in their work. Various additional Government structures would also help to embed a strategic focus on well-being, including a Cabinet-level Champion for Well-being and external Well-being Advisory Committee, with a scrutiny role continuing to be performed by the [Environmental Audit Committee].\(^{134}\)

49. Some commentators, including the British Academy, have argued that a Chief Social Scientist should be appointed by the Government, to complement the role of the Chief Scientist, to co-ordinate work in this and other areas.\(^{135}\) In 2012 the House of Lords Science and Technology Committee advocated a greater role for social science advice in government policy-making.\(^{136}\) They highlighted a lack of systematic use of the social science and humanities aspects of policy-making, including the factors influencing people’s sustainability behaviour.

50. Well-being considerations should increasingly influence policy-making, as the extent and understanding of well-being data is increased. Its use for behavioural (‘nudge’) policy-making is particularly appropriate because it respects individuals’

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\(^{131}\) Environmental Audit Committee, Seventh Report of Session 2013-14, *Sustainability in BIS*, HC 613

\(^{132}\) National Audit office, *Departmental sustainability overview: Home Office*, (March 2014)

\(^{133}\) New Economics Foundation (UWB 010)

\(^{134}\) Ibid.

\(^{135}\) “The case for a chief social scientist”, The Guardian, 19 March 2012

freedom of action—subjective well-being is ultimately an individual characteristic. The so far ‘experimental’ nature of the data and the current gaps in understanding cause and effect (paragraph 34) is making Government cautious in these relatively early stages in the ONS work. The Government should immediately start to use the already available data to ‘wellbeing-proof’ existing policy proposals, with the Cabinet Office encouraging take-up through its oversight and scrutiny of other departments’ business plans.137 The Cabinet Office should also (i) set out a clear plan for how and in what circumstances the data should be used proactively by departments to start identifying new policies, (ii) be ready to implement that process once the data becomes sufficiently robust for that purpose, and (iii) set out how it will hold other departments to account for doing so.

A social capital committee?

51. In its second report, the NCC identified how ‘thresholds’ or boundaries would help establish which ecosystems and habitats were being ‘unsustainably used’ and therefore warranting policy attention (paragraph 13). The New Economics Foundation believed that “natural capital is different from other forms of capital; it is fundamentally non-fungible with other forms of capital because of our fixed planetary limits.”138 NEF warned that “promoting policy thinking in terms of sets of parallel measures of different types of capital may have the effect of encouraging an approach which sees these capitals as mutually substitutable or equivalent.”139 Dieter Helm “envisaged a balance sheet that incorporates all forms of capital”, but noted “a massive debate within the environmental area … as to how far natural capital is substitutable for human and physical capital”.140

52. We put the possibility of a Social Capital Committee, analogous to the NCC, to the Minister, who told us:

Something like it might be proposed further down the track. The fact is, ... social capital is a laggard. It is nowhere near as advanced, because it is arguably more difficult, and no country has cracked this, as far as I can see.141

53. Well-being requires all three pillars of sustainable development to be considered together. Only by doing so can opportunities to make co-ordinated progress be identified, and any unavoidable trade-offs between those pillars be transparently considered. The Government’s and NCC’s work on natural capital offers the prospect of the environmental pillar, as well as the links between social and natural capital, being more fully integrated into policy-making. That work raises the question of whether an analogous ‘Social Capital Committee’ should be established. Our view is that it is too soon to consider such a move, on two grounds. While social capital is important, the

137 Environmental Audit Committee, First Report of Session 2013-14, Embedding sustainable development: An update, HC 202
138 New Economics Foundation (UWB 010)
139 Ibid.
140 Q57
141 Q124
safety thresholds or ‘boundaries’ applicable for some aspects of the environment (paragraph 13) are not as evident for social capital. And while the measures on social capital (captured in the ONS subjective well-being work) are in some respects more advanced than natural capital metrics, they need time to build consensus and acceptance (paragraph 39). They also currently lack sufficient time-series data for trends that require action to be readily discernable.
Conclusions

1. Some elements of biodiversity in the UK are at risk, as others are elsewhere in the World, and the ecosystem service benefits we are able to draw from that ‘natural capital’ are being diminished. Natural capital, as the NCC noted, needs to be ‘hard wired’ into policy-making, to help Government not just protect this essential component of well-being but ensure that it is improved from one generation to the next. (Paragraph 18)

2. Natural capital is currently inadequately measured. There are risks from measuring it, that in doing so it becomes something that can be monetised and traded off against other ‘capitals’ (including economic capital). But we share the NCC’s assessment that not to do so presents the greater risks, as the NCC put it, that “what is not measured is usually ignored”. (Paragraph 20)

3. It is important that the momentum behind the NCC’s work is kept up. There is a risk that with its current remit finishing in 2015, only weeks before a general election, its future will not get sufficient consideration. (Paragraph 24)

4. More than three years since the Prime Minister’s declaration of intent, our ‘quality of life’ is not yet receiving the same attention as economic aspects in “measuring our progress as a country”. The Government-commissioned work on subjective well-being is producing valuable new insights into our society, showing not just the state of citizens’ life-satisfaction or anxiety but also how well that correlates to their circumstances and where they live. The ONS data, however, currently only ‘explain’ less than a fifth of the difference in people’s well-being, and have yet to be developed to a state where they can identify the cause-and-effect links that would be needed for policy-making. (Paragraph 36)

5. A single headline indicator of well-being could be a ready measure of our overall sustainable development and how that changes over time. Because it would require weighting of the component parts of well-being—environmental, social and economic—it could prompt a useful debate about what matters most. However, it would also run the risk that those who did not agree with the weightings, or with the inclusion or absence of particular measures, might also ignore the changes or trends in that overall score. If a single measure was sought also for subjective well-being, both the benefits of the debate it could generate and the risk of only partial acceptance of the results would perhaps be even more marked. (Paragraph 39)

6. Well-being considerations should increasingly influence policy-making, as the extent and understanding of well-being data is increased. Its use for behavioural (‘nudge’) policy-making is particularly appropriate because it respects individuals’ freedom of action—subjective well-being is ultimately an individual characteristic. The so far ‘experimental’ nature of the data and the current gaps in understanding cause and effect is making Government cautious in these relatively early stages in the ONS work. (Paragraph 50)
7. Well-being requires all three pillars of sustainable development to be considered together. Only by doing so can opportunities to make co-ordinated progress be identified, and any unavoidable trade-offs between those pillars be transparently considered. The Government’s and NCC’s work on natural capital offers the prospect of the environmental pillar, as well as the links between social and natural capital, being more fully integrated into policy-making. That work raises the question of whether an analogous ‘Social Capital Committee’ should be established. Our view is that it is too soon to consider such a move, on two grounds. While social capital is important, the safety thresholds or ‘boundaries’ applicable for some aspects of the environment are not as evident for social capital. And while the measures on social capital (captured in the ONS subjective well-being work) are in some respects more advanced than natural capital metrics, they need time to build consensus and acceptance. They also currently lack sufficient time-series data for trends that require action to be readily discernable. (Paragraph 53)
Recommendations

8. The Government has yet to formally respond to the NCC’s reports: when it does so, … it should give clear encouragement to the natural capital measurement work that the NCC is taking forward. (Paragraph 20)

9. The Government should signal its continuing commitment to the NCC, and thereby to the importance of measuring natural capital and using it in policy-making, by (i) initiating measures now to put that body on a long-term statutory footing and (ii) responding formally to the NCC’s annual reports, starting with its March 2014 report as soon as possible. (Paragraph 24)

10. The Government should accept the NCC’s key recommendation for a 25 year plan for improving England’s natural capital without delay. It should also give a permanently established NCC, enabled to operate beyond its current three year remit, the twin tasks of providing continuing advice and monitoring the implementation of that 25 year plan. (Paragraph 25)

11. The Government and ONS should not at this stage attempt to define a headline measure for overall well-being, or for overall subjective well-being, and should not contemplate such a move until a measurement track-record has been built up on the component measures, they have achieved a reasonable level of public familiarity, and a general consensus has been reached on their value and usefulness. (Paragraph 40)

12. The Government should immediately start to use the already available data to ‘wellbeing-proof’ existing policy proposals, with the Cabinet Office encouraging take-up through its oversight and scrutiny of other departments’ business plans. The Cabinet Office should also (i) set out a clear plan for how and in what circumstances the data should be used proactively by departments to start identifying new policies, (ii) be ready to implement that process once the data becomes sufficiently robust for that purpose, and (iii) set out how it will hold other departments to account for doing so. (Paragraph 50)
Formal Minutes

Tuesday 13 May 2014

Members present:

Joan Walley, in the Chair

Zac Goldsmith
Mark Lazarowicz
Caroline Nokes

Dr Matthew Offord
Mrs Caroline Spelman
Dr Alan Whitehead

Draft Report (Well-being), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 53 be read and agreed to.

Summary agreed to.

Resolved, That the Report be the Fifteenth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report, in addition to that ordered to be reported for publishing on 26 June 2013 and 22 January 2014.

[Adjourned till Wednesday 11 June at 9.15 am]
Witnesses

Thursday 9 May 2013

Professor Dieter Helm, Chair, Natural Capital Committee

Wednesday 17 July 2013

Professor Jan Bebbington, Professor of Accounting and Sustainable Development, University of St Andrews, Glenn Everett, Programme Director, Measuring National Well-being Programme, Office for National Statistics, Joe Grice, Chief Economist, Office for National Statistics, and Juliet Michaelson, Senior Researcher and Programme Co-ordinator, Centre for Well-being, New Economics Foundation.

Wednesday 15 January 2014

Mr Nick Hurd MP, Minister for Civil Society, Cabinet Office, Dr David Halpern, Director, Behavioural Insights Team and National Advisor, What Works, Cabinet Office, and Mr Michele Pittini, Deputy Director, Sustainable Land and Rural Evidence and Analysis, Department for Environment, Food and Rural Affairs.
### Published written evidence

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# List of Reports from the Committee during the current Parliament

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Eleventh Report  Sustainable Food  HC 879 (HC 567)
Twelfth Report  A Green Economy  HC 1025 (HC 568)
Taken before the Environmental Audit
on Thursday 9 May 2013

Members present:

Joan Walley (Chair)

Peter Aldous
Katy Clark
Zac Goldsmith
Mark Lazarowicz
Dr Matthew Offord
Simon Wright

Examination of Witness

Witness: Professor Dieter Helm. Chair of the Natural Capital Committee, gave evidence.

Q1 Chair: A very warm welcome to our Environmental Audit Select Committee session this afternoon. We have a fair amount of ground to cover in the very interesting and wide-ranging report that you have produced at this stage. Before we get into some of the detail, we want to try to establish what your relationship is with Ministers, civil servants, Government, the Cabinet Office and the Treasury. How does that work in practice and how seriously are they taking the work that you and your committee are doing?

Professor Helm: Thank you very much for inviting me along and giving me the opportunity to answer your questions. The Natural Capital Committee is an independent committee. It gives independent advice and has a reporting line that goes through the Economic Affairs Committee of the Cabinet, which is chaired by the Chancellor of the Exchequer. We have very clear terms of reference as to what we are required to do. All and everything that I do in my role as chairman is to stick to those terms of reference and to try to achieve an outcome that is consistent with those terms of reference and gives advice. It is not our job to decide—there is a clear distinction between advice and decision. We set out a programme of work that we think is consistent with those terms of reference. We have along the way been asked, in particular by the Secretary of State at DEFRA, to look at particular issues—offsetting is one, the common agricultural policy is another, and of course we have been actively and substantially involved in forestry. It is of course important to meet with the people who we are supposed to advise and it is appropriate to meet with them when we have advice to give. I have had plenty regular meetings meetings with the Secretary of State at DEFRA; I have met Oliver Letwin, and I have met Treasury officials. That has all been extremely helpful and consistent. You will see from our report that we are laying down a framework that we are taking forward, and the real meat of the advice that we have to give will come in the second “The State of Natural Capital” report, rather than the first. Although it is always nice to have meetings, one has to have meetings about something.

What we have done is put this report together. We have had very good support for and feedback on what we have put forward, so we are now going to go on and implement that and we will advise Ministers, officials and, indeed, anybody else, in our independent capacity, as to how we can deliver the outcome of the White Paper. Just to remind you, we are in some sense the creatures of the White Paper. The White Paper sets out an extraordinarily bold and radical objective. It proposes not just to stop the decline of our natural capital; it proposes to reverse it. It says, strikingly that we are going to be the first generation that starts to put things right—“net gain”, not “no more net loss”. That underscores everything we do, and we will of course be advising on whether in fact that objective is being achieved.

Q2 Chair: There is a lot contained in your first reply. You say that you have met DEFRA Ministers, the Economic Secretary and Oliver Letwin at the Cabinet Office. Can I ask you about the Chancellor? What you are talking about is a committee that is setting out parameters, that has a very clear remit. That is all well and good. The question then is whether, when you do have something to say, you are going to be talking to an open door, as it were, at the Treasury and particularly with the Chancellor, so could you tell us a little more about those Ministers whom you have met and what they have said to you about the priority that they give to your work? Could you then narrow it down in terms of the Treasury and how much they will apply the outcome of your work to the principles that they apply, which relate to governing public expenditure?

Professor Helm: Despite fear of repeating a point, I will. I can’t make them decide to do things. I can only take to them forcefully the advice that our committee puts together.

Q3 Chair: But do you feel that it is an open door, from the talks that you have had?

Professor Helm: Yes. Nothing that has happened so far suggests to me anything other than a commitment to what is in the White Paper. That is Government policy. It is not my White Paper; it is not our committee’s White Paper, but it is very clear that that is the objective. I discussed with the Economic Secretary and with the Minister of State at the Cabinet Office, Oliver Letwin, how we were going about our task. I was extremely keen to get—I wouldn’t say “buy-in”, because we are independent—a clear understanding of what we thought we were doing and
how we were going about it and to make absolutely certain that any comments, suggestions, or disagreements about that would be understood at the outset. At no stage, on any aspects of the way in which we have gone about things or of how we have set it out in our first annual “The State of Natural Capital” report, has anybody in the Treasury or elsewhere suggested anything other than support for what we are doing.

Q4 Chair: Does that mean that the Government has agreed timetables and targets in terms of implementation of your recommendations in this first report?

Professor Helm: If you look at the back of our report and go through the things that we say we are going to do, you see that nothing in there requires the Government at this stage to agree to any particular timetable or whatever; it is for what we are going to do.

Q5 Chair: Take, for example, the national infrastructure plan, which is a strategy that is in the process of being implemented, one would hope. Do you have confidence, from the talks that you have had with the Treasury—the Economic Secretary—the Cabinet Office or DEFRA, that what is in the national infrastructure plan will be informed by the recommendations that your report has made?

Professor Helm: Let’s go back to the recommendations we have made and what our terms of reference are. It is very clear that our job is to advise the Government when any natural assets are being used unsustainably. It would be lovely after a few months, maybe 12 months, to come forward with a very clear list of all the assets in Britain that are being used unsustainably and say, “By the way, these are the things you should do about each item on the list.” It is not like that. This is a substantial programme to get somewhere from a starting base, which we have the NEA for, but not much else. We are really very clear in the report that we do not have the metrics in place. We do not have risk registers; we regard that as a serious omission and we are setting about putting it in place, so that when we come to our second annual report, we will be in a position to address the first terms of reference and say to Government, if we think it is the case, “These assets appear to us to be quite close to the thresholds and may be being used unsustainably” and—in the form of advice—“You should do something about it, because it is not consistent with what is in the White Paper or what you have asked us to do.” That is very clear, but if you are asking, “Is there a recommendation in this report that requires the Secretary of State of X or the Chancellor of the Exchequer to implement that recommendation?”; the answer is that there aren’t any recommendations in that format. They are a statement of how we intend to go about this task and what we want to do. We have buy-in to that process. At this stage—we have three years until our first review—that seems to me to be a sensible, pragmatic way of doing this, rather than coming out with some headline after 11 months, which we cannot substantiate with evidence, to try to get some sort of coverage.

Q6 Chair: I am just trying to understand the difference between what your committee’s report says, which I am sure we would totally agree with as a Committee, and how it is being taken forward and applied by Government, and square that with what you just said about recommendations. I am right in thinking that on page 26 you have recommended, for example, that, “The work led by the Office for National Statistics…to include natural capital fully in the UK’s Environmental Accounts should be given the greatest possible support by Government.” What I am trying to get at is whether you have had any indication from Government that they will do that.

Professor Helm: Yes. The ONS is a really interesting example. Britain is committed to producing green national accounts by 2020. The ONS is charged with doing that. It is absolutely essential to our remit that it carries that out, and carries it out with urgency and on the basis of the appropriate methodology. It issued a consultation on what its road map to do that would be. We gave, I think, fairly forceful advice as to what we thought ought to be done. We meet regularly with the ONS team on these things. We suggested that it ought to take into account some of the top-down approaches that the World Bank has pursued and that it ought, as a priority, to take forward a case study on forestry. We also suggested quite a lot about what kinds of methodologies should be used. We will continue to push on that side. That is between us and the ONS, and we have a very good relationship with them.

Are we getting any political or other obstacles put in our way? Certainly not. On the contrary, at the Cabinet Office, the Treasury and DEFRA, everyone is behind achieving the objective. The difficulty is actually doing it, and that is where we are impatient. We are pushing and we are trying to ensure that what is an extraordinarily difficult intellectual task—it is difficult—is done well.

Q7 Chair: I will bring in Zac Goldsmith in a moment, but I am trying to get at this particular recommendation. What is the process for your recommendations to be adopted? I do not quite understand what the difference is between you saying something and it actually being adopted.

Professor Helm: It is being adopted. We are doing this.

Q8 Chair: Are the Government doing it?

Professor Helm: The ONS is not us. Let’s be very clear, we are a committee set up on the basis that the members were committed to one day a month and I am committed to two. We cannot do green national income accounts ourselves. We can forcefully push the process along, encourage and help the ONS, and, in doing that, make it clear to Government that this is a very important priority. All the evidence suggests to me, so far, that there is no obstacle—indeed, there is considerable support for doing this from the Government side.
Q9 Chair: Have the Government actually said that to you?

Professor Helm: Our report has been through their committee and they support it, so I assume the answer is yes.

Q10 Chair: How do you then check that they are doing it?

Professor Helm: If the ONS does not pursue the path that will get them to the objective in 2020, and if they do not have the resources or whatever to get there, we will very forcefully say that. That will be our advice. If someone decides, “Well, thank you for the advice, but we are not keen on this”, we cannot make them do it, but we can make it absolutely clear that the commitment and the process are, for example, not on course.

Q11 Zac Goldsmith: This is the same point really. Thank you for coming to see the Committee. It is radical stuff. We have had a number of sessions with Oliver Letwin, and his commitment to this is plain for all to see, as, I think, is the commitment of the previous and current Secretaries of State at DEFRA. There is a sense of enthusiasm there, but do you really think that the Treasury, as a body, understand that logically, if this programme continues and succeeds, it will have a very direct impact on routine decisions made as a consequence—or at least, originating in their Department? Do they really understand how meaningful the programme is?

As a secondary question, is it possible that the fact that the Treasury are relaxed about this at the moment—they do seem to be quite relaxed about it—is because either they have not fully understood how radical it is, or because they think will be able to get away with ignoring it, and that this could become a footnote, and a small one at that, in the years to come? My concern is that I have not seen any real enthusiasm at all for this programme, publicly or even privately, emanating from the Treasury. There is a big gulf between what they are saying and how they are behaving, and, as I have just mentioned, the Secretaries of State for DEFRA, Oliver Letwin, and so on.

Professor Helm: Let me try to break that down into its component parts. It is not for me to make political decisions; my role is to advise. The first point, to pick up on your comment—I made this point earlier, too—is that if our remit is carried through, the implications are really very radical. It is a very radical thing to say boldly, in a White Paper, that you are going to reverse the declines, not just stop them, and that you will be the first generation that bequeaths a better natural environment and a better stock of natural capital than its predecessor. That, in itself, is why I am doing this job. If the Government was not committed to that in a White Paper, it would be an interesting academic task, but this is substantive, and our committee is created out of that White Paper. I cannot make them do it, but through the committee I can help to set out the implications that follow from the commitments that have been made.

Let us be clear what those commitments are. The first one is to shine a torch on assets that are being used unsustainably. I cannot deliver, in 12 months, from my committee, easy answers to these questions, and we make it very clear that the metrics are not in place, and that there are not proper risk registers of those things, so you cannot shine the torch on them yet. We are going about that task. The whole purpose of the metrics we are designing and the risk register is that I can answer, as chairman, to the terms of reference, which means “You, Government, cannot have assets that are being used unsustainably and pretend that you do not know about it.” We will tell you. That will be clear. It is not going to be perfect, but we are not trying to have an all-singing, perfect measure of everything. We are trying to make progress.

The second thing is that we have a set of national income accounts that are cash-based, like everybody else. There is no balance sheet, no assets register and crucially, no capital maintenance charge to the general revenue of the economy. Sorry to be slightly technical, but if you think of natural assets as, effectively, assets in perpetuity that you want to sustain through time—which is essentially what we mean by sustainability—you have to maintain the value of those assets intact. If you account for them properly as assets, you have to set aside, each year, a sufficient sum of money to make sure that you have done the capital maintenance—what we call current cost accounting. Imagine how radical it would be for the Chancellor to stand up and say in his Budget speech, “My cash position is net of having set aside sufficient to maintain those assets intact.” It is not just about natural assets, but about human capital, physical capital, infrastructure and so on. If the roads have got lots of holes in them, it is because capital maintenance is not being set.

Zac Goldsmith: Can I—

Professor Helm: I just want to finish this, so that you get the picture. We want to make sure that companies do this, and we want to make sure that the landowners do it. That is why we have a direct engagement with the corporate sector and accounting bodies and with the landowner troup we have set up, who control a lot of our natural assets in this country. The accounting plus the risk register on the basis of the metrics shines a very powerful torch on what is going on. I cannot make people do stuff as a result, but they will not be doing it in ignorance.

Q12 Zac Goldsmith: Can I just ask: is it the Government’s intention that a prerequisite to making this all work would be that the Chancellor will report, in the same way as he reports in conventional terms, on the state of our natural capital account annually? Is that part of the commitment?

Professor Helm: He will be receiving such information through the Economic Affairs Committee of the Cabinet.

Q13 Zac Goldsmith: But will he personally be reporting? Is that part of the plan at the moment?

Professor Helm: To be blunt, you have to ask him that question.

Zac Goldsmith: So it is not already decided, then?
Q14 Chair: You haven’t had that conversation with him already as to how he will receive what you put forward?
Professor Helm: No.

Q15 Chair: Do you think you should have done?
Professor Helm: No, not yet.

Q16 Zac Goldsmith: But I am assuming from what you have said that you would regard that to be an important part of this process—unless you have that very public, very significant reporting by the Chancellor to the House, this thing will not have the significance that it should.
Professor Helm: Of course, I want the results of what we do to have the widest canvas, but just remember what we are talking about here. We are talking about restating national income accounts. A Chancellor cannot go and present his Budget on the basis of any accounts; these will be ONS’s green accounts, which will form the basis of starting to have a balance sheet for this country where we can understand what our liabilities are, what our assets are and what needs to be done to maintain those assets through time. That is radical. How a Chancellor in the future chooses to use that information, I have no idea, and it is quite a long way off, unfortunately, because it is a very long-term task.

We are in exactly the wrong position. We are on cash-based accounts. We do not have these. We have got to develop examples like trying it for forestry, which is what we are really focused on at the moment, to see how that would work. What would be a capital maintenance charge for forestry? You are trying to ask me to make decisions and to say what politicians should do. That is not my task, and I am really very keen to maintain that we are an independent, expert committee; we are not a political body. We are going to shine this torch and provide this information, and it is for others to decide what to do about it, but they cannot do it in ignorance, because we will have provided that information.

Q17 Chair: In a way, at the heart of our questioning is the fact that we are very supportive of the existence of your committee, and we are very conscious that there are decisions being made at the moment that are locking us into long-term decision making on capital investment, and those decisions are being made without being informed by the work that you are about to do on natural capital. We are also conscious that, parallel with the work going forward that your committee is doing, it would be a bit pointless if the ground had not been sown for when you were ready to say something to the Government and to the Chancellor, so that the Chancellor was not ready to then say yes and give the green light to your recommendations. That, surely, is a matter for you as the chair of this committee.
Professor Helm: My response to that is that you should ask him.

Q18 Chair: I am sure we will, but I just want your view on this.
Professor Helm: This is extremely important, but I do want to make this clear distinction. The moment my committee is somehow seen to be political, I think we have lost a great deal. We are independent, we give advice and we have clearly interpreted our terms of reference into a work programme. This is not a short-term fix. There are no short-term headlines. If we carry through this programme, we will have changed the information base, we will have shone the torch and nobody will be able to make decisions in ignorance of that, and it will be absolutely clear whether the objectives in the White Paper are actually being carried forward. If they are, great; if they are not, it is for politicians, not me, to decide what is done about it. We can provide advice, but we cannot make political decisions.

Q19 Chair: Okay, we will move on. I have two more quick questions. We have concentrated on Government, but how has business responded to your report?
Professor Helm: It may, in some sense, be unsurprising that we have had broad support, because, of course, we are setting out how we are going about something—we are not announcing results—but part of what we have been trying to do is to say that we must engage not just with national income accounts and the treatment of natural capital in the aggregate accounting framework but with business and landowners. In the landowner class, of course, there are farmers, but there is also the National Trust, the Crown Estate and a whole set of semi-public or actual public or charitable bodies. There is a lot of land. We have set up two clear groups to do that. On the business side, we have had the advantage of the Ecosystem Markets Task Force, who have been actively engaged on that front. We have worked very closely with them, and we have picked up a number of their recommendations. We have had meetings with financial institutions. We have had a meeting with interested corporate parties, and we are very focused on the accounting bodies. Although there are companies out there who would like to do “the right thing” and are very interested in being leaders in this area, there is always that feeling of “Why am I going out on a limb if other people aren’t?” We have accounting bodies to lay down standards, and we are extremely keen to encourage them to think quite hard about what accounting requirements—perhaps first voluntarily and, hopefully, eventually mandatory—should be put in place. That has gone pretty well, and a lot of effort and time has gone into it, led very much by Kerry ten Kate and Colin Meyer, who both have that kind of experience. It is good.

Q20 Chair: In terms of taking forward your recommendations, do you think this is something that is going be more led by business and the private sector, by the Government or by a combination of both?
Professor Helm: There is a false dichotomy. We as a society have to decide what we are going to bequeath to the next generation. That cannot be a purely private
decision. Many of these assets are public goods and externalities that do not naturally go through markets, so it would be impossible to conclude that business can do it all. On the other hand, many of the assets are actually controlled by businesses and companies, which have direct interests in the maintenance of their supply chains and their access to these things going forward. Indeed, economic growth depends on there being a healthy stock of natural assets to draw upon. So it is both, which is why we want to get the accounting at the top level and the company level joined up with the risk register, because the risk register is about identifying liabilities. The liabilities need to go through into accounts to be set against assets in order to be incorporated in the decision making of firms. So, yes, it is both.

Q21 Chair: Finally, your remit is for England and there is at least a 10-year or 20-year problem for all of the devolved Administrations as to how we address the environment. How do you deal with Scotland, Wales and Northern Ireland, although they are not part of your remit? Is that an issue?

Professor Helm: You could also ask how we deal with the world, because natural assets are not confined geographically.

Q22 Chair: And indeed the overseas territories, on which we have a current inquiry.

Professor Helm: The swallow goes somewhere else for half the year. My answer is that quite a lot of what we are doing—such as how to think about national accounts, how to do risk registers, how to do metrics and how to do company accounts—is generic. In some sense, it does not matter what the domain is; it is whether the conceptual framework is correct. The practicality is what you are doing the risk register and metrics for. Our remit is narrow in that sense. You might say that it would be much better if it was broader and included all the other things, but you have to be very practical and pragmatic.

People demand that we know the valuation of everything. That is impossible. But we start from a position where we value very little. That is why we treat our natural environment so poorly. If we make some increment on that path by identifying some of the assets that may be used unsustainably and start to think about appropriate rules for setting aside moneys for capital maintenance and so on, we will have made some progress. It would be nice to do the forestry of the whole of the British isles and, indeed, Europe, but if we just got the forestry bit right within England, that would be a marked improvement on where we are at the moment. You might think that I am being hopelessly pragmatic, but—

Q23 Chair: I don’t wish to be disrespectful, but isn’t it a bit flippant to dismiss the devolved areas? If you are looking at, say, river quality, which you have highlighted in your report, you cannot stop the rivers coming from Scotland into England. Surely you have to look at it in an integrated way.

Professor Helm: The Tweed is on the boundary in terms of which side it is, but in the Scottish rivers case, it is probably not a good example. I take your point entirely; I don’t think we are flippant about it.

Q24 Chair: So do you have a mechanism for liaising with the devolved Administrations?

Professor Helm: Not yet.

Q25 Chair: Would you like to?

Professor Helm: Yes, it would be very helpful. I take my remit as what I have been given. I have a very limited amount of resource and an enormous task, which would have, if carried out properly, radical implications—

Chair: Dr Offord is going to come to the resource issues.

Professor Helm: I am happy to talk to—within the bounds of reason—as many bodies, including European ones, as possible.

Q26 Dr Offord: I understand that it is your publicly stated ambition that your role will help the Government better to understand the state of the natural environment and how it affects the performance of the economy and to provide advice on how to manage our natural wealth. Do you have enough resources to achieve that?

Professor Helm: It is always the case that you could come back and say, “Could we have some more resources?” because we could always do more. I have taken the line that I took this chairmanship on knowing what resources I had and I am trying to do the best I can with those resources in the context we are in. Anyone looking objectively at what we have achieved so far, in 11 or 12 months, on the basis of a committee whose commitment is one day a month—mine is two—and our secretariat, would be, I hope, very impressed by what we have done. We have given advice on substantive items. It has forced us to focus very narrowly. Yes, of course one would like more resources, but we have defined something we can do with the resources we’ve got that we think will make a great deal of difference, and I think that is as far as I can go. I am very reluctant to turn round and say, “Give us some more money,” before I have proven what we can do with the resources we’ve got.

Q27 Dr Offord: You mentioned the amount of time that you and the other committee members put into the committee, but if you wanted to speed up an area—work faster and achieve more—would you need more members’ time or would you need more civil servants’ time?

Professor Helm: It is a balance, but one of the things that you get out of having limited resources is that you make a very strong distinction between providing frameworks and advice about how to do stuff, and the doing of the stuff. One of the things that has bothered me from the outset is that people think that we are doing all these valuations. That is not what we are doing; we are saying how they should be done. Refer back to my discussion about the ONS. It is not the Natural Capital Committee that is producing green national accounts; it is the ONS that is producing
those accounts. We are there to provide advice on how to do it. But on the risk register side, one of our terms of reference is to advise the research councils on how they should spend their money. That provides quite a big resource base, and we have been extremely active in doing that, taking it forward and building on the NEAs in place.

If, in due course, one wanted the committee to move on to be more like the Climate Change Committee, that would involve resources of a different order of magnitude. You need a research team for that—not a secretariat, but a research team. You need chief economists; you need a whole bunch of things to make that happen. There is a case for thinking about what we are doing in parallel to the Climate Change Committee, but remember: the Climate Change Committee has a specific piece of legislation behind it; it has to produce carbon budgets and it has to do the numbers to put into that. That is not yet our remit. It is open to some future politician to decide that they want us to do that. Then you really do need a much more substantial set of resources than the ones we’ve got.

**Q28 Chair:** Do you think it could be your recommendation?

**Professor Helm:** It depends how important you think the natural capital of this country is—the commitment to sustainability and, essentially, what lies behind that White Paper. If you really take that seriously and you regard it as a core national priority at the heart of Government policy—I do not want to be flippant, as you have made this observation already—is this less important than climate change? My personal view: no, it is not less important than climate change. If you are in that position, lots of things follow, but before we get there, with respect, let us shine the torch and get there, with respect, let us shine the torch and enable people to see the size of the task that has to be carried through.

**Q29 Dr Offord:** I seek some clarity on the issue that you alluded to. Would you say that your committee is totally reliant on officials from the ONS and DEFRA to turn new ideas into reality?

**Professor Helm:** No. We are an independent committee. If you look at the members who have the privilege to chair, you will see that each of them in their own right has an enormous capability and expertise behind them. We have got really first-class scientists. We have got among the best people on environmental accounting in this country recognised in the world. We have got people who really understand about planning, land management and agriculture. So if you think about what a meeting of our committee is, it is bringing all that expertise to bear on precise questions. This document, our first “The State of Natural Capital” report, is the output of that. We are not buying 12 hours of someone’s thought on this subject. None of my members comes as a generalist; it is melding that together. What is really exciting is that we have got really first-class economists and we have got first-class natural scientists, but they have to bring their ideas together. To give you an example from our meeting yesterday, the accounting stuff is going on and the risk register is going on, and those are done by different disciplines. The relationship? The risk register identifies liabilities we should think about as an accounting framework, and when you are thinking about an accounting framework, you should think about it in the economic terms of current costs and capital appreciation. That marriage of those things into a coherent vision of what needs to be done here comes from the expertise those people have. In that sense, but only in that sense, we are resource-rich.

**Q30 Dr Offord:** My final question concerns administrative arrangements. Your committee is based in DEFRA, but you answer to the Chancellor and through the Treasury. Do you think that is the best way?

**Professor Helm:** The secretariat is in DEFRA, and it is true—you would not expect it to be otherwise—that we have a lot of inter-relationship with people in DEFRA, but we are not a DEFRA committee. I think that is quite important. We are an independent committee and we have a clear reporting line. I think you asked these questions when you spoke to the Secretary of State and Oliver Letwin. I read the transcript, and I think it was explained.

**Chair:** We must move on because of time.

**Q31 Zac Goldsmith:** I am sure you have already said this, and if you have, I apologise. How much of the work do you think will really have been done by 2020? You are starting with forestry now, and there are obviously many other areas. How complete will the analysis be by then?

**Professor Helm:** The first thing to remind you is that we are subject to a formal review, so there is no certainty that the committee will continue; that is to be reviewed.

**Q32 Zac Goldsmith:** When is that?

**Professor Helm:** I think it is after three years.

**Zac Goldsmith:** When would that be?

**Professor Helm:** I can’t remember—I should have the date to mind.

**Q33 Chair:** It is not ingrained.

**Professor Helm:** It is not ingrained in my mind. In one sense, I have always said to the committee, “In three years you have to be able to count that you really have made a difference”, and I quite like that deadline. One thing is whether we continue, but that is an aside.

**Q34 Zac Goldsmith:** Assuming you do.

**Professor Helm:** Assuming we do, yes, I am pretty optimistic. If you ask the question, “Can a proper risk register be put in place?”, yes, of course it can. Can the metrics be developed? Yes. We are not starting from scratch in either of those territories. Can the accounts be greened? In one sense, yes, of course they can, but behind that lies something extremely important. People use the generic term “green accounts”, which can mean all sorts of things. We have already had that engagement with ONS. There is a bottom-up, really detailed disaggregated structure that then gets put into a total, or you are taking a top-down view of the state of those assets. Will there be
some green accounts? I would be amazed if there weren’t. Will they be good green accounts? Well, if we still exist through that period, we will have failed if they are not.

Q35 Zac Goldsmith: So it is realistic to imagine that, by 2020, there will be an accepted valuation on pollinators, water systems and flood plains, and so on? Professor Helm: No. Let me refer back to the answer I just gave. It depends on how disaggregated you want it to be. You always have to have that in mind. Take pollinators—

Q36 Chair: We will come on to pollinators in a minute. Professor Helm: Take any example. If you say the answer is £672,542.52, you have misunderstood the question. What you are trying to do is work out how much resources should be used to maintain or enhance that asset. That is not the same thing as putting a precise price, as equal to a value, on something.

Q37 Zac Goldsmith: But it can sometimes, I assume. If by losing flood plains you are going to increase the cost of flood defences down the line, there is a mathematical formula that can be used there. Professor Helm: If you are asking what the costs of doing something are, the answer is yes, but that is not the same thing as asking what the value is. I will give you another example that I think is very illustrative. When the M3 was being extended, people asked, “What is Twyford Down worth?” I was trying to get engagement with the Treasury on that question in the 1980s. No cost-benefit analysis was done, and a very good possible explanation for why no cost-benefit analysis was done is because they would have found that it would cost about £90 million, in the money of the day, to build a tunnel underneath it and nobody could think of the value of Twyford Down as being less than £90 million. A proper cost-benefit analysis would have seen Twyford Down with a tunnel underneath it now. Of course, you can see that people may not have wanted to spend money in the 1980s to do that, but the point illustrates that the question is not “What is Twyford Down worth?” but “Is it worth more than £90 million?”

Q38 Zac Goldsmith: Can I rephrase my question? By 2020, is it likely that you will be able at least to frame the right questions to come up with the right answers across the spectrum? So not just forestry, but water, pollinators and so on. Professor Helm: Yes, a much broader spectrum.

Q39 Zac Goldsmith: So there will be a relatively complete understanding of how it all fits? Professor Helm: It may not be perfectly disaggregated or perfectly accurate, but it should be fairly comprehensive.

Q40 Zac Goldsmith: Can I quickly go back to a point you made earlier? You have said that your job is to provide advice on how to do it—in other words, how to answer the questions we are addressing now. Is it also part of your brief, or will it be part of your brief, to help the Government understand how to use this new information to influence policy? Professor Helm: I hope so.

Q41 Zac Goldsmith: So there will be a policy angle at that point? Professor Helm: I hope so, but, with respect, let me and the committee get there first. If we knew all this stuff, we would have the luxury of spending time thinking, “If you use this particular mechanism, rather than that, you would get this particular answer.” We are standing back from that because we are not there yet.

Q42 Zac Goldsmith: Are there any examples in your mind of how this new information, this new way of seeing things, could influence policy decisions in the future? Do you have in your mind examples of how that might manifest? Professor Helm: I am thinking off the top of my head at the moment, but the first implication will be the following: are we, in aggregate, spending the sorts of sums necessary to maintain our natural capital assets intact through time? It will be very interesting to look at what we are actually spending on nature conservation and other areas to see whether it is consistent. That is quite stark, and we never asked that question.

In the narrower sense, would you want to have a different agricultural policy or a different way of doing environmental support within agricultural policy? If you had better information about the things you want to target because you know which assets are about to go through a threshold to become non-renewable, surely you would. Indeed, that is quite generalisable. It is saying, instead of doing things qualitatively, you have some quantitative information and, therefore, you can target what resources you have in a much better way. Agricultural policy, nature conservation policy, how we account for environmental impacts of infrastructure spend, housing—all sorts of stuff fall out of doing the analysis properly.

Q43 Zac Goldsmith: So you would have to continually re-evaluate the natural stock on the basis of the direction that the economy is taking—biomass being an example of something that provides a different level of value to woodlands. Professor Helm: Yes. You can’t do national income accounts and say, “Well, they produced a nice number last year. We are not going to do them for another five years.” Accounting is a constant re-evaluation of the state of your assets and their use.

Q44 Zac Goldsmith: Can I ask how would you address the less directly economic—or even, the non-economic—value of ecosystems? I suppose, at a base level, it is about people’s enjoyment of the countryside, or their enjoyment of a particular area. It has a value, but it is very much harder to pin down. Is it something that you think would be able to be fed into this process? Professor Helm: I don’t quite accept your premise that there are several assets that are not economic, and
there are several assets that are, and we should think about them differently. That also goes to the heart of the White Paper. These all have benefits to people, and those benefits are what we are interested in. Some of them have direct market prices and some of them do not, but from a resource allocation point of view, it is precisely about wanting to make sure that those that do not have prices in markets at the moment are not given, effectively, a value of zero.

Q45 Zac Goldsmith: Non-economic is the wrong term—I accept that—but in terms of the less direct, less obvious economic values, it would be harder to imagine those scenarios having an impact on policy in the same way that, for example, erosion, removal or development of the floodplains has, where there is a very clear cause, effect and future cost as a result of bad decisions. Where it concerns people’s enjoyment of an open space in the countryside, those considerations, because they are less catchable mathematically, would be less likely to have an impact on policy. Is that right? And if not, why not?

Professor Helm: Let me give you an example, not from the things we have done directly at the Natural Capital Committee that we are interested in, but from what Ian Bateman, who is a member of our committee, has been doing in identifying the best place to put forests. He identified many benefits that people derive from having access to forests that are of the kind that you put in your category of almost non-economic. Once you take those into account, it creates a rather different view about how land use should work. In other words, forests that have ready access for lots of people produce a lot more benefit than forests in the middle of Wales. There might be other reasons why you might want to have your forests in the middle of Wales, but that is a practical example of where it makes a great deal of difference. There are health benefits and all sorts of other indirect uses of the natural environment, and they should influence the way we make decisions, but you cannot do it without shining the torch and finding out what you have got, what the risks are and what the metrics are.

Q46 Zac Goldsmith: We have covered in lots of different ways the next question I was going to ask. On the last point you made about a forest’s value in Wales, as opposed to somewhere else, I know that someone on the Committee will be talking about offsetting later and I hope we can come back to—

Chair: Why don’t you do it now, Zac?

Zac Goldsmith: I don’t know who is asking the question about offsetting, but you made the point about how a forest in one place and an identical forest in another, can have very different values, and I am assuming that that would be taken into account in this concept of offsetting.

Professor Helm: Yes, it must be.

Q47 Mark Lazarowicz: I was going to ask about offsetting, so it would be useful to come in now. How far can you guarantee, in this model that you are developing—you can never guarantee it completely—against the way in which, bluntly, the values of offsetting measures can, in effect, be skewed to get the desired outcome, to allow the environmentally damaging activity? For example, I am sure you are aware of the debate about rainforests and how far rainforest degradation now can be offset by other planting activities, raising all sorts of questions about how long a time scale you can allow a repayment for offsetting. There are many arguments and examples, of which I am sure you are aware. How far can you guarantee against that type of choice of offsetting value to reflect the desired policy objectives with that idea. There is a separate question about whether developments should be allowed to go ahead if the developer, knowing that environmental damage is being done, can demonstrate that they have replaced like for better physically. Offsetting is normally thought about in that physical context, rather than in terms of the special case of the broader issue of compensation.

For example, we have been very clear that we think there are some areas where offsetting is not appropriate. You can’t replace a bit of ancient woodland with like or better, because there isn’t any ancient woodland you can invent without waiting 1,000 years for it to get to the state you would want to. You still might have a development and you still might want compensation. If the environment is going to be damaged, you want some money to compensate for that damage, but it is not an offset. This is the confusion that I think quite a lot of people experience in this discussion. Yes, you should pay for damage you caused, but offsetting is special. Can you find an environmental asset that is at least as good as what you have had before?

We say that there are some areas that are no-go. We generally support the principle that compensation should be paid, and then within the areas where people can demonstrate like for better, with net gain—we are very clear that the White Paper says “net gain.” We are going to improve things. We are not holding the line; things have got to get better. In those circumstances, we think that there ought to be clear principles and we have suggested and are suggesting what the principles might be that should be applied.
We think it is extremely important to think about who makes the assessments and how they are made; and you have to give due consideration to what happens if the offset is not actually delivered, where it may make take time to do that and what compensation is there.

My personal view is that if you are worried about people not delivering, you should think about bonds that are forfeited if that is not achieved. We have not discussed that in the Natural Capital Committee, but that is my personal view. Some of that might not be an offsetting condition. It might just be that you have not had an offset, you have asked for compensation and the developer has said that they will, at the end of the life of the project, return the site to the state it was in at the beginning. Take a fish farm in a loch somewhere. This would probably be outside the English domain, but the question is: will they return that site to the state it was in ex ante? You might well want to think about having a performance bond that is held until such time as that is achieved.

We think that within the domain of offsetting, it has only some context where it is relevant and it matters extraordinarily how you do it and how that detail is developed. We are advising the DEFRA team on this. We have met the Secretary of State to discuss these things. We have provided some advice. But it is not our job to design this policy. It is way beyond our remit, and any resources we might have, to do that.

**Q49 Mark Lazarowicz:** That is helpful. Do you see, then, much of a role for a situation where the offset for environmental damage now is from a stream of future environmental benefits, on which I think there are all sorts of issues about valuation, future enforceability and all the rest of it? Or do you primarily see the offset as measures taking place now, all of which can be controlled through a performance bond type of regime, as compensating for damage now? What do you envisage?

**Professor Helm:** If you think it is physical offsetting—if you destroy this piece of woodland, you create two bits of woodland twice as good, or whatever, somewhere else—the chances of getting a perfect like-for-like are quite small. That is why you want to err on the cautious side and make sure that you are getting quite a lot for your offset. That is where the net gain is, and I think it is great that the White Paper says we are going to reverse this decline. If that is what we are going to do, it has a clear implication for offsetting. We know that we have the ambition within that framework. We have the Lawton report, which says what you would do if you wanted to do these things.

The question, then, is: where would you look for your like-for-like replacements? Do you want to put it within the framework of ecosystems and a Lawton kind of framework? Is this such a set of resources? Here in the Lawton framework is a particular bit of a wildlife corridor that we want to put together, which is a precious asset to the overarching objective. Or is it simply that we have a bit of woodland that has gone here so we are going to have a piece of woodland there? You need to take that into account.

The second thing is that it is very unlikely that the timing will be precise, so this does raise the issue of future benefits versus current costs. I won’t bore you with the intricacies of how you should do discounting between those periods and how you should treat people in the future versus people in the present, but suffice to say that it is exactly the same problem we have in climate change discussions, and it is not a question without some answers. This is about practicality. You can have a nice theoretical model—here is a bit of woodland here and there are two more bits there, which is the physical offset—but the practicalities are going to be a little bit more fuzzy. Then it becomes absolutely crucial. Who is doing the assessment? Who is paying them? And who is monitoring whether what they have said they are going to do is actually delivered?

**Q50 Mark Lazarowicz:** That leads me on to the final question. The point you make is fair. Surely offsetting depends very much on the reliance you place on the future enforcement of obligations. How have Ministers responded to your recommendations on offsetting? Are they enthusiastic? Can we say at this stage?

**Professor Helm:** It is very early days, but, as I have said, we have had very fruitful engagement with the DEFRA team on this. We have had an extremely good meeting with the Secretary of State, and we have an offsetting summit this afternoon. I have no reason to believe that our advice, so far, is being anything other than taken seriously.

You raise one other wider question that, with due respect, you as a Committee might look at. More generally, when developments and so on are going forward, who is doing the environmental assessment? What is the status in this area? In accounting, we have the notion that auditors have responsibilities. In the area of doing biodiversity assessments, assessments of damage to projects, et cetera, it is really rather important to be clear that those assessments are genuinely independent of the interests of the parties. The country is not awash with environmental expertise to do such things. They are costly to do, and, of course, the whole credibility of any offsetting regime will depend not only on whether those assessments are done correctly but on whether they are seen to be done correctly. It could have credibility, and it could make a significant contribution. In general, what happens is that a lot of the environmental damage in this country has been done, as it has for decades, without compensation. That is why we are going backwards.

**Chair:** I think it might be helpful if at this stage I say to the Committee that we might be in a bit of a quandary, because we are having a very fruitful session. We have two more issues that we want to cover. We were originally scheduled to end at 12. Given that we have a further session after that, I appeal to the Committee to cover the area that we want to cover by 12 o’clock? I turn now to Simon Wright.

**Q51 Simon Wright:** Thank you. I will be brief. You are probably aware of the report that we published...
recently following our inquiry into pollinators and pesticides. During that inquiry, one of our witnesses told us that a meaningful valuation of insect pollination as an ecosystem service is a long way off. To what extent do you agree with that statement? Are there any proven economic techniques that could be applied to value insect pollination now?

Professor Helm: The short answer to your first question is yes, I agree. We are a long way off, but be very careful about trying to get a perfect answer rather than some practical helpful answers. Ask the question rather differently. Instead of what are they worth, ask how much it would cost to do something to protect and enhance the population of pollinators. I have no expertise whatever in the current debate about particular chemicals and so on, but, at one level, we might presume that it is not implausible to calculate the consequences to agriculture of not using such chemicals in terms of yield. Could you think that the value of the pollinators is less than that number? That is like my Twyford Down example.

You might think that I am hopelessly pragmatic, but if you were focused on the decision and, in this case—let’s say—how to decide whether to ban certain chemicals or whatever—the numbers you require are not that bees are worth £4.20 each. We must also be very careful of the science. I am not a scientist, but from talking to scientists, we do not exactly know the relationship between different kinds of pollinators and whether other pollinators will take up some of the role that bees play and so on. Try and have certainty in such areas.

The issue is like more general valuation. It is really quite dangerous, because you should be making decisions in a clear understanding of your ignorance and the uncertainty about what you are doing. You are generally uncertain about bees, for example. However, you are not completely uncertain and that leads you to focus the torch on the bit of information you would need to change the decision you are making, and then ask yourself how robust that is. That is basically the relevance of the cost of not using particular chemicals and whether the valuation of the bees or whatever is greater or less than that number. That is not the same as valuing bees per se.

Q52 Simon Wright: How do you apply the equivalent to a precautionary principle when the value of an ecosystem service has uncertainty? Do you, for example, have a formula or a means for applying a margin?

Professor Helm: That is precisely why we want to combine metrics with the risk register. In a risk register, we are really interested in when an asset turns from being a renewable asset into a non-renewable asset. We can think about it in terms of, say, cod stocks. If cod stocks reach the point at which scientists start to say that they will go the way of the cod stocks on the Grand Banks, you have fallen below a certain threshold. You then want to be precautionary.

If you are miles one side of that threshold in all your available evidence, you do not have to be so precautionary. So when we talk about a risk register, we have something precise in mind about thresholds, and it is that on which we want to focus. Rather than try to do everything, because our first term of reference is to advise on which assets are being used unsustainably, we are talking about whether those thresholds might be closing in on, and our metrics are designed to that purpose. That is where you want to be precautionary.

Chair: I turn now to Peter Aldous.

Q53 Peter Aldous: The present management of the economy is very much based on increasing consumption of goods and services. Economic management is all about boosting GDP. Without a fundamental shift away from that model, surely it is inconceivable that an assessment of natural capital will ever really be able to drive policy. Do you agree with that?

Professor Helm: Not quite. Technically, what we are interested in is consumption—ultimately, human utility—going up through time, but only in a context of maintaining the set of natural assets intact, so that the next generation gets a set of assets that is at least as good as ours.

If you think about what I said about accounting, you cannot answer what a sustainable level of growth is without a balance sheet. The whole heart of sustainability is about maintaining assets through time. We have no balance sheet at all; that is why GDP does not tell you much. You don’t know what the national deficit is in a serious sense. You don’t know what the deficit is. The reason why you don’t know is because you do not have a set of accounts that says how much money it costs to maintain the value of assets through time—the liabilities, in pension fund terms. Once you start thinking in terms of assets and liabilities, then you can talk about sustainable growth. There is nothing wrong with economic growth, providing that it is the right sort, which is sustainable growth.

When the Government said in their White Paper that they want to put natural capital and the environment at the heart of the economy, they are absolutely right, but my interpretation of that is that you need a balance sheet. Then I can work out what the capital maintenance is to maintain those assets through time. Then you have to pay that before you claim further consumption, just like you have to set aside money to fill up potholes and maintain roads before you can claim that you are better off.

If you start to do that—Partha Dasgupta and others have been doing this with the World Bank—you start to see that the growth figures for different major countries, or for this country, are not what you think they are. Why did we call depleting North Sea oil and gas growth in cash GDP terms? One generation has it, but the next generation does not. That contributed to a trough-to-trough growth rate in the ’80s and early ’90s of about 1.7, which sounds to me a rather high number once you start to put the depletion of the assets in place.

It is quite radical to talk about sustainable growth, if you really want to do it. You cannot talk about sustainable growth until you have a balance sheet to measure capital maintenance and set that charge against national income accounts. Then we will know where we are. I have no idea whether, in a sustainable
growth sense, the current deficit is 6%, 8% or something else. To me, that is not an interesting number. I want to know how much it would cost to maintain a reasonable standard of living in pension liabilities, national debt, environmental assets and physical infrastructure through time, and whether we can grow on that basis. Of course we can grow, because technical progress is going on all the time, but that would be genuine growth as opposed to GDP growth. To put it bluntly, you tell me the question to which GDP growth is the answer, and then I will make some progress.

Q54 Peter Aldous: Your report linked population growth to the degradation of natural capital in England. Might someone read from your report that, to make a difference on natural capital, we have to curtail the size of the population?

Professor Helm: No. That would be almost obviously wrong. You need to put it around the other way—if you want, with a set of natural assets, to have a higher population, there are implications for what it costs to maintain those assets and what ought to be done, and think about it in the simplest form. If you want a population increase, which requires an increase in housing stock, and the housing stock is going to go on bits of land that are natural assets, you want to be concerned about where you put those houses, what the environmental damage is, and what else you will do to compensate for that, if you want to keep the aggregate of the natural assets constant.

If you have an increase in population, it makes what we are doing more rather than less urgent. You may well have pressures that push assets towards thresholds. You want to know where those are, and you want to act on those and take a precautionary line on those assets if you want to achieve your objective.

In general, a higher population will make it a tougher on those assets if you want to achieve your objective. You want to know where those are, and what else you will do to compensate for that, if you want to keep the aggregate of the natural assets constant.

Q55 Zac Goldsmith: The first draft of the national planning policy framework triggered a real backlash—it was improved considerably in the second draft—partly because there was no emphasis on brownfield-first development, which emerged subsequently. Had we stuck with the first draft and had your work been completed, is it fair to say that, logically, campaigners would have had far less to worry about, because there would have necessarily been brownfield-first development?

Professor Helm: The Natural Capital Committee has not discussed this at all, so any answer I give you is my reflection on that question.

There are many places where you might put houses, and there was an active debate about brownfield versus greenfield versus other alternatives. Nothing suggests that there is an automatic preference for one or the other. What is really being discussed here is that you have to take into account the environmental consequences. Were one to pursue the physical offset route, the scale of the physical offset required if you put houses on a greenfield site would be different from a brownfield site.

Q56 Zac Goldsmith: But is that not the same thing?

Professor Helm: As I said, this is not something that the Natural Capital Committee has discussed, but it may be that there are some greenfield sites that have such high value that it is worth paying a much bigger offset for those than it is for a brownfield site. There is no blanket answer to the question. If you are doing your environmental accounting properly, however, you cannot make that choice in ignorance of the environmental costs of doing so. Since the environmental costs of greenfield are generally higher than those of brownfield, you have to have an overwhelming or more powerful reason for choosing the greenfield option. My answer is complicated, but it is a complicated issue. The simple bit is not to do any of this without doing proper accounting of the environmental impacts.

Chair: I am going to turn, finally, to Peter Aldous again.

Q57 Peter Aldous: I have one final question. Are the concepts mentioned in your report on natural capital also applicable to human and social capital? Could you apply the concepts of thresholds or offsetting to social capital?

Professor Helm: My personal view is that these concepts are of course generalisable. I envisage a balance sheet that incorporates all such forms of capital, and we have no balance sheet that incorporates any of them, so yes. There are two points about that. First, it is a massive debate within the environmental area—not just with environmentalists—as to how far natural capital is substitutable for human and physical capital. You might have no swallows, but you have lots of iPods; can you make a trade-off between those things? Hard environmentalists say that the trade-offs are virtually zilch. Others argue that we have all our capital stock out there, but London has a lot fewer species than it once did. There is an argument about that, but, in general, the answer is yes. Secondly, however, there is a modesty line, which is that, given that first point, let us try to get the natural capital bit right first before anyone asks us to look at some of these other components.

Q58 Peter Aldous: So you would not want your remit to be extended to cover human and social capital.

Professor Helm: I have got potentially such a wall of stuff in front of me that needs to be done to fulfil my terms of reference that the last thing I need to do right now is to have my domain expanded.

Q59 Peter Aldous: Do you think that the Government should set up other committees to deal with other elements of well-being?

Professor Helm: The answer is that the ONS is doing that stuff, and the ONS is where that should be located. We have had this Stiglitzian-type work being done and that is being developed in the ONS. I am very keen to discuss with the ONS whether such things are being done in parallel and whether the same concepts are being used, but let it do that and I will try to concentrate on our bit.
Q60 Chair: Okay, I must bring our proceedings to a close. Thank you, Professor Helm. You have shone a light on the issues relating to natural capital. The whole agenda is ongoing, particularly post-Rio and in view of the sustainable development goals and how much we separate human, social and environmental capital and GDP. I hope that our Committee will be able to do justice to this agenda in our report.

Professor Helm: Thank you very much. When we have our second report, I would be pleased to report on the progress that I hope we have made by then.

Chair: Side by side with the Chancellor.

Professor Helm: It is for you to invite and for me to attend.

Chair: Thank you.
Wednesday 17 July 2013

Members present:
Joan Walley (Chair)
Peter Aldous
Neil Carmichael
Martin Caton
Zac Goldsmith
Mark Lazarowicz
Dr Matthew Offord
Dr Alan Whitehead
Simon Wright

Examination of Witnesses

Witnesses: Professor Jan Bebbington, Professor of Accounting and Sustainable Development, University of St Andrews, Glenn Everett, Programme Director, Measuring National Well-being Programme, Office for National Statistics, Joe Grice, Chief Economist, Office for National Statistics, and Juliet Michaelson, Senior Researcher and Programme Co-ordinator, Centre for Well-being, New Economics Foundation, gave evidence.

Q61 Chair: Welcome to our panel—as it seems—this afternoon, which is part of our inquiry into well-being. We have four different witnesses this afternoon, so we will try to give each of you an opportunity to come in, but we are looking to finish proceedings by 4 o’clock at the very latest, and there is quite a bit of ground to cover.

In your experience, what priority do you think the UK Government currently attaches to this whole well-being agenda? Perhaps, Professor Bebbington, to start the ball rolling, you could start us off on this.

Professor Bebbington: I am not necessarily best placed to answer that. My understanding, and perhaps one of the reasons why I am here, is that devotion is creating the conditions in the UK for a whole variety of experimentations on well-being, waste and all sorts of things. My focus, and the evidence that I can bring to you, is much more on providing an outline of some Scottish-based initiatives, which might be below the radar of a UK parliamentary view, looking at well-being—both measuring it and also working towards it in policy terms.

Our national statistics office works very closely with the UK Office for National Statistics to make sure that information is common, but there are also specific initiatives that we generate within a Scottish political context.

Q62 Chair: We have started off with the situation in Scotland. What is the priority in the UK, or in the different organisations that you are all dealing with? How does the Government see all of this? Is this agenda a priority?

Joe Grice: That is a big, general question. We find that there is a lot of contact, a lot of activity and a lot of enthusiasm in a number of areas. That varies a little bit across the piece, but my colleague, Glenn Everett, who leads the Measuring National Well-being Programme, and the rest of us in ONS get involved with policy making at various levels, ranging from key areas such as the successor to the millennium development goals in international development to issues related to the health service, healthy transport and so on.

Overall, the well-being agenda plays closely into The Green Book, the authoritative guidance on appraisal and evaluation in government. In many ways, by providing further evidence on well-being, we are making that agenda easier to follow and deeper.

Q63 Chair: Does anybody wish to add anything to that?

Juliet Michaelson: From our point of view at the New Economics Foundation, we would give a two-part answer to your question. First, we celebrate all the developments that have happened, particularly since 2010 and the launch of the Measuring National Well-being Programme, but we also recognise the previous Government’s interest prior to that. At the beginning of 2009, we published a report, “National Accounts of Well-being”; which suggested it would be a radical proposal for Government to measure regularly the well-being of its citizens. Here we are today with the second year’s data about to come out on that. The written submission provided by Government to your inquiry is chock-full of examples of how this evidence and the measures are starting to be used.

To come to the second part of my answer, there is a “but” because we feel there is still a sense that the agenda is seen as a nice to do, added extra kind of thing. In the very first point in the Government’s submission, it says that the Government’s focus is on “supporting economic recovery” and delivering “fiscal deficit reduction”—but it is also looking at well-being as a “long term” goal. For us, in order for the well-being agenda and the evidence to be taken seriously and to make an overarching contribution to how policy is made across the board and across government activity, there should be no separation between well-being on one side and those key economic goals on the other. For us, the well-being evidence is a key means of trying to achieve headline goals like a flourishing economy. That sets the scene for how we approach the whole thing.

Q64 Chair: Do you think that the issue is more to do with policies that are directed towards the long term and the short term, and there being a disconnect between short-term action and long-term policy goals?

Juliet Michaelson: That is one way of looking at it, in that well-being is espoused as a long-term goal, but in terms of the pressing issues, such as “How do we get our economy back on track?”, we have not seen a lot of evidence that the well-being evidence base has
been used as a means to do that, even though it has lots to say, for example, on macro-economic policy on employment, security of employment and so on. It is seen as something we will get to once we have sorted out the real, pressing issues.

Q65 Chair: You would say, though, that the importance and priorities should be given to well-being in the short term as well as in the long term.

Juliet Michaelson: Yes, absolutely, and in two ways. In one way, very few politicians or policy makers would disagree that their ultimate aim in everything they do is to improve people’s well-being. On the other hand, the well-being evidence is a means of trying to improve the quality of public decisions. That is where we see the gap—the evidence is not used as much as it could be.

Q66 Mark Lazarowicz: Can I follow up on that? This is perhaps a question for Professor Bebbington. Ms Michaelson has said that there is not much evidence of well-being being considered specifically as a factor in policy at UK level. Have we seen that happening in a practical sense in the Scottish example that you have been talking about? I am an MP from Scotland, as you will hopefully know, and although, obviously, most of my work is here, I live in Scotland and I take part in the debates. As a member of the general public and the policy community, I am not particularly aware of well-being leading to a distinguishing feature of Scottish policy debate—they are the same kinds of debates, on the same kinds of issues as those that influence debates here. Is it making a real difference in Scotland in the way that it is fed into Parliament and in terms of governmental involvement in the Scottish Parliament?

Professor Bebbington: The mechanisms are there, but they are not fully realised, which echoes some of Juliet’s points. I would make a distinction; it is not so much short term and long term, in that it depends what you set as your central purpose for a Government, how you measure and communicate that, the scrutiny function around that, how that affects decision making and, lastly, the extent to which real people are engaged within it.

The Scottish Government’s purpose is to create “a more successful country, with opportunities for all of Scotland to flourish”. That has been very much influenced by the Sarkozy commission type of language around flourishing, flourishing frameworks and “capacities for flourishing”. It then goes on to refer to achieving that “through increasing sustainable economic growth”, but there is a massive set of contradictions in those terms. When it was originally set up in 2007, that central Government purpose of “sustainable” meant being socially just, environmentally fair and those sorts of things, but they are not particularly in the forefront of people’s minds at the moment.

Sitting behind that purpose, there is a national performance framework. This is something that the Government and civil society are working on in partnership but, at the moment, it does not have much traction outside quite narrow policy circles. It is an outcomes-based set of purposes, purpose targets and indicators, which are supposed to guide you. Taken together, they can create much more of a well-being framework, albeit that economic factors are core to it, but they are not central and the only thing within it.

Some of the mechanisms head down quite a different path. The objective has not been fully realised—very good evidence of that being the fact that you might not necessarily have come across the national performance framework and had much of a sense of how that is operating within Scotland. It is a Government framework, and the public sector in Scotland is basically aligned behind it through single outcome agreements and other processes.

If you wish, I can say a little bit more about things like the purpose targets, how they hang together and their history. We are trying to learn from the experience of the US state of Virginia, which has used something called the Virginia model for some years. In some ways, it makes the relationship between the economics and well-being more formal, rather than saying “We’ll do the economics now. Then we’ll sort out the social and environmental later”. It is trying to do it simultaneously. I would not wish to claim that it is doing it very well, but I do not think that anyone is.

Q67 Chair: We might come on to some of that later. For now, do you think there is any public appetite for this? Do the public get it? Would they wish it to be a priority as far as Government are concerned?

Professor Bebbington: We certainly have some evidence of a much more engaged bottom-up process, which was developed by Oxfam in Scotland in partnership, in particular, with the New Economics Foundation. They did a whole series of workshops and they had stalls at fairs and in shopping centres, with focus groups, community groups and whatnot. In total, we were in touch with about 3,000 people to ask them, “What do you think well-being looks like in your life?” The purpose of doing that was to generate a ground-up centre—things that people prioritise, which do not map exactly on to the top-down governmental ones, but which show some commonalities.

The other part of that work, which I can elaborate if there is an appetite for it, is that there was a real focus on asking the least well-off in Scottish society how they conceived of well-being and what they thought it was about. This is then married up to statistical information that is collected as a matter of course, and there is an index provided, which is tracked each year, in particular looking at the gap between well-being, as people experience it, between the best-off and the worst-off.

That consultation was immensely lively. Oxfam would certainly say that there is an appetite for it, particularly among people who do not necessarily have as much as some others.

Q68 Chair: There is a difference, is there not, between focus groups and something that comes from the public, if you like from grass roots upwards? In
terms of the measurements, do Mr Grice or Mr Everett have any sense of how much of a priority the public gives to this?

**Joe Grice:** When we first started the Measuring National Well-being Programme, which was a little over two and a half years ago, we started off with not a campaign but certainly a programme to assess what it was that mattered to people. That was one of the busiest and most popular consultations that we had ever done. We got 34,000 responses. That is a small part of the population, but it is massive for the kind of exercise that we conduct. It was very much in terms of “What matters to you”.

We got all those responses. We were invited to several hundred events all round the country, ranging from local groups to larger national ones. The response that we got was that people cared about the things you would expect them to care about, but nevertheless, it was a very strong message. They cared about material well-being and material security, other forms of security, freedom from crime, friends and family and a sense of belonging. They cared about their jobs and the quality of their jobs, as Ms Michaelson was indicating earlier. There was an almost semi-spiritual element—“Why are we all here?” and, again, concern about health. Those were the clear messages—five or six clear things that people very strongly felt. That helped us quite a lot in terms of the way we devised the programme going forward, to make sure that we were likely to pick up those things that people told us mattered to them.

Somewhere there, there is at least a pointer to part of the question that you asking, Chairman, if I may say so. People probably do not care about this as an abstract concept. If you were to ask, “Do you care about well-being?” people will, on the whole, respond, “What’s that?” or, “Of course we do, but what are you going on about?”

If, on the other hand, it means things that matter to them, like the quality of jobs, job satisfaction, their state of health and those kinds of issues, they clearly do care about them, and they are responsive to things, policies and other events that will promote those things that they care about.

**Q69 Chair:** If it is something that ought to be important, how would you suggest that that should best be taken forward within Government? It has been suggested to us that having a chief social scientist, as opposed to a chief Government scientist, might be the way to ensure that all these different debates and ideas about policy get structured. Would you agree with the proposal of a chief social scientist, or is there a better, different way of doing it?

**Joe Grice:** The perception that we have from our standpoint on this is that well-being considerations, in the sort of evidence that we try to measure and produce, are used through the way that Government produces its policies—not necessarily the major, headline policies, but certainly in the day-to-day policy making across departments and across Government. The Green Book, The Magenta Book, the way that Governments make policy—there is tremendous demand for information to make that kind of decision making even more real and more relevant than the framework allows. That is partly why there is demand on us to produce more evidence to be used for that purpose. I am not sure that it is not being used. I think the way forward is probably to ensure that the evidence is available and is used in the ways that we already use for making policy and evaluating it.

**Q70 Chair:** You could be sure that it would be used, if that evidence was there. You would not need a person to make sure that it was being used.

**Joe Grice:** We have no feeling that we are producing this material and our colleagues in other departments and policy makers are saying, “Gosh, go away. We are busy doing real things”. On the contrary, we have a lot of demand and a lot of attention on the work that we are doing—and some impatience.

**Q71 Chair:** One of the first things that the current Government did was to get rid of the Sustainable Development Commission. You could argue that that was the place where some of the measurement of these different aspects was done. Do you think that decision has had any visible effect on the way that the policy has been then taken forward at the moment? Has that had an effect at all?

**Joe Grice:** We have found that one of the most important areas of connection has been in the context of sustainability. We do very close work with DEFRA and the Natural Capital Committee. I know you have taken evidence from Professor Helm. We think such connection is an important way forward, and we think that there is a role for us to play in giving them the tools and the material to enable the framework to be taken forward. I am not at all pessimistic about that aspect of this work.

**Q72 Zac Goldsmith:** I have a question for Juliet Michaelson. The New Economics Foundation has in the past advocated the creation of a headline measure of well-being. Can you explain why you think that is important and what it would achieve?

**Juliet Michaelson:** Yes, we do think that this is important, ultimately because, for the well-being evidence to have a deep and wide-ranging impact on the way that policy is made, it has to become more than a technocratic exercise. While you could devise a well-being impact assessment tool, for example, which might well be an important thing to do as part of a suite of measures, ultimately it will stay in the back room and is likely to remain a kind of fine-tuning or adjustment-stage piece of work.

For policy to be devised, right from the inception of ideas, from the discussion of, “How do we address these really large-scale problems that we have issues with in society?” we need political interest and buy-in to the agenda. Ultimately, we do not think you get that without public interest as well. So in the cycle between public interest and ministerial interest and thus setting the agenda for the civil service more broadly, we think that a headline measure of well-being would be a very effective tool.
What we mean by that, to be clear, is something that ultimately comes down to a single number and that we think is based on the subjective measures of well-being, of the type that the ONS are now collecting on their largest survey, the annual population survey, which reflect people’s experiences.

The advantage of that is, first, that a single number cuts through the vast noise that we see generated by the vast amount of social statistics and measures that are produced every week by a whole range of individuals across government and civil society. There is growing evidence of that. In work that the Carnegie Trust and IPPR did recently, they pointed to the example of the Canadian index of well-being, which is reduced to a composite headline number, and they pointed to that as a key feature of why it has had such success in attracting policy attention.

Q73 Zac Goldsmith: Is that the strongest example, the Canadian one?

Juliet Michaelson: The example that Professor Bebbington mentioned, the Oxfam humankind index, in Scotland, has done something similar, again with a headline number. I would also mention the OECD’s better life index. Although it has a foot in two camps in some ways, because it allows users to attach their own weights to different domains, ultimately it produces a headline number. I was talking to the BBC recently about their latest results. There are a number of examples where that works.

Q74 Zac Goldsmith: How well known is the Canadian index in Canada?

Juliet Michaelson: My understanding from the work that Carnegie and IPPR have done, where that was one of their main case studies, is that it really is pretty well known. One of the advantages it has is that they are able to back-cast it over time. They have about 15 years’ data and they can compare it to other headline measures, for example GDP, and point to different patterns in the two measures. There is a real story about change over time, which is another crucial thing about these sorts of measures.

What is really important is to be clear about what we mean by well-being. It can be a slippery term—it is used in all sorts of different ways. By having a clear headline measure that is based on one type of thing, these measures of experienced well-being, makes it very clear what we mean. It sends a signal to the policy-making community as a whole. When we say, “Use the well-being evidence”, we mean the whole research field based on the now really quite established research field, and this is what you should be aiming to bring into your decision making.

Q75 Zac Goldsmith: In a minute, a colleague is going to be looking at how you reconcile potentially conflicting bits of information to create that headline figure, so I will not go into that now, but it would be interesting to know how that headline figure, in your view, would interact with GDP. How would the two figures work together? What would be the process?

Juliet Michaelson: In terms of how they are produced, or of what the results would be?
subjective than the GDP measurement. If that is the case, and if it has to adapt over time, that would have an impact on the measurement and on the outcome of that final figure, and it would surely be quite hard to know whether or not the country is moving in the right direction from the point of view of well-being.

**Glenn Everett:** Can I indicate a different way? Rather than just a single composite index, what we have is a very complex, multidimensional construct. For UK purposes, we are using some 40 headline indicators. Some countries use 64, and some use 50. There is no perfect answer to this. The national accounts come from a very strict set of clear, internationally agreed frameworks. That framework for well-being, as I consider it, is still being developed internationally, although I would put the UK as one of the leaders in developing that framework.

We have to try to describe it—I totally accept that the presentation and engagement of the single index is nice, but we are looking at other ways to present this information that are equally engaging, that can get the public involved and that can get the politicians and others to understand it. One of our proposals arises from academic advice we have had about measuring change in the indicators and how to present it. We could give each of the indicators a traffic light, whether it is red as in getting worse, amber as in no change and green as in getting better. Overall, you could see perhaps 20 indicators getting better, 10 staying the same and 10 getting worse. At a glance, you could see that, overall, we are improving. It would also allow—because you could see the red ones—where you should focus attention.

**Q79 Zac Goldsmith:** From what you have just said, does that mean that you are less inclined towards a single-figure indicator and more inclined towards a spectrum, which can inform politics rather than terrifying politicians?

**Glenn Everett:** Yes, but I accept that it is clearly a matter of the presentation and engagement. We are looking at ways where we can improve that by using a set of indicators to show the changes in them and that also allows you to see where politicians should perhaps be looking.

**Professor Bebbington:** I do not necessarily think that a moving indicator base is so much of a problem, because people’s preferences, knowledge and what they value change over time. With the national performance framework, when it was developed—it was developed in back rooms, rather than with people—it was agreed that it is not the right index, the right set of things, but that it was going to be held constant for a six or seven-year period, partly to get the trend analysis but partly also just to hold something constant and then have fairly substantial refreshes. When you are doing those sorts of things, what you had 15 years ago would be quite different from now, but that is the nature of the beast. It also relates to the weighting of things. One of the things that I quite like about the Oxfam index is that it asked people what they value. It is quite interesting, in that poorer people value a different range of things from people who are more well off, which would fit within the remit of what they are interested in. From a Scottish Government perspective, it was quite important, as it would be for a UK Government as well, when considering the ability to support all of your community. You might, however, need different ways to offer such support.

There is also the measure of limits. This is where I am not a neutral observer about the winding up of the Sustainable Development Commission, because I was the Scottish commissioner—so take this how you like. I note that without some of the input from the Sustainable Development Commission, the well-being debate is more concentrated on people—but people live within an ecological context. If the ecological context is overstressed, it will eventually feed back into people, but a sense of flourishing within limits does not come through as strongly as before. That would be the only distinguishing feature, but I would be slightly more relaxed about it not being set in stone for a 50-year period.

**Q80 Zac Goldsmith:** If Governments are ever going to redefine criteria for reaching numbers that determine whether or not they have done a good or bad job, they are always going to choose the flattering definition. That is the danger with redefining these things over time.

The other issue, surely, is that you need to have a fairly static model—if we decided now to remove arts and drama and sports from the curriculum altogether, it would probably be 15 or 20 years before we really knew what impact that had on society and on the people who grew up and became adults and joined the work force. You want to have as steady an indicator as possible, and you want to remove the ability of politicians to tweak it in flattering ways. That is difficult, because of the subject that we are talking about.

**Professor Bebbington:** Yes. However, the state of Virginia has been trying this experiment for a bit longer. They are moving towards putting the core of that indicator set into legislation, so that it cannot change from one period to the next without quite a bit of scrutiny and conversation about it, so it cannot just be flipped on and off for window-dressing. That is partly because of the nature of their political cycles. The Scottish Government is looking at that as a possibility, with the cross-party group. It will, of course, have strengths and weaknesses, but even if you perhaps hold 80% of it constant through an agreement, as in, “We keep that in”, you have some way of preventing manipulation, but I would have thought that manipulation is invariable as well.

**Q81 Mark Lazarowicz:** That is related to my question, to go back to what Ms Michaelson said earlier, and perhaps some of the others want to comment. On the Canadian index, I suppose the real test is, has its existence impacted on policy? Have things been done differently because of the existence of the index or not? With GDP, Governments try and do things. It does not work, but they try and do things because they want to have a different outcome with
the GDP figures. Can you point, in broad terms, to something that has happened differently or changed because of the existence of the single index in Canada?

**Juliet Michaelson:** I am not an expert on the Canadian context so I can’t, but I very much agree that that is part of what people need to see in order to get over some of the scepticism that we have seen. In answer to an earlier question, there is public appetite for this stuff. The BBC did a poll a few years ago, where over 80% of people agreed that the Government should aim towards a measure of the greatest happiness, rather than the greatest wealth. We have also seen a large amount of media and public scepticism about things that are branded as a happiness index. Part of the problem is that people do not see the links to policy levers. They do not see that this is something that is legitimately in the Government’s gift to do anything about.

We can certainly point to the sorts of things that the evidence suggests would make a difference. For example, in analysing the first year’s ONS data of the subjective well-being measures, we found that people who are on temporary employment contracts had lower well-being, controlling for other factors, than people on permanent employment contracts. That is a finding that suggests that incentivising secure employment may well be something that a Government interested in promoting well-being ought to do. That is a concrete labour market-type of policy that, if it became part of the narrative that I referred to earlier, might start embedding the thought in people’s minds that this is not just something that sits over there or that is fluffy or that is something to be sceptical about, but is something that gets to the heart of a Government’s agenda.

**Q82 Chair:** At the moment, there is not really that understanding of this whole policy area, is there? It is something that is not directly related, because of experience and the way in which it is discussed.

**Juliet Michaelson:** Yes.

**Q83 Chair:** It is very difficult to get traction on.

**Joe Grice:** That, I think, is partly why we are slightly sceptical about the idea of having a single index. I rather doubt if the number of 7.3 on a happiness scale of one to 10 moved to 7.4 that would be a big event, whereas we do feel—and I very much agree about the narrative—that, if we concentrate on what is really going on, what is happening in those areas that people tell us they really care about and, what is more, we do not just say, “Here is our number”; but we actually produce the narrative and the understanding of what is going on beyond that, that is the best way of beginning this process of people saying, “Yes, this does matter to us. We can see how this relates to things that Government and public policy can influence”.

**Q84 Chair:** How would you have a single measurement and a single score rating? Take any policy: for example, High Speed 2—or any policy, really. How would you start to compare what the advantages would be? Presumably, different parts of the country would have different benefits or disbenefits as a result of that policy. How do you get that condensed into one measurement to enable a policy decision to be taken in terms of strategic direction?

**Joe Grice:** That is a very good illustration. It is very difficult to say, “Here is a single number that tells you whether HS2 is a good idea or not”. That is completely regardless of the technical difficulties that there might be in constructing the single number. Just as a presentational device, it would cover more issues and make matters more difficult for people to penetrate than if we go a little bit below the surface and say, “This is what’s really driving matters”. We have an increase in people being worried about health, mental health, their jobs or whatever it is. If we aim to get to that level of information, people can start to see what the linkage is between what they care about and how this framework might be used to produce good public policy. Once you get down to the single number, some people say, “This is happiness? What on earth are you on about?” That seems to move almost in the wrong direction.

**Juliet Michaelson:** I absolutely agree that, to be effective, you have to get down to that level below. In some ways, it is helpful to see the sorts of things that we are advocating as a way of opening up questions. What is really important about the well-being evidence base is that it reveals what are the strongest drivers of people’s well-being. Some of the things that come out of the literature come up to a certain level: secure employment and strong relationships with family and friends. Once you have identified that strong set of key drivers, you can then start asking a whole set of questions about something like HS2. What is its likely effect on people’s incomes? That might be the question where, at the moment, we tend to get stuck.

I note that there is still no consensus about whether it will ultimately have a good or bad effect on the single number of GDP growth. That is still a contentious issue. However, you can also start asking those questions about its effects on employment and relationships. Some of those questions you may answer through standard economic analysis, but what bringing in the well-being framework does is to open up a broader range of questions to be answered, which you would then want to start addressing through a variety of means, using well-being data but also using a lot of standard techniques as well.

**Professor Bebbington:** Can I reinforce that with an example? We have both a dashboard and a single indicator within the Scottish context. The Oxfam report produces an annual single indicator, which gets a lot of traction in the public domain, the media and conversations. If, however, you were to ask, “How has the Government done?” we would use the national performance framework, which has a much broader dashboard in the scrutiny process and, likewise, in decision-making processes.

In some ways, the Carnegie report, “Shifting the Dial”, which has lots of international examples as well as UK-based examples, argued for horses for courses,
so that engagement and ability have a conversation. The single indicator may be an opening point of a conversation that then drills down, but if you are going to do something, a single indicator is quite hard—“Have you done a good job?” is a difficult thing to answer with that.

Q85 Dr Offord: I am sure that many people would argue that their idea or feeling of well-being would be increased if they paid less income tax, for example. The concomitant effect of that would be that there would be less money for public services delivery, so someone else could equally argue that they are not as well off. How do you trade that balance in the headline indicator for that kind of scenario? What I am asking is, what are the components of the well-being indicator, and who would be the person or organisation that decides what would be included?

Professor Bebbington: Other people will have to answer for the UK measure. For the Oxfam measure, they asked people, and perhaps it is a quirk of the folk they asked or how they asked it, but a lot of people were quite happy to pay income tax, because it creates a set of public services that everyone benefits from. In that respect, a broader conversation about what the deal is is probably quite important. If you seek from some expert what ought to be in there, I am sure that such experts help, and I should probably say that, as a university professor, but people are pretty reliable estimates of their own well-being in many instances. It is taking people's views about the quality of their life and how they make sense of it quite seriously as well. It is a mix of both, which is not particularly black and white, but it is perhaps realistic in this context.

Q86 Dr Offord: You would certainly need quite a wide political consensus for any kind of idea of well-being. In many ways, that could make it almost policy neutral—that you could not achieve a great deal. Is it possible that you could achieve that political neutrality so that, on the one hand, any idea of well-being would not be considered pro or anti-austerity, for example?

Glenn Everett: That is about the basic framework in many respects. Talking about austerity and single measures, we are very much promoting the multidimensional aspect of all the well-being measures. Part of where it came from was very much the acceptance that GDP did not cover everything. We have tried to allow policy makers a much broader lens of all the disbenefits—the non-financial costs. We would see it as part of our agenda to help that process of making it easier to quantify and evaluate these more difficult but real benefits and real disbenefits than has hitherto been possible. Yes, there are still decisions to be made. The ONS ran a process in deciding on their four measures of subjective well-being, where they consulted a variety of experts. Ultimately, it probably is a scientific decision, to some extent: what is the best way of framing a question that gets to that sense? There is a wealth of evidence in the literature that helps you answer that question. Those measures allow you to stand back and read off the data what seems to be important. When you look across the answers of thousands of people in one go, you can start addressing questions like your example of the amount of tax you pay and the effects on income distribution. There is a lot of empirical evidence. This has been one of the cornerstones of the well-being research field, looking exactly at the relationship between experienced well-being and income. What that evidence also allows you to do—the great thing about these surveys is that they do not just ask about income; they ask about a range of factors in people's lives—is to look at the relative importance of all sorts of different factors.

One of the key messages that I am here to put across today is that this is a really useful and precious resource to help you make empirically based decisions about these things. Sometimes in the past, we have had to rely on intuitions or different political persuasions. Well-being evidence is not about doing away with the need for political decision making, but it does offer an empirical basis to start making some of the difficult trade-offs that are the business of politics, ultimately.

Joe Grice: If we think of a lot of policy making as being appraising all the costs and all the benefits, with the objective, obviously, of minimising the costs and maximising the benefits, we have always been quite good at financial costs. The Green Book is 10 years old now—even the present version—but it is all written in terms of well-being language, which is mentioned quite explicitly throughout. As Ms Michaelson was saying, we were not necessarily very good at measuring some of those benefits and some of the disbenefits—the non-financial costs. We would see it as part of our agenda to help that process of making it easier to quantify and evaluate these more difficult but real benefits and real disbenefits than has hitherto been possible.

Going back to an earlier point, that, for me, is one of the most powerful ways in which this agenda will affect the way that public policy is made over time.

Q87 Dr Offord: Professor Bebbington, you have mentioned the Oxfam humankind index, which has been improving over the last couple of years. Do you
think it is possible to work out what the reasons for it improving have been?

Professor Bebbington: At the moment it is flat-lining, to be fair. They just have two years’ worth of data, so it is new, and you cannot get a good time series analysis on it. Over time, the Canadian example is a better one, and you can probably dig in and do better with that than with what the Oxfam index can do presently.

One of the big values that I can see of the Oxfam one is, partly because of some of the purpose targets of the Government, which are about solidarity and cohesion, making sure that well-being is distributed across the whole of Scotland, not just in the central belt but in the more rural areas as well, and that we start equalising income and attainment between the poorest and the rich. The Oxfam index has that purpose completely at the core of it, partly because it is Oxfam that has produced it. Its aim is to see on what particular measures the information from the least well-off—it measures that as the bottom 15% on the Scottish index of multiple deprivation—moves differently from the mainstream.

At the moment, it is not so much of a trend analysis that it is most useful for although, in due course, it might become so. The useful thing at the moment is the extent to which there is a huge amount of commonality between those two groups about what matters, but they move in quite different ways. For example, for some of the poorer people, it is quality of housing, quality of the local environment and connectedness that really drive their well-being, whereas those are things that people on better incomes might take for granted. In that respect, it points towards policy areas or more policy interventions that might have differential effects. As yet, alas, it is a bit too early to have a long-term framework.

Q88 Dr Offord: I want to clarify this for myself: what you are saying is that, in the Oxfam case, or indeed in the Canadian model, it is possible to identify what is changing that index.

Professor Bebbington: Yes, and one of the clever things about the way in which Oxfam put it together is that they are not going out to get their own data to populate it, but they are looking back into the national statistics databases and looking for the right, closest proxy. Obviously, if it is weak, it is not so strong, but, if it is strong, that is really helpful. Often, these are the same figures that are underlying more conventional policy making that does not necessarily explicitly have a well-being badge on it. Anything that you might create in this area needs to bed that down into the information systems that are already there and are fit for purpose.

Glenn Everett: Can I reinforce a point about some of this? We are talking about averages and single numbers. I stress the importance of distributions, particularly the use of distributions in policy. Hopefully, what should come of this is the ability to look at the distributions, usually at the top or bottom end, to inform policy—to allow better targeting of scarce resources. It is that distribution to allow us to look at the miserable minorities, as it is sometimes called, to help that targeting to get the information beneath that. It is not the 7.4 or 7.3—but the ability to look at that bottom decile to see where they are, what their other characteristics are and what we can do to help them.

Q89 Dr Offord: My final question is particularly for Professor Bebbington. Have you done any work to see what changes in well-being might introduce?

Professor Bebbington: Depending on who you believe, we are all going to be so happy, you will not even know yourself. The pity with the public debate at the moment, in both the newspapers and the main media, is that it seems to be focusing on a 0.001% change in GDP, as opposed to broader well-being things. We could well infuse that debate with well-being as a stronger measure.

Q90 Peter Aldous: How effectively do you feel the civil service use the information and the data that are currently available to them to formulate policy?

Glenn Everett: At the moment, we are still looking at plans and some examples. The examples will start to grow. I have a couple of examples in front of me in what I think is quite a detailed annex to the submission from the Cabinet Office to this Committee, which detailed all the plans going across. The key now is to embed it and keep it going along these lines. As I see it, it is an additional tool for policy makers. They now have broader, detailed evidence to base their information on. The civil service ourselves, even in our staff surveys, have asked these questions, now across Government, to help set staff engagement, look at HR policies and see how that can be affected. We have used some of the subjective well-being questions before and post to see their effectiveness—some of the post has not happened yet in some of these policies. Overall, I see it being used across a range of Departments, from Health, Transport and Education to BIS, to inform their policies and to make better policies.

Joe Grice: That is right. Some Departments have taken advantage of the new data sources more quickly than others. Nevertheless, we see a general movement towards their use.

I have just finished 18 months acting as the temporary chief economist at the Department for Transport, while the permanent chief economist was on maternity leave. I have to say that, in transport, this kind of evidence is crucial to a whole range of issues, whether we were concerned with road design, HS2, which was mentioned earlier, or cycling. These are the kinds of issues that the appraisal and evaluation need to take into account. Unless you have the detailed information, it is more difficult to do that. In that sense, it is this provision of the information, as all of us around the table have mentioned in one form or another, which is making the difference. That is happening across a broad range. There are some areas in particular where there is a real focus. One good example would be the work that DFID have been doing on the successor to the millennium development
goals at worldwide level, where this is clearly a very relevant circumstance.

Earlier, we mentioned the work of the Natural Capital Committee and DEFRA on some issues of sustainability, where the information that they need is very much the information that Glenn and his team and others are developing. There are some real connections here. I do not think, even if the headline numbers have not caught fire, that that means that we should be pessimistic about the overall agenda.

**Q91 Peter Aldous:** Just taking that a little bit further, some contributors to our inquiry have suggested that the civil service lack the training to effectively use data that have been derived from social sciences. Was that borne out at all in your work at the DFT?

**Joe Grice:** No, not at all. The DFT, as with a number of other Departments, would pride themselves on how much they value the underpinning to policy making that comes from proper appraisal, proper assessment of costs and proper assessment of benefits. To that extent, the obstacle is not policy makers in that Department or others saying, “Gosh, we are just not interested in this. Go away and stop worrying us”. Their frustration is that they want the information to make that a real agenda.

That is why I am very optimistic about this agenda. It is not a question of us or other people with an interest in this area going round and drumming up business; it is a question of us responding to a clear demand from public policy makers to have this kind of information.

**Glenn Everett:** We and the Cabinet Office have worked together to do some awareness training and seminars, working with policy makers across all Departments. We have held seminars covering over 500 policy makers. There is a social impacts task force led from BIS that is leading the way across the analytic professions across government. I was surprised to see some of those comments.

**Q92 Peter Aldous:** So, basically, the training that is necessary, from what you say, is on-going at the moment.

**Glenn Everett:** We are all going through a learning exercise with some of this. I expect that we have recognised that as an issue and are putting things in place to make sure that these skills are there for the future, to understand what the evidence is producing to aid policy makers.

**Q93 Peter Aldous:** There is a concern that some measures of well-being might not be sufficiently flexible to take account of local choices and local priorities. Is that something that you have come across, and do you perhaps feel that there might be a role for local government?

**Glenn Everett:** It is recognised with us that local authorities in particular are keen—some more than others—to look at the well-being agenda. Some are much more active. Islington is one that I can name off the top of my head that is quite active. Others are looking towards some of this evidence to help them in their own planning and policies.

October will probably be when our first set of detailed local area information covering the subjective well-being data appears. We feel that will be a start to help them and give them that evidence base. We already have a survey that covers 160,000-plus respondents. That is a very large-scale survey, which allows us to disaggregate by different ethnicity and age, as well as by local area. The first detailed set will probably be produced in October this year.

**Professor Bebbington:** We have slightly more experience of that with the national performance framework, if we take that as not an exact proxy but the same sort of thing as what we have been talking about. The Scottish Government has entered into an arm’s-length arrangement with its local authorities, through something called the concordat, so the local authorities produce what they call a single outcome agreement, which they sign off with Government.

That is shaped through the same mechanism as the national performance framework. You do not have to do everything on everything, but if you are not doing something on a key indicator, you explain why it is not relevant for your particular context and add things that might be relevant for your context. In particular, a rural-urban split might end up with quite different pictures.

At the same time, from the local authority level, community planning partnerships have a relationship with that process. If the world was running perfectly, it would cascade. It does not cascade perfectly, of course, but there is a series of connecting points where the conversation with, in our case, the national performance framework—in this context, the well-being framework as the core of it—could plausibly lead to that, making sure that it fits the circumstances, particularly if you are geographically dispersed, with really different conditions that you are facing. It is possible. They are in about the third or fourth round of those processes of that cascade and the conversation back and forth. Then, the agreement is a basis for accountability from local to Scottish Government.

**Glenn Everett:** Except, there are limitations to a survey, even though a national survey of 160,000-plus is quite large. In addition to that, we make available, if people want to run a very local survey, the set of questions and the advice to replicate it, so that they can compare and contrast. We make it all publicly available and readily available, and we provide that advice. If the local information that we provide is not detailed enough—we have worked with housing associations, for example, and if they want a very specific thing, here are the questions that I can ask them, and I can see how they are performing in their very local area compared with other areas of the country.

**Juliet Michaelson:** In our work with the Local Government Association and a range of local authorities on this agenda, we have found that local authorities really value having a common set of measures, where they are able to benchmark themselves against national performance. As Glenn Everett is saying, however, they will often also adapt things to their local context. The useful thing about having a set of common measures is that it is a starting
point but, in different local contexts, there is still a lot of scope for people, firstly, to define what it is that the well-being agenda means to them locally, which is something that, in our work with the LGA, we have highlighted as being very important and also to measure appropriately.

Q94 Chair: We are talking about measurement and we are talking about the difference between local policy and national policy. Take, for example, air quality. The Government is currently consulting about whether or not to change the way in which air quality is measured. It is consulting on whether or not local authorities have a role in that measurement. If you do not have this kind of basic measurement at a local level, how do you come up with policies that are going to look at the whole, wider aspects of issues affecting health, mental health and physical health—pollution from air that does not meet the air quality standards? Without this kind of measurement, how do you get some kind of meaningful equality across the whole of the country?

Joe Grice: You are talking to the Office for National Statistics, so you are preaching to the converted on the importance of measurement. We are rather keen on it, on the whole.

As Glenn has said, we have national surveys, which give us national information. Some of that, we hope, will be of local value. Where it is not sufficient for local purposes, we make available the technology, or at least the basics, for people to supplement that.

There is a question on top of that, which is perhaps what you are raising, as to whether there should be a kind of required national framework. That is probably not for us as an office to take a view on—that is really an issue about whether this kind of uniform measurement system across localities would be a useful underpinning for policy. We can certainly do what we can, and we can certainly do our best to facilitate that, but it is obviously not for us to say, “You must do this”. That is for other people to take a view about.

Q95 Chair: There may be European requirements that need to be met. How would you go about ensuring that those are being met without that basic measurement?

Professor Bebbington: There might be two things going on here. It perhaps speaks to your earlier point about a chief social scientist. In air quality terms, there would be an array of physical measures, which are pretty hard-wired, and there is a protocol by which you can figure out what is happening in a local street or whatever. What you do about it, what the local preferences are and how you might get to a better environment standard are less scientifically determined, because it depends on where you are, on traffic flows and on those sorts of things. This is a good example of where social science and natural science are almost running on slightly different ways of figuring out where to get to. At that stage, to say there is only one way in which you are going to sort out local air quality may well be unhelpful, but a requirement to measure it and sort it out is not unhelpful, but the ways to get there could be quite diverse. If devolution has taught us anything, it is that encouraging some of that diversity might allow best practice to flourish, to come forward and be shared. I am a social scientist, so saying that there is only one way to get people and groups of people to achieve things I find quite implausible.

Q96 Dr Whitehead: When we started this inquiry, we took evidence from Professor Dieter Helm, who is chair of the Natural Capital Committee, as has been mentioned. Do you think that the NCC’s work on valuation techniques, including natural capital in the national accounts, could point to a route that could be followed on social and human capital?

Joe Grice: We think this is a very natural agenda to take forward. It is clearly important. We have had detailed and long discussions with Professor Helm and his colleagues, which have been very helpful and very productive. For the most part, we see eye to eye. We have adopted a strategy of a longish-term approach. We are trying to get to having so-called green national accounts by about 2020. That is our longish-term “doing it proper” approach, if you like. We have combined that with a so-called top-down approach, where we take the existing available information. To the extent that there are significant defects in that information, we put right some of those defects so that we get something that is workable in a quicker timeframe. Those are our tactics—a kind of quick and dirty approach to give us working material relatively quickly, coupled with a doing-it-to-best-practice approach, which will take us a period of years, perhaps six or seven years.

Overall, for well-being, the tools that I think Professor Helm and his colleagues are advocating are very much ones that we think are the right ones, and which also figured very prominently in the Stiglitz review back in 2009. The idea that using integrated accounts with stocks and flows, so that you know what the stock of human capital is, for example, but you see the inflow and the creation of new capital, and the decay of old capital: that seems to us to be a sensible way to look at matters. You can think about physical capital in those terms, you can think about human capital and you can think about natural capital and so on. The only area where I would put a little bit of a gloss on what Dieter said in his evidence is that he probably underestimates how much the national accounts are already based on these kinds of stock flow relationships and balance sheets. There is always a danger with national accounts that people concentrate only on gross domestic product, GDP, whereas the majority of the national accounts are actually about balance sheets and flows in and out. They are not necessarily of the highest quality at the moment, which is where we would want to develop, but it means that we have a very natural framework to take this agenda forward.

Juliet Michaelson: That is a really important distinction about the difference between information that exists already and information that tends to be focused on, which is why I refer back to my earlier point about the importance of that information that is highlighted because it has important public and political interest in it. While there could be important
things to be done on human and social capital, we have a couple of concerns about investing too much weight on those as a means of driving the policy-making process forward. The capitals approach is ultimately a fairly technical and jargon-heavy way of looking at things, in contrast to the idea of well-being, which, while meeting with some scepticism, certainly attracts attention and has intuitive ways of being talked about. In terms of bringing about wholesale change to the way in which policy making is done, we would advocate putting more emphasis on the concept of well-being, of which human and social capital are key parts. Our other concern is to make sure that the importance and non-fungibility of natural capital are protected, and not to get to a situation where there seems to be a breakdown of basic communications in society? I might need to consider and assess as a background for the road, or it is united and agreed on the place of women in that particular community, and the women in that community also agree on their place in that community? You then have a problem of dealing with what looks like an objective role of social capital, coupled with a subjective judgment on the status of that social capital. Putnam tried to resolve it by having outward-looking and inward-looking social capital. I wonder if you have better views on that than perhaps he did.

Joe Grice: It is clearly an issue. It is relatively well documented that, quite often, groups that are in conflict have individually very cohesive structures—belonging to one gang rather than another gang is a way of feeling a sense of belonging. Simply producing the measures and the information, which we know that, given fixed planetary limits, natural capital has a different and special status that needs to be protected in policy making.

Q97 Dr Whitehead: Making that transition from natural capital to social capital and well-being, how do you easily escape from the problem that a number of academics who have looked at social capital have come up against, which is that you can indeed have, say, a very substantial inflow of quality social capital into a community that appears to exhibit all the measurable circumstances of a community with rich social capital—Robert Putnam had this particular problem with what he was doing—but it may be that all that is based on the fact that the motivation for the whole thing is that that particular community is united and agreed on hating another community just down the road, or it is united and agreed on the place of women in that particular community, and the women in that community also agree on their place in that community? You then have a problem of dealing with what looks like an objective role of social capital, coupled with a subjective judgment on the status of that social capital. Putnam tried to resolve it by having outward-looking and inward-looking social capital. I wonder if you have better views on that than perhaps he did.

Juliet Michaelson: In that particular difficulty, it seems to be a case of needing measures that are fit for purpose. If you simply define and measure social capital in terms of the kind of bonding social capital—the “in group”—and then direct your policies towards improving those measures, you may well get to the situation you are describing, where you are encouraging the formation of gangs. If you ensure that your definition and measures also include the bridging social capital, the outward-looking one—the cohesion between people from different groups and backgrounds—at least in the ideal scenario, you are encouraging the policy development process, which aims to encourage good links in that case and not just in the other. In a way, it is a good example of how you need to ensure that measures are fit for purpose and that they do not bring about perverse policy effects because they have been defined too narrowly.

Q99 Dr Whitehead: But you still have the problem of introducing subjective elements to a possible objective judgment.

Juliet Michaelson: It is interesting. Strong relationships—this is one of the strongest findings from the well-being research literature—are an absolute key driver of what ultimately leads to people reporting their experience of well-being as high. You can measure relationships in objective and subjective ways. You can simply count the number of close friends that people have, and that is a valid method that academics use—it provides useful information. You can also ask people about their experiences and whether they feel that they have someone they can rely on at a time of crisis. Do they feel that they have supportive relationships?

I come from the school of thinking that both types of measurement can well be valid. Because they are helping you look at different aspects of an overall question, why not have both types of measure if you are trying to understand something like the quality of relationships in a local area?

Q100 Dr Whitehead: You mentioned the NCC work being set against the notion of planetary boundaries for the environment. Taking account of what I have just suggested, do you think it is possible to establish similar sorts of tipping limits as far as social and human capital are concerned, which policy makers might need to consider and assess as a background for what is happening elsewhere—widespread rioting or a breakdown of basic communications in society? I refer to tipping points such as that.

Juliet Michaelson: You could, but I wonder how useful they would be. We would all acknowledge that those are situations that we do not want to get to. In the case of social and human capital, the policy agenda there is about promoting them as far as possible. How positively can we raise these measures? While you could focus on the minimum standard or minimum limits end of things, I hope that, for the time
being, we are some way away from that, at least in this country. It also seems that there just is not as clear a basis on which to draw such limits as with natural capital.

Professor Bebbington: The best analogy that I can think of, which happens more in the corporate field, is that a lot of organisations are worried about their reputation, and they even employ people they call reputation risk managers. When interrogated in a technical sense, however, they actually do not know what their reputation is, and they do not know how big the capital is, if you like, but they know when they have lost it. Part of some of the social capital is much harder to model in the same sort of way. It will be inertia. A buffer will help you. Anything that builds the capacity to have social capital is probably helpful. However, I do not think that it can be easily modelled in the same sort of way. I am pretty sure you can spot it after the event, but before the event it is so much harder.

Q101 Dr Whitehead: The NCC has dealt with various elements of natural capital as being separate, rather than within a single framework. The suggestion of what is being said is that a number of these issues on social capital and human capital need to be put into one linked framework, possibly then considered within the problem of how you then judge how that framework works. Is that something that you would envisage as being a way forward for this process?

Joe Grice: We see a common framework as being possible and probably desirable, but what we do not foresee—this may be what you are getting at—is that, having produced that common framework or comprehensive set of information, that then gives you all the answers. All that it does is to give you a better basis for asking some of those kinds of questions that you have been putting, but at least you are putting those questions and having that debate on the basis of some firm information about what seems to be going on. If you have some information, for example, about whether the remaining resources in woodland are going down or up or are about the same, that is a rather better basis, I would have thought, for having those discussions about, “Are we reaching a tipping point?” “Are we about to reach a crisis?” or “Is this perfectly okay?” than if we do not have that information. We would see this kind of tool and the kind of tool that we have been talking about with the NCC as being an information source. However, it does not give all the answers; it just gives a better basis for having some of these debates and discussions that I think you are pointing to.

Q102 Dr Whitehead: If you have more of a framework, how might that enable you to start to judge various things such as the relationship, say, between apparent agitation and quiescence, where agitation may be a positive social capital developer on the basis of voice in a society, and quiescence may be quiescence because people are happy with what is happening, or it may be quiescence on the basis that people are profoundly dissatisfied with what is happening but have become apathetic about it. On that sort of exit, voice and loyalty type of analysis, how might that work within a framework?

Joe Grice: It seems to me that the framework will simply tell you something about what the state of social capital is now or what the state of natural capital is now, or whatever it is. There would then be questions of the kind you raise: is our social capital doing what we are doing because we have excessive quiescence or excessive agitation? You then get into that issue and you look at other forms of information and evidence, and you reach a view on that issue. For us, we are certainly not pretending that anything we are doing is going to be an automatic way of generating answers. It just seems to us that it is an important part of the basic evidence base that, as a country, we ought to have in order to have that kind of informed debate. That is probably as much as we claim.

Juliet Michaelson: We see the advantages of an overarching well-being framework as doing some of that—as being able to pull together. ONS organised a seminar in November to mark the two-year point of the Measuring National Well-being Programme. There was a lot of discussion there about how the data from subjective well-being measures can act as a numéraire for all these different policy issues. As Joe Grice says, they do not provide all the answers, but they provide a structure that allows you to compare things which, ultimately, you might see as currently sitting in different policy silos. There is a sense of providing a common currency in being able to look at costs and benefits across the board. The agitation and quiescence point highlights one of the advantages of using this sort of data, which is to make sure that you are capturing people’s experience of these things. Is this agitation a positive or a negative thing as you experience it? That is what the data bring in, which no other kinds of measure do. That is an important thing not to miss out when you are looking at these things.

Professor Bebbington: It is not quite down the line—it is actually in the other direction—but certainly a lot of the well-being work makes it clear that the quality of the local environment is really important for well-being. There are links in both directions, not purely that, if you exploit the environment, you will have lots more well-being, but well-being is also constituted by the nature of the natural environment and access to it. That is very clear from the data.

Q103 Chair: I will just go back to a point of detail. Earlier on, the response that you gave to Dr Offord, Professor Bebbington, related to the Oxfam humankind index for Scotland. Could you clear this up for me? I think you said that this measurement was flat-lining, whereas, as I am aware, the report says that, year on year, there had been a 1.2% increase from the previous year. Presumably, if there had been an increase in economic activity to the tune of 1.2%, that would definitely have had a definition of growth attached to it. How do you square that?

Professor Bebbington: I am more cautious about saying that it is definite growth or not, partly because of the nature of the figures, but also, as I read the report, they indicate that that is within the statistical
bounds of error in a measurement sense, given the number of elements that are going into it. They certainly say that there is an increase, and the gap between the richest and the poorest has reduced. It then produced, for this year, a male and female differentiation point as well. Their report, in the footnotes, where I might spend more time, is reasonably modest about that, in saying that you cannot make any big claims on that, because of the statistical probability issues in there.

Chair: There we must leave it. I thank each of you for coming along this afternoon. This whole issue about “Are we looking just at economic growth or at other factors?” and where natural capital, social capital and everything else links into that is a very complex and long-term challenge facing us. Thank you very much indeed for your evidence this afternoon.
Wednesday 15 January 2014

Members present:
Joan Walley (Chair)
Peter Aldous
Martin Caton
Zac Goldsmith
Mark Lazarowicz
Caroline Lucas
Dr Matthew Offord
Dr Alan Whitehead
Simon Wright

Examination of Witnesses

Witnesses: Mr Nick Hurd MP, Minister for Civil Society, Cabinet Office, Dr David Halpern, Director, Behavioural Insights Team and National Advisor, What Works, Cabinet Office, and Mr Michele PITTINI, Deputy Director, Sustainable Land and Rural Evidence and Analysis, Department for Environment, Food and Rural Affairs, gave evidence.

Q104 Chair: Minister, it gives us all great pleasure to welcome you back to the Environmental Audit Committee for our important inquiry on well-being. I am grateful to you and colleagues from across Government for being here this afternoon. I think it might be helpful if I point out that we are expecting a vote at 4 pm. We hope to have completed our session by then.

I just want to say in the opening that it is a little time since we commenced this inquiry, but we understand entirely the reasons for the postponement of this particular session. We will do our best to revert to the issues we were raising when we were originally taking evidence. It seems a long time ago now but, at that time, we did take evidence from Professor Dieter Helm on the Natural Capital Committee’s report on the state of natural capital. We just wanted to know, first of all, if there has been a formal public response to the recommendations that Dieter Helm made in that report.

Mr Michele PITTINI: I can answer that. There has not been a formal response.

Chair: There has not been?

Mr Michele PITTINI: I do not think it was the view of the Government or indeed of the Natural Capital Committee that a formal response was needed, and it was never envisaged at this stage. This is because the nature of the State of Natural Capital report was very much for the Natural Capital Committee to set out its envisaged programme of work, and it was meant as the first major public statement of the committee of what it was aiming to do over a period of about three years.

Q105 Chair: That begs the question: why not? I think it is trumpeted as a very important committee report. It is something that the Government, in the environment White Paper, said would be central stage, and I just wonder, Minister, why the Government feel there is no need to have a formal response to that first set of recommendations.

Mr Hurd: Chair, thank you for welcoming me back to a Committee I served on for a number of years—with a very high level of personal well-being. I will be very candid with you. In all matters relating to the NCC, I am going to defer to DEFRA because, day to day, I have absolutely zero responsibility or involvement in that. I am going to continue to ask Michele to answer on behalf of DEFRA, which is the responsible Department in that specific context.

Q106 Chair: You think, with hindsight, that there is something to be said for having a full response so that there can be some tracking of how the Government are responding to the annual reports—presumably—that there will be from the Natural Capital Committee?

Mr Michele PITTINI: When Professor Dieter Helm and his colleagues set out the programme of work for the Natural Capital Committee, they very much saw it as a programme of work over a period of three years. In the initial report, they set out the general direction of travel, and then more and more detail and actual recommendations are added as the work develops. Of course, it will be up to Government Ministers to decide how they will want to respond to future publications from the Natural Capital Committee. I expect the Natural Capital Committee will become more and more precise in setting out the evidence that they have come up with and also, therefore, recommendations for possible action by the Government or by others.

Q107 Chair: Given what you have just said and given that we have the Natural Capital Committee, which has been set up to report to the Treasury’s Economic Affairs Committee, that we have DEFRA leading on sustainable development indicators, and then that we also have the Office of National Statistics, which I understand is doing its role as well as the Cabinet Office on wellbeing, and given the arrangements that the Government put in place when they abolished the Sustainable Development Commission, I am just wondering who in government—and how—is making sure that these separate strands of work are not actual silos of work, but are integrated and brought together. Also, how does that relate not just to natural capital under the work of Professor Dieter Helm, but to the emerging work that is coming forward on social capital?

Mr Hurd: I could say something on that.

Chair: Please do.
Mr Hurd: The first point to make is just to note where the leadership on this has originally come from, which is from the top.

Chair: From the top?

Mr Hurd: From the Prime Minister, in terms of the general Government initiative around well-being and broadening out what we measure. That has come from him and we have a serious architecture across the Government to co-ordinate this, including a small but senior steering group of officials, chaired by a director-general in the Cabinet Office, which is designed to try and pull this together. As you know, Chair, we are at the start of a journey here. It is very experimental and there are not a huge number of people involved in this, but it is important, because it has come from the top and there is an architecture to support it. As we advance in terms of the measurement piece and get a better picture of how we are doing, I think it will get increasingly co-ordinated and less disaggregated than it is at the moment. That is the direction of travel I see. There is a co-ordination mechanism. There is leadership from the top but, at the moment, in relation to the NCC, it is something between the Treasury and DEFRA.

Q108 Chair: It is very difficult, isn’t it, because it is not a subject that is instantly recognisable or indeed understood? I am just wondering, in terms of what you have said about the direction of travel coming from the Prime Minister, how much of a priority within the day-to-day work that you are doing do you see as this subject area?

Mr Hurd: Quite a lot, and I expect it to grow. A large part of what we do in terms of the Office of Civil Society within the Cabinet Office is about trying to build social capital and to understand the value of that. In the specific context of our largest programme, the National Citizen Service, we explicitly measure its impact on the well-being of young people, and we are beginning to try to establish the causal links between the participation of young people in those kinds of programmes that boost their confidence and self-esteem, and their education attainment and increased employability. We are beginning to explore these links because we consider them to be very important and we have a strong ongoing interest in the whole concept of how you measure social capital—it is fiendishly complicated—but we think it is important and we are in the process of building that. We have a strong vested interest in terms of encouraging and prodding, and nudging this agenda along.

Q109 Chair: I think that we are going to come on to the links between natural capital and social capital in a short while with Mr Aldous and Dr Whitehead. I just wonder whether it is a difficulty for you, with your role, that this agenda is not widely understood as yet, and what recommendations this Committee could make that could help to get traction on this agenda.

Mr Hurd: Yes, and I think that it is a bit fiendishly complicated—but we think it is important and we are in the process of building that. We have a strong vested interest in terms of encouraging and prodding, and nudging this agenda along.

Q110 Chair: Do you think it gets a fair hearing in the media?

Mr Hurd: No, but then nor do a lot of things. When you are on the start of a journey that is a bit experimental—I think we take some pride in being the frontrunner on this as a Government—you learn that you take some knocks along the way, but I come back to my starting point: this has come from the Prime Minister. If you read or heard his speech, you would know it came from the heart, and that is enormously important in the signal that it sends to the system about sticking with it, because the Committee will be very aware that, since we embarked on this journey, lots of other short-term pressures have piled on to the system. The fact that it is still in there, is still being moved along and is still being taken seriously tells you that a long-term view is being taken.

Q111 Chair: Let us just look a little bit at what that means in practice. To what extent do you believe that the Treasury is making sure that all different Departments take account of this emerging work as it is coming forward from the Natural Capital Committee when looking at the allocation of funding and so on? How much is the Treasury basing its spending policies and priorities on the emerging work that is being done on natural capital?

Mr Hurd: All I will say, before handing on to Michele, is that I have a strong sense from the evidence I have seen that the Treasury is well engaged with this in terms of the economic—

Q112 Chair: Give us an example.

Mr Hurd: Well, just in terms of the degree to which the Economic Secretary, who is the Minister responsible for this—both the current one and the previous one—has engaged with this personally. Again, I come back to my top point: this has come from the Prime Minister and the system recognises that.

Q113 Chair: But it is no good just being an academic subject, is it, if it is not being translated into policy?

Mr Hurd: No, I know, but I just want to give that as a frontrunner to what Michele will say in terms of what the Department has recognised on the ground in terms of the interaction with the Treasury.

Mr Michele Pittini: I would just add that this is clearly a long-term agenda. We have just started on a journey towards making sure that we can fully measure and value natural capital and make sure that it is fully included and tracked in our environmental accounts, and the Treasury is fully behind that agenda. For a long time Treasury has, of course, supported the principle of using environmental valuation in policy appraisal to inform decision-making, and this has been
a long-established principle in the Treasury’s Green Book for the appraisal of Government projects and policies. Just under two years ago we in DEFRA, working closely with Treasury colleagues, published supplementary guidance to the Green Book on assessing environment impacts.

The way I see it, there is full consistency of intents and views on the importance of this agenda. The Treasury would also always welcome a detailed and rigorous cost-benefit analysis of policy proposals, and there have been plenty of examples of when the valuation of the environment has fed within other estimates of costs and benefits in the assessment of policy proposals, impact assessments and so forth. Only recently, for example, in the consultation on CAP reform implementation in England, if you look at the impact assessment in particular of the Rural Development Programme, a large share of the benefits of the various policy scenarios are environmental benefits associated with environmental stewardship and other environment schemes.

In terms of feeding into policy appraisal at the micro-policy level, the Treasury has been supportive of this agenda for a long time, and DEFRA has been among the implementers for a long time. The issue of building economy-wide natural capital accounts is one that we will need to tackle in the long term. We gave ourselves a deadline of 2020 but, of course, there are some milestones in between, especially around 2015 where we hope to have sketched a considerable part of the final framework.

**Dr Halpern:** Obviously in many of these areas around particular forms of capital there is still a lot of work to be done within the domain—social capital is one we have noted already where, even on the management side, there is still a lot to be done—so it ends up naturally strongly embedded in Departments and pulled together in a tidy way. ONS at the same time is attempting quite ambitious approaches of how you measure progress and think about it from various angles, not least as a complement to GDP. In the Treasury, of course, they come together in various ways. They come together in the Green Book, but the Treasury is, by instinct, deeply sceptical of all that comes its way, in my experience. There is still a lot of other work, as well as other considerations, that come in when you put Humpty back together.

In some ways, the well-being agenda is a new angle on it, where the Cabinet Office particularly has played a strong role, which is that it starts from the other end of the telescope. It says, “What would be a more rounded measure of utility?” and then if you want to work back from that, “What is it that drives it?” It is quite a different approach to drive integration and the ability to compare essentially apples and oranges in policy work. You can go bottom up by monetising these different forms of capital and re-expressing a lot of the work, or you try and do it from the other approach, and that is what some of the well-being work of the Cabinet Office is attempting to do.

**Q114 Chair:** Finally from me for now, we are very conscious that the EU, the UN and the OECD each have different programmes of work looking at aspects of this measurement, and we are just wondering why the UK Government have gone off on their own tack. Is there not a case for there being some kind of uniformity and an agreed set of principles in looking at how you would start to measure some of this work? Why not use what is already there, rather than setting up our own programmes of work or our own measurements? Is there a case for divergence at some stage, or is it necessarily the case that we have to start this ourselves? How do you see that fitting into that wider work that is going on?

**Dr Halpern:** In some sense the UK, not least because of the PM, was impatient to get going. Even three years ago, on the well-being agenda specifically, most of those institutions you described were not active in this area, so the UK has played a leading role. I do not know if you have had evidence from Jill Matheson, but she will tell you that story quite powerfully. For example, certainly in relation to the OECD, the UK has played a major role. Some of it is just very nuts and bolts. It is literally: are we going to use the same scale? There was a point where New Zealand was going to use a five-point scale and we were using a 10-point scale, and there is an enormous advantage from that. We are going to go for. I think I would characterise it as that the UK, and particularly the ONS, has led it—on well-being specifically—but increasingly it has to be an international effort. It must be the case; it is much more powerful if it is comparable.

**Mr Michele Pittini:** Can I just add that, if you are talking specifically about natural capital accounting as opposed to the broader European agenda—I feel that as part of the discussion we may move sometimes from one to the other—we are fully engaged and working very closely with international organisations that are taking this agenda forward and, indeed, with many other countries around the world that are taking this agenda forward and, indeed, with the World Bank and the Treasury, of course, the ONS is keen to ensure that the UN Statistic Division makes as much progress as possible to bring up ecosystem accounting, not just the Central Framework for environmental accounting, to the level of statistical standards, and we have discussions with UN colleagues about how we can help to test the experimental guidance for ecosystem accounting that it published only last year. We are also working closely with the World Bank partnership of Wealth Accounting and the Valuation of Ecosystem Services (the WAVES partnership). DFID is among the sponsors and DEFRA is also engaged at the technical level. Personally, I am part of the WAVES partnership policy and technical expert committee. We very much want to help to take forward this agenda. We are not going off at a different direction but, at the same time, in some areas we are trying to lead the debate because some of this work is a novelty, frankly. It is uncharted territory as far as statistical standards go.

**Q115 Chair:** That begs the final question from me: how does that then fit in with the work that DEFRA is doing in the run-up to the 2005 sustainable development goals being merged into the millennium development goals? In these different systems of accounting and so on, is there a connection between
the work that is being done at that high level with the UN STGs and this ongoing work on the ground in DEFRA and presumably in DFID?

Mr Michele Pittini: We are trying to make a connection. Only last week I was at the UN in New York at the side event organised by the WAVES partnership on natural capital accounting—a side event to the open working group on the post-2015 Sustainable Development Goals. There is a lot of interest among all countries. We presented to a packed room and we had a lot of very interesting Q&A at the end of the presentation. As I am sure you are aware, the High Level Panel on the post-2015 development agenda chaired by the Prime Minister, among its recommendations, also encouraged countries to develop accounts for social environmental impacts by 2030. So, in a sense, it opened the door there as a possibility.

Q116 Chair: That is my point. If that work is looking to be done for the future—post 2040, up to 2030—would it not make sense to have a common denominator so that everybody is working off the same basis at this stage? That goes back to my point about why the UK has chosen to do it in a slightly different way from what is already in place with the UN, the OECD and the EU.

Mr Michele Pittini: As far as natural capital accounting is concerned, all countries are working to a longer-term timetable. There is not a readymade framework. We are all experimenting. We are all developing an approach for natural capital accounting. I suppose one of the tensions there, or the difficulties, may be that you are talking about post-2015 sustainable development goals and, when we are looking at the development of natural capital accounting worldwide, we are looking at a slightly longer time frame. The Nagoya commitment is for including biodiversity in initial accounts by 2020 and, indeed, the recommendation of the High Level Panel is talking about 2030. There may be an issue of timelines, but it is inevitable. This will not happen overnight.

Mr Hurd: Could I just add something on this international point and bring it back to your earlier question about how we bring people with us on this journey and, frankly, protect it politically, because we have just started and it could be vulnerable? A change of Government might take a different view. The Natural Capital report. The Natural Capital Committee is briefly. Essentially, it is trying to work out how to measure natural capital and how to use those measurements to influence policy across the board. Can you just give us a broad progress report on how valuing natural capital is going?

Mr Michele Pittini: Well, as you know, in DEFRA we have a secretariat for the Natural Capital Committee, which at the moment is working flat out on trying to make progress towards the Second State of Natural Capital report. The Natural Capital Committee is fiercely independent and also, in the way we work with the secretariat, we try not to overlap too much. What I know is that they are working very hard to try to publish an ambitious report by the end of March, I believe. This is the kind of deadline they are working towards.

In parallel, of course, colleagues from the Natural Capital Committee secretariat and, indeed, Natural Capital Committee members are working with us and the ONS—and, from now on, with the Treasury as well—as part of the high-level steering group on taking forwards the UK road map towards natural capital accounting. I can’t give you too much of an insider view of the detailed development of the Natural Capital Committee work, but—

Q118 Zac Goldsmith: Can you give us an indication of how broad it will be? Obviously it is not attempting to value all natural capital. That is not possible. Initially it was focusing on a few areas. How much broader will the second report that comes out in March be, do you think?

Mr Michele Pittini: I think the Natural Capital Committee’s focus is on trying to answer the key questions that the Government set out when they published the remit for the Natural Capital Committee. I would expect a more detailed look at critical natural capital and possibly some framework of indicators around that. I would also expect them to set out progress in some areas where I am aware they have been active although, as I said, I have not had an insider view of what they have been doing. For example, there is engagement with business. They are trying to develop the corporate side of natural capital accounting, or indeed look at issues around land use and managing land for competing ecosystem services. As I said, this is just my expectation, because they work independently and at the moment they are very busy pushing ahead with making progress towards their second report.

Q119 Zac Goldsmith: I suppose one aspect of where natural capital accounting affects policy, potentially, is in the Government’s plans around biodiversity offsets. There is obvious synergy there. My understanding is that the Government’s plans entail measuring the losses and gains in respect of development, but without valuing the habitats involved. Is that correct? If so, was that deliberate, or is it just a reflection of our inability at this stage to make those calculations?

Mr Michele Pittini: Can I say first of all, as you brought up biodiversity offsetting, that the Government are in the process of assessing the very
many responses that they received to the biodiversity offsetting consultation including, of course, the EAC report. I believe colleagues that work on biodiversity offsetting have spoken with the EAC secretariat and [Defra] should publish a response to the consultation fairly shortly—over in the next couple of weeks perhaps.

The question you have asked is interesting because, in terms of biodiversity offsetting, the driving policy principle is one of compensating in a cost-effective way for significant biodiversity loss. It is a “no net loss” principle, and that gives you a metric that does not necessarily require valuation. I suppose what I would—

Q120 Zac Goldsmith: Can I stop you there? I understand the point you are making, but how it is possible to do that cost-benefit analysis without having an agreed valuation? Take an ancient woodland, for example. How can you measure what the loss is, and how to achieve the gain elsewhere, if you have not valued the thing you are losing?

Mr Michele Pittini: An ancient woodland could be a particularly difficult example because you may argue that this is the kind of critical environmental asset that is rather difficult to replace, even applying some multipliers. I think that if there is a recognition that a certain level of biodiversity is critical and that you are not prepared to run down your natural capital below that level because, for example, you are concerned about the irreversibility of threshold effect. Essentially we are assuming that that level of biodiversity has a very high value. But I think it would be good if you could then bring valuation into the picture.

At the very least, it would allow you to direct your investment in creating offsetting sites in those locations where, in addition to preserving a biodiversity threshold that you do not want to deplete any further, you can also maximise broader social value associated to other ecosystems services, for example access for recreational purposes. I can understand the tension that you are highlighting between, essentially, a stronger definition of sustainability and trading off different environmental goals: no net loss versus cost-benefit analysis.

Q121 Zac Goldsmith: Would it be correct to say that the Government plans, if they are realised in relation to biodiversity offsetting, will be adapted as our ability to value ecosystems improves? The question is: is it deliberate, or is it a reflection of our inability to make these calculations? I am assuming that it is the latter at this stage.

Mr Michele Pittini: I think it is probably a combination of both because the context for developing biodiversity offsetting is to ensure that existing requirements in the planning system on biodiversity can be delivered as cost-effectively as possible and, of course, there are requirements in the planning system that have to do with other environmental or social issues.

Q122 Zac Goldsmith: Minister, I know that this is not your portfolio, but I am interested to know whether you think there are any particular dangers in seeking to value natural capital. What are the things that we ought to be looking to avoid?

Mr Hurd: It is not my area, Zac; I have not spent months thinking about it. My first instinct is that it is entirely desirable in the context of trying to get a bit of balance around what we do measure in terms of assessing national progress, and I think it is critically important that, as we look at production and consumption growth, we also look at it in the context of what it is doing to our capital stocks, and those stocks should include human, natural and social, because only by looking at it in that way can you get a good picture of sustainability of growth. I entirely support the direction of travel as long as it does not take us too far down the direction of just thinking that this is all about monetisation and numbers.

Chair: Before we go any further, may I just say there seems to be a very loud sound system in the adjacent Committee Room—it is perhaps as loud as our discussions are soft. May I ask all Members and the panel to speak up a little bit, given the competing noise from next door?

Q123 Zac Goldsmith: I only have one more question, and it is a political question, so I am going to target the Minister again. Going back to this issue of biodiversity offsetting, there are a lot of people who get the principle and understand the theory. There are certain developments that are necessary, and there are going to be areas of biodiversity that are lost, necessarily, as a consequence of development. Therefore, in theory, offsetting in certain circumstances could make sense, but ultimately there is an issue of trust here. Given that there is a bit of a standoff at the moment between the Government and many conservation groups, do you believe it is realistic or reasonable to expect those organisations and their supporters to buy into the biodiversity offsetting proposal in the context of that lack of trust?

Mr Hurd: Again, I am not close to it, but I think that what has been proposed is worthy of serious consideration, and the only way to build trust is to talk to each other. Not to engage with it seems daft to me. One can always withdraw if one continues to distrust what is being proposed, but to distrust just on starting principles seems to be quite wrong. As far as I can see, there seems to be a genuine attempt here to try to find a solution to something that you have acknowledged is difficult. Listening to Michele, I suspect that we are not yet far enough advanced in terms of finding ways of measuring the value of ancient woodland and computing that in a proper sense for this debate, but I think the principle is worth a proper discussion and worth engaging in.

Q124 Dr Whitehead: Bearing in mind the Natural Capital Committee is not just about measuring natural capital but achieving that wider understanding of the environment and warning the Government of threats to natural capital and so on, would there be a case for doing something similar as far as social capital is concerned—having a social capital committee that is engaged in measuring, understanding, warning of pillaging and so on?
Mr Hurd: Not yet. Something like it might be proposed further down the track. The fact is, as I think David mentioned before, in terms of the stocks of capital we are talking about here, social capital is a laggard. It is nowhere near as advanced, because it is arguably more difficult, and no country has cracked this, as far as I can see. I would love us to be the first because I think it matters. I think it completes the broader prism that we are talking about. As David will explain, the ONS is beginning to get its head around it.

I think it is going to produce something for debate this year. I would strongly welcome that because, although there has been quite a lot of research in the States, particularly around the importance of social capital, I think it would be interesting and valuable to take that to the next stage to see whether there is a framework around which we could measure it in a credible way and plug it into this wider evaluation around what matters, and what production and consumption is doing, in relation to our stocks of genuine national prosperity—production, social, human, natural—and also what that means in terms of our sustainable development.

I would welcome it. I do not expect it to happen soon because there is a relatively small group of people advancing on a very ambitious front already, and the priorities are set by the public commitments that have already been made. There has been no public commitment around social capital. The ONS is engaged with it. There will be something that we will be able to debate shortly, which I hope will continue to nudge this debate along and make sure that social capital is not lost in the debate around what matters and what we should be measuring. Do you want to add to that, David?

Dr Halpern: I have written quite a lot—you have too, from memory—about this issue. As the Minister says, it is sort of the laggard in some sense, although we have been rehearsing the issue for a long time. I do not think it is a matter of despair because the literature already tells us there are ‘look-alikes’ and relatively strong indicators. In fact, to some extent you can argue both for well-being and social capital. It is one of those things that is very hard in theory and not that difficult in practice. It turns out to be easier than people think. A simple measure that has been widely used is social trust. Do you think other people can be trusted?

Mr Hurd: We have measured that.

Dr Halpern: We have. That is right, exactly. There are some surveys that pick it up in other countries. It is a remarkably variable in what it predicts. Even in mainstream economic growth, if you build an econometric model to predict national growth rates and you put in that variable, social trust, it is powerful. It is more powerful than human capital, for example, in most models. With Scandinavians, what partly explains their high growth, arguably, is high levels of social trust and cohesion. There are enormous national differences, and there are very big regional differences even inside the UK. We know enough to know that it is pretty important, but it still remains very much on the fringe in terms of day-to-day policy considerations.

There have been some attempts elsewhere, but they are pretty limited. In the US there have certainly been moves in some states to try and do an impact assessment on the environment if you are putting road in, and to have a go at what the social impacts would be. We know that every 10 minutes of extra commuting reduces your engagement in voluntary activities by 10%, roughly speaking. There is a host of consequences. The logic of it is absolutely right—and as you say, the direction of travel—but there is a lot of work to be done to get to the point where we could use social capital measures in a way that is credible enough certainly to stand up to Treasury scrutiny.

I have given the example of the relationship to economic growth, which we know is very strong, but you would never rely on social capital only because of its impacts on economic growth. We value our relationships with each other because of all kinds of other reasons: obviously the well-being that it gives, and the fact that our kids love us and our neighbours don’t hate us. The well-being literature certainly strongly reinforces this because it highlights, like a spotlight, the weakness of our account of social capital. Social capital is known to drive well-being very significantly.

Q125 Dr Whitehead: But isn’t there a triple layer? You mentioned things being difficult in theory but easier in practice? Yes, that is absolutely true. Once the difficult, theoretical bit comes to ground, making the links thereafter is relatively easy, but then putting them into some form where they can come out as the headline, almost in the way that the Natural Capital Committee is trying to do, seems to me to be exceedingly difficult.

Dr Halpern: That is absolutely true and there is a further issue, which is the extent to which people believe the Government could not do much about it and whether the Government should even be involved at all. These questions arise around social capital in a way they tend not to around some of the other kinds of capitals.

Q126 Dr Whitehead: Because of that, is there not a temptation, bearing in mind what there is at the moment concerning natural capital, to run away with monetising and headlining environmental consequences, and not running that in parallel for social consequences, and therefore having an unbalanced portfolio coming into a wider well-being argument?

Dr Halpern: Absolutely. The Minister mentioned the PM’s speech. Absolutely in that territory is the sense that there are other things that matter. That is the fundamental point. There are other things that clearly matter that we do not account for and they get less emphasis and weight in the decisions that we make in day-to-day life—probably in our personal lives as well as in what Government do. It is absolutely about trying to get that correction but, given it took a long time to get GDP in place, it is going to take a little while for us to get these other ones to the state where they can bear that weight of making major decisions on the back of this number or that number.
Mr Hurd: You are right. There is risk because it is running behind the others, but the ONS is engaged with it and it is on its radar screen. I think that everyone acknowledges it is a bit further behind the others and it is harder, but it is certainly something that we care about and it is something the ONS is actively engaged with.

Q127 Dr Whitehead: That is a hopeful thought in terms of the extent to which some sort of unified social capital headline could be introduced. I guess. What sort of feeling do you have about the ability to produce what one might say is a politically neutral headline—that is, for example, neither pro nor anti-austerity—regarding the measurement of social capital and responsiveness in terms of the headlines, or do you think it is difficult to do that?

Mr Hurd: None of this stuff is easy. In terms of suggesting a measurement framework around this, which is what the ONS is going to do this year, it helps that it is the ONS doing it. One of the good things we have done is to buttress the independence of that institution and this work. This might be a bit naive, but I have to believe that this is an agenda that is long-term and will outlive austerity, so we have to look beyond that.

Q128 Peter Aldous: Over the past couple of years the ONS has been developing well-being indicators, which include some subjective personal well-being questions for the annual population surveys on life satisfaction, worthwhileness, happiness and lack of anxiety. The ONS published some initial analysis of this in May. What messages are Ministers taking from this analysis?

Mr Hurd: David is not a Minister, but I will ask him to chip in in terms of some of the science around the production of statistics here. My first point is this is effective and it is a first set. We have to do that, and we need to do the trend analysis. Our priority at this stage is around the credibility of the measurement and I think we are very satisfied that the ONS has done an extremely good job so far. In part, Peter, the answer to your question is that it is too early to be drawing too many conclusions as Ministers from it.

Our priority is to support the ONS in the measurement, to do what we can now to start drawing out some analysis of the statistics for debate and discussion, and to try to prompt and nudge people to engage with the data and think about how it impacts them in their policy development. What we have done is to put some structure in place across Whitehall on architecture, and some training and capacity building, just to encourage people to engage with it, which will become more and important as the data sets grow and we get a clearer picture of trends. We are at the start of that journey.

I think my message is that we are not in the business of over-interpreting; we are trying to understand. For example, part of what we are doing is mapping this and, I think as David will say, we are nowhere near getting a good enough understanding about why Stoke comes down so low in terms of well-being, or why people in Richmond seem to be proportionately more anxious. I do not think it has anything to do with their MPs. We do not have enough understanding, but what we now have is some statistics to take it to engagement.

The other thing is that some of it is bleeding obvious in the sense that most of us sitting in the pub could have written down a few factors that we know are instrumental in driving well-being, but I think there is a huge amount of value in trying to calibrate this and to understand a bit better what is important here. In terms of policy making, for example in the area that I am interested in around social capital and trying to encourage people to get involved in their communities and to build a stronger sense of community, you can see clearly from the surveys that that is an enormously important driver of how people feel and their quality of life.

That gives power to my elbow in terms of what I am trying to offer and certainly I believe very strongly that, in terms of the environmental agenda, the statistics are going to give more and more power to the argument about the value that people put on the natural environment and how it affects their quality of life. This is enormously important in terms of the policy debate about priorities.

Q129 Peter Aldous: One of the things that came out of the analysis was that subjective well-being does seem to correlate very strongly with people’s health and employment status, and perhaps also with their marital status. Did that sort of analysis come as a surprise to Ministers and does it prompt any thoughts about how one might change policies going forward?

Mr Hurd: No. It perhaps tiptoes into statements of the bleeding obvious. The important point is not just to understand the drivers of well-being and their relative importance, but to think through what that means in terms of policy design. I will give you one example, albeit from outside my field—in health. Obviously there is tremendous interest in keeping people out of hospital or keeping people away from the medical system if they do not need it. If you work back from that in terms of the drivers of people seeking help from the medical system, there are some obvious reasons relating to illness, but you also begin to see that the issue of loneliness and social exclusion is a material factor in driving people’s propensity to seek help from the medical network.

That has prompted us, working with the Department of Health, to think very seriously about how we engage with partners, not least in the voluntary sector, and how we do a better job of building social networks around people who are feeling lonely and socially excluded, with a dividend to the public purse in that if we are successful, there will be fewer people making demands on the NHS. This is where the issue of loneliness does not sit in isolation. It is part of a factor in thinking about how you design policy to reduce demands on the NHS. You have to do something about loneliness and people living socially isolated lives because it affects their health.

Q130 Peter Aldous: Dr Halpern, do you have any initial thoughts on the analysis that the ONS has carried out?
Dr Halpern: I certainly do. By the way, there are three broad things coming up. One is the management agenda. It is a simple thing. It is not something that Ministers tend to get overly excited about—they have a lot of other things to worry about. For example, within this Minister’s domain in the National Citizen Service, to incorporate in the evaluation the same measures that the ONS has used and to have them starting to appear on evaluations of policy is a very important development. It gives you a metric comparison.

One of the issues, certainly in this Administration’s view, is transparency. This data is very powerful not just for the Government and Ministers, but because people out there might find it useful. We have some interesting stuff to show you, which I think is in the public domain, about areas. Another one is policy implications. At the moment, partly reflecting this whole conversation, what it does is just to shift the emphasis a little bit. The Minister’s example of social isolation is a very good one. The Secretary of State, of course, has talked about that.

We have known for a while that the health effects on longitudinal social isolation are roughly equivalent to 15 cigarettes a day—huge effects—and we start to see it in other areas, too. What you see, it seems to me, is that you put a foot in the door and things that were vaguely at the margin, about which we had an intuition that they may be important, start to be quantified in a way whereby they are pushing their way on to the agenda. Remember much policy and spend is driven by this enormous inertia. So, you are saying, “Well, wait a minute. There is something else going on here that is also important. At least let’s start talking about it and edging into it”.

Just to get it on the table, one of the things that is very striking to me about the data, when you have a dataset this big, is what you can do that you could not have done before. You can start to get into the nuance and the detail, and one example is—I don’t know if we can circulate this; do you have these—a breakdown for English counties. On the X axis we have deprivation; on the Y axis we have a measure of life satisfaction. You see there is a broad relationship. Even at a glance, you start to see that there are areas that seem happier than they should be and some that seem less happy than they should be. As it happens, we tend to look at administrative units rather than constituencies, but we have done this for your benefit today.

It is true, for those around the table. Stoke-on-Trent is somewhat lower than average for life satisfaction, and we will get to why in a second—

Chair: You will need longer than a second.

Dr Halpern: Brighton and Hove, however, is somewhat above. What explains this? Well, because you now have enough numbers you can start making sense of it. I think you will be pleased to know that it turns out, in relation to Stoke, that much of it is to do with individual characteristics. When you control for gender, women tend to be slightly higher for life satisfaction. There is age—a curvi-linear relationship that occurs with lifestyle. Marital status got a mention earlier. There is also number of children, health, smoking and employment. Then after controlling for these the difference is no longer significant, but it is still interesting.

Some of this variance is not explained away by those factors. The controls get rid of the difference for Stoke, but they do not get rid of the difference for Swansea. It remains at a lower life satisfaction than you would expect for the population characteristics. These have started to get quite interesting already, so you start to think, “Well, what is it that drives and explains some of these things?” As it happens, things like access to green space or living close to water turn out to have an impact on your well-being. It is certainly not that surprising. Social trust, as it happens, has a big impact. Living in an area where you think other people can be trusted has a big impact on how you feel in yourself.

Q31 Chair: You have raised this in connection with our consistencies and you mentioned trust. I can’t remember what the actual event was, but I remember some kind of satisfaction survey that was done by a national magazine. It had Staffordshire at bottom of the list and one of the things was places to which it had least access: a coastline. Obviously if you live in Staffordshire you have least access to a coastline. A lot of these different measures seem to be very arbitrary and do not seem to be evidence based.

One of the things that I would say that I don’t think is being captured by policy making is this aspect of trust, and it has arisen, for example, today in Staffordshire where right now, as we speak, the county council is closing down, against all the wishes of local people, homes for those with severe disability. What they are going to do is to reduce the number of places by 70% and then require people to go out to privatised services, if they then subsequently qualify, with no detail about what the new provision will be. The relevance of this and the reason why I raise it, is that at the moment I would imagine that on that well-being to which you referred to in Stoke-on-Trent, a high amount would be linked to trust, because people do actually trust the providers of social services. Where does a policy of draconian privatisation, for example, fit into a policy of this kind, which is breaking down the trust that people have in their elected representatives? How does the whole approach from the Government towards well-being, which we hope is going to be factored into the Treasury and is then going to be informing national and local decision making, fit in with expectations that our constituents have that they should be able to trust the policy makers and their elected representatives?

Mr Hurd: Quite a lot to unpack there, Joan.

Chair: But it is relevant to this debate about social capital.

Mr Hurd: I completely accept that, but I think the big macro point I am getting at is: isn’t it good that we are moving, hopefully, towards a situation where, if low levels of trust are identified as a significant driver of Stoke-on-Trent’s relative ratings in this, people at the local level and at the national level ask, “Is what we are doing going to be adding or subtracting to the stock of trust and social capital if Stoke becomes part of the policy debate?” which presumably up to now has been entirely absent.
Chair: Exactly.
Mr Hurd: What we are trying to do is to insert into the policy debate some statistical evidence hopefully to change the priorities, or to get people thinking in a broader sense about the implications of what they are doing—you have illustrated part of the value of this work—so that decisions are taken with a more rounded sense of debate and information about what is important and why.
Dr Halpern: An example for many Ministers that I can articulate is that they are often making decisions that override some other analysis, because they have an intuition something else is important. The everyday example is a post office or a pub. People think something happens in those places that has a value—‘water-cooler moments’ where we connect with each other—and it is very hard to quantify the benefits of these. This makes it possible to start to do that anyway. You might decide the active ingredient—let us go with the post office—might not be the administration benefits in a certain kind of way. It might just be the social contact, in which case, if that is the active ingredient, that is where our policy focus should be and we just need to subsidise it, but it might be through some other form than a post office.
We are now laying bare something deep and important. I was just giving you one good topical example. Of course, myriad things affect your life satisfaction. If you try to answer those questions yourself—did you have an argument, how are your kids doing, did you have a good breakfast or what are you looking forward to—there are a million things, many of which are not up to the Government. What is incredible is to what extent the wellbeing data can be responsive to some of those factors.
One we looked at was aircraft noise, for example. As it happens, Richmond looks like it is pretty average in terms of life satisfaction—not average in lots of respects, but I mean it is not significantly different than you would expect. Anxiety is much higher than you would expect. If you put in aircraft noise, you can see that. You can see that in the data. In fact, we can say that anxiety moves 0.31 points by having a high level of aircraft noise in your area. We are not asking people about aircraft noise. At the beginning of a survey we are just asking about your life satisfaction and your anxiety. Independently measured, you see that flowing through the data.
Q132 Zac Goldsmith: How are you so confident about the link between aircraft noise and anxiety?
Dr Halpern: It is a correlational thing. We have cross-sectional data, so it is possible to do that. You can put noise contours over this data and you have 200,000 data points where people separately were asked, “How do you feel?” But, moving through the data, you can map it on and you can see what the effect is. There are still issues about causality and what it means, but it gives you a glimpse about what else is going on, or what else is possible in this data. It gives you some kind of metric. It is pretty exciting.
Q133 Mark Lazarowicz: But how do you know that people in Richmond do not have a particular type of response to current economic or financial crises that happens to be particular to them because of their relative high wealth or whatever? Perhaps they are feeling more vulnerable because of something to do with that. How can you distinguish that from aircraft noise, for example?
Dr Halpern: This is true, of course, for all correlational—
Mark Lazarowicz: Indeed.
Dr Halpern: As it happens, there is an earlier generation of studies that looked at the relationship between mental health and psychopathology areas, and one of the conclusions as the studies got larger and larger was that on a number of measures people who lived on flight paths had better mental health than those who did not. It seemed to be a selection effect, particularly because there happens to be a correlation between noise sensitivity and trade neuroticism. In other words, it is kind of obvious: there are lots of planes, so you would not buy a house there if you were a certain kind of person.
There are limitations to it and even these effect sizes are conservative analyses because if you have the money, you will go and buy in certain areas. As it happens, a lot of people who figure out it is nice to be able to look at water. When we do statistical controls for income, in some ways it is a conservative analysis, if you see what I mean. We are taking out a choice that someone has made and it is being expressed in some other way. There are lots of analytical challenges, which are pretty significant, about using this data and squeezing the value out, but you get a glimpse into what it might be possible to do.
Chair: That also begs the question of what determinant you are taking into the equation.
Q134 Simon Wright: I just have a couple of quick questions that cover some of the ground. I wonder if you could explain, Minister, what discussions are actively taking place now across the Government to work out the causes of variations in well-being between different groups of people in different communities, and the possible policy responses that are required.
Mr Hurd: You have a sense of it. I think it is a little bit early to be going into these conversations in detail because we need more data. We need more statistics and we need to be able to see trends. We need to get a better handle on understanding what we are seeing. I think that previous exchange highlights some of the upsides, and also some of the hazards in terms of being too quick to interpret stuff.
The key thing we wanted to stress is, although we think quite significant progress has been made since the Prime Minister’s speech in the commission to the ONS, we are still at a very early stage here. For us, it is all about measurement and building that up, and the credibility underpinning that. It is all about analysis and it is all about working on a cross-departmental basis, and we have set up the architecture for that at official level to work with this stuff and to begin to encourage Departments to engage with it. We are very much at the start of that.
As it happens, in terms of the Cabinet Office, we are embracing it wholeheartedly because it matters to a lot of the stuff that we do. One example is around...
volunteering and its value. Like all MPs, we talk about it—it is very easy to talk about it—but we do not do a very good job in terms of quantifying its value to society. The ONS does in terms of the replacement cost of volunteers and, even at that minimal level, you get to a value of around 1.3% of GDP for formal volunteering, let alone informal volunteering.

We do not even begin as a country to quantify the benefits of volunteering on the volunteers in terms of their well-being, and we know from our constituencies what it does for them in terms of boosting well-being and giving people a sense of fulfillment in their lives. If you start feeding that through to health effects and all that, the whole weight of volunteering, and the agenda of supporting and encouraging volunteering in this country, should rise and the Minister responsible for volunteering can talk about this, but we do not necessarily rank crimes, in terms of their impact on the victim’s well-being beyond the economic impact. Where does stalking sit in that—feeling that someone is after you? This is potentially quite interesting. It is just dislocating the policy debate and the debate about what the priorities are, but we are just on the start of that journey.

Q135 Simon Wright: Thank you. We have had some discussion about some of the geographical data, and there is very interesting other data in here as well. One of the findings is the relationship between ethnicity and personal well-being. People from black African and Caribbean and black British groups rate life satisfaction 0.5 points lower on average than the white group. Has there been any thought given yet to why this is and how concerned we should be about this? If it is subsequently done that or not. If you build a model, there will be more of them—that is the whole point. I can quantify why it matters.” I just use that as an illustration of how the debates might begin to evolve within the Government about what is important and what the priorities are.

Another area would be crime. In terms of measuring the impacts of crime, we tend to look at the economic costs attached to it. David can talk about this, but we do not necessarily rank crimes, in terms of their odd years later. As it happens, there are also effects taken by someone else at 19 and then its effect 80-10 years extra on your life to be in the top quartile or 19, or whatever it will be. Anyway, the difference is 0.5 points lower on average than the bottom quarter in terms of their happiness—at 18 writes about their life. So they analyse and compare you can get a pretty good sense from how someone analysed to infer to what extent people were happy, or is it, as I suspect, something in between? From what you have said, you clearly recognise the need to look into causality. Has the ONS survey prompted further research work into trying to find out what causes what?

Dr Halpern: The short answer is yes. Of course, the ONS only does a certain amount. If I express a frustration, it is that the ONS will run a certain regression or simple analysis, but to really get under the skin you have to do a whole load of other work. For example, the Department of Economic and Social Research Council has put money up so that academics can do further work. Some of the analytical work going on in some of the Departments is interesting, such as in DCLG on some of the area differences. It is hard work to pull apart causality and, in particular, you normally want to see interventional studies to make you more confident.

To take your example of health and well-being, as it happens we do know quite a lot. There is a fantastic early study that looks at the well-being of young women. It was done for nuns. I do not know much about this, I have to say; I know it only from the study. When you are joining a nunnery, you give a statement about why you are doing it and it is subsequently analysed to infer to what extent people were happy, you can get a pretty good sense from how someone writes about their life. So they analyse and compare the top quarter in terms of their happiness and then the bottom quarter in terms of their happiness—at 18 or 19, or whatever it will be. Anyway, the difference in terms of life expectancy is 10 years. It gives you 10 years extra on your life to be in the top quartile rather than the bottom. That is from a measurement taken by someone else at 19 and then its effect 80-odd years later. As it happens, there are also effects that go the other way.

We can sometimes see from other kinds of evidence, looking at where there is a causal effect and where there is not, that there is some kind of artefact, but this is hard work to do and one of the reasons why evaluations matter is that essentially evaluations give you a clue about that. Did it have the impact that you thought it would do? If we had more post offices and

Chair: I am conscious that we have partly covered some of our further questions. I think my colleagues will attempt to cover what we have not covered, but if I just give notice that when it is 3.50 pm we will go to Mr Lazarowicz for the last question, which we do want to include. I will pass on to Mr Caton.

Q136 Martin Caton: Dr Halpern, I think you have started to answer this question in reference to causality. The ONS subjective well-being survey identifies quite a lot of correlations. Health and happiness is fairly simple and obvious one, but the question immediately arises: are people healthier because they are happy or happier because they are healthy, or is it, as I suspect, something in between? From what you have said, you clearly recognise the need to look into causality. Has the ONS survey prompted further research work into trying to find out what causes what?

Dr Halpern: The short answer is yes. Of course, the ONS only does a certain amount. If I express a frustration, it is that the ONS will run a certain regression or simple analysis, but to really get under the skin you have to do a whole load of other work. For example, the Department of Economic and Social Research Council has put money up so that academics can do further work. Some of the analytical work going on in some of the Departments is interesting, such as in DCLG on some of the area differences. It is hard work to pull apart causality and, in particular, you normally want to see interventional studies to make you more confident.

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you introduced them into communities, what was the impact? Then you are much more confident about causality and, indeed, you can start to monetise not just in general terms, but regarding the return on that particular intervention.

Q137 Martin Caton: Thank you. This is a bit of a devil’s advocate question, but the ONS has calculated that its subjective well-being analysis explains only 10% or so of the differences in levels of well-being between people. Genes and personality explain most of the differences. With that in mind, are there limits on how far it is worth going on measuring and quantifying well-being?

Dr Halpern: Yes. A lot of the variance is at individual level, as you might expect and as we all know from ourselves and our colleagues. Some people are constitutionally prone to be a bit more upbeat in their view of the world and others not, and those effects seem quite robust over life. They are not completely, by the way. Those of us who tend to be miserable are able to do things that change how we view the world—take a moment before we walk into Parliament and say how beautiful it is. These are skills it looks like we can learn.

Another view on it is that when you start aggregating it, these effects are no longer genetic. If we look at cross-national differences, they are quite substantial. It is very difficult to explain those away in terms of genes. Hong Kong and Singapore are very rich but, in terms of life satisfaction, they are quite a long way below where you would expect them to be. The Canadians are ahead of us. They are very similar, but their life satisfaction is significantly higher than ours. The real winners are the Danes. The Danes are preposterously happy and have been getting happier for 30 years. It is very hard to explain that in terms of genes. It does seem like it is do with its culture and other things that are occurring in that society.

Q138 Dr Whitehead: Interestingly the happiest people on earth produce the most miserable TV dramas.

One of the things I have always been struggling with in this particular area is just how you boil those pretty strong correlations and implications down into any form of policy formulation. The Cabinet Office evidence to this Committee suggested that you were thinking about using well-being data to consider the impacts of proposed policy recommendations. I wonder whether that is the macro level at the bottom of a Cabinet paper—“Well-being implications are X”—or the micro level. Quite a lot of the well-being and social capital data suggests micro-level implications.

Many years ago I was trying to get a correlation between bottle bank collections and trust, but the problem is, in order to make that correlation work, you need to have someone supplying the bottle banks. Similarly, in Southampton there is a very high level of kids’ football leagues—disproportionately high compared with most other part of the country—which appears to be a strong social capital indicator in terms of how those leagues are organised entirely independently of any formal organisation, except the availability of football pitches.

Similarly, in terms of trust and ability to get out and about, there is the question of policies such as turning street lights away from facing the road towards facing the pavement so that people feel a lot safer moving about. However, you get rather more car accidents. As far as policy formation, how do you deal with those particular contraindications and are you anywhere near getting any sort of policy formulation on the basis of those sorts of issues and at what level?

Dr Halpern: By the way, I would not forget that one of the very powerful things in this area is simply the transparency of the data for people to make decisions for themselves. If you are going to university, you now ask about satisfaction and so on. An 18-year-old can work out not only how much they will earn, but whether they will be happy if they become a corporate lawyer. You put in people’s hands the ability to make the decisions themselves, but I absolutely take your point. A lot of it is quite micro on the face of it. One of my own hats is to look after the Behavioural Insights Team. A lot of the things that we do are very micro, but they may be consequential. What about saying thank you? If you deal with the public, how do you feel at the end of that conversation? Will that show through in your conventional economic analysis? It might not do, but it has quite an impact. Some of that we may be able to have leverage on, some of it we may not.

What can you do to facilitate and make it easier for people to have connections or whatever with others? Think about social care. Some of the things that the Minister is supporting in his brief are very much in that space around making it easier for people to connect and help each other. I have an elderly neighbour who I often walk past and I think, “Does he need help?” I know his wife has had a stroke and whatever, but I do not want to intrude. There are particular platforms being developed, not least supported by the Cabinet Office—still in trials—to see whether you can solve that problem and have very big impacts—both economic and, much more, human in some ways.

At the more macro level, this takes us back almost to the start of the discussion: would it impact at the margin as to how you set your budget? Would DCMS decide it is worth spending money on museums because of the well-being impacts? People are starting to try and have a go at doing that.

Mr Hurd: Potentially there are some quite big shifts. We talked about the well-being agenda highlighting loneliness and social isolation. This well-being agenda highlights that and makes it a more salient feature of the policy landscape, and relates it to a very important issue around how we tackle that in itself, and also make linkages to reduce costs to or the burden on the NHS. I think that is becoming increasingly live as an issue in the area I am directly responsible for.

As I said before, part of our debate around the National Citizen Service and the other programmes is all about trying to encourage young people to get involved in social action and to test what it does in terms of building their confidence, self-esteem, character skills and soft skills, which employers keep
telling us are increasingly important in terms of their judgments on young people. We are looking to see causal links between participation in this kind of activity and educational attainment, increased employability and attractiveness to employers. Now, if we can prove that, it changes the debate around priorities for how we help and support our young people to achieve their potential. It could be quite a big shift in terms of the emphasis on helping to develop character skills rather than cognitive skills. There are potentially quite big dislocations in terms of the priorities inside the policy debate, not necessarily tomorrow or next year, but further down as the evidence builds around the importance of it.

Q139 Peter Aldous: Very quickly—given the time, I will not be able to go into quite the detail one would have liked—the well-being agenda is a relatively new area, so I am just interested as to what is happening across Government from Department to Department. Do we have some Departments that are pioneers and others who are laggards? Do the officials have the necessary skills? Are Departments’ efforts being co-ordinated, and is there buy in from Ministers and Secretaries of State?

Mr Hurd: It is early. There is strong leadership shown from the Prime Minister. As I said, people notice that. The Cabinet Office is taking a strong lead in terms of trying to co-ordinate this and, of course, building the capacity—your point about the human capacity—around this is extremely important. Departments such as MOJ, DEFFRA, DCMS, DWP and the Department of Health, and some of the devolved Administrations, are all actively engaged with it in different ways. I think through our written evidence we have given you a flavour of that. It is definitely in the system and, given the backdrop of all the other pressures, I am quite pleased by the momentum and the stickiness of it. People engage with it.

Dr Halpern: I would simply add it is in the system. There is this inertia in systems in terms of skills. We are doing work. The so-called policy school, for example, we are doing for training new civil servants, or whatever. Is there buy in from Ministers and Secretaries of State?

Dr Halpern: I think the team did not engage in it, but we do know the broad buy in from Ministers and Secretaries of State. We are all actively engaged with it in different ways. I think through our written evidence we have given you a flavour of that. It is definitely in the system and, given the backdrop of all the other pressures, I am quite pleased by the momentum and the stickiness of it. People engage with it.

Mr Michele Pittini: I think we are seeing activity and educational attainment, increased employability and attractiveness to employers. Now, if we can prove that, it changes the debate around priorities for how we help and support our young people to achieve their potential. It could be quite a big shift in terms of the emphasis on helping to develop character skills rather than cognitive skills. There are potentially quite big dislocations in terms of the priorities inside the policy debate, not necessarily tomorrow or next year, but further down as the evidence builds around the importance of it.

Q140 Chair: Very quickly, is that something that you might be discussing with organisations like IEMA, the professional association that looks at green skills?

Mr Hurd: The short answer is that I am not very happy to say.

Dr Halpern: There is a question that hangs behind it, which Alan has referred to, that is, “So what? What do we do differently about this?” Gus O’Donnell, the former Cabinet Secretary, is chairing a commission to think through the policy implications of well-being, which is also supported by the Legatum commission. As you may know, Legatum does the prosperity index on an annual basis. We hope to see that finished in late spring—probably—and it is good to have a challenge from outside about what we would do differently.

Chair: Finally, we want to move on to a question from Mark Lazarowicz.

Q141 Mark Lazarowicz: Yes, which I think we are keen to get to because it relates in a very micro way to something we are doing as a Committee. We are keen to find out how the well-being agenda is influencing what is happening. We are doing an investigation into the issue of plastic bags, the charge and all the rest of, and we are interested to know how far the well-being agenda has fed into elements to it—the issue of cleanliness and the rest of it—and also how what I think is called the behavioural influencing or nudge type of approach is impacting on policy. Again, part of the issue is to encourage people not to use bags and so on. I would be interested to know how both those two elements of this agenda fed, if they did, into the policy proposals on plastic bags and whether it made a difference in that particular case. Is that the reason why it came forward?

Dr Halpern: I think the team are not aware of a strong connection between the two. You can certainly make one. As you all know, I am sure, a very small price—a kind of discontinuity between zero and even the tiniest price; that sort of non-linearity—has very big impacts on behaviour, and you all know the size of the impact. What you might use it as an illustration of is something like that does not matter only for environmental reasons. It matters for other things that we would not normally factor in. Seeing a messy environment—bags around or whatever—affects how you feel about other people, and we know that from a number of other studies. It looks like a rule has been broken because of litter; in fact, is a classic example. It leads to other kinds of problems. It changes how you feel about other people. We have already established that social trust is important. How do you know whether other people can be trusted? You infer it from the environment.

Q142 Mark Lazarowicz: Are you able to tell us specifically whether this fed into this particular policy proposal? Did somebody say, “Well, the well-being agenda is such that this is a good reason to put this forward when looking at the entire agenda,” or did it just develop in its own right? You don’t know?

Mr Michele Pittini: I am not aware of it. It is not my area. We could come back to you on that.

Mr Hurd: It sounds like you might get a limited response on that.

Dr Halpern: I can tell you the Behavioural Insights team did not engage in it, but we do know the broad argument.

Q143 Chair: It does beg the question: if there are Government initiatives going out to consultation and coming out of DEFFRA, how does that link in within each Department and the Cabinet?

Dr Halpern: We are tiny little team and, though we would love influence all areas of policy, there are limits to what we can and can’t do. In general terms of well-being though, and, to some extent, even the
behavioural agenda, we spent a long time building up the capability across Departments. There are 100-odd seminars I would probably have done, including in DEFRA, to try to get civil servants to know about and be familiar with these ranges of approaches and influences. Then, hopefully, they have the capability and they will use it in their day-to-day work. It does not all have to come back through the centre for us to say yes or no on that given policy.

Mr Michele Pittini: Can I make one quick comment? Certainly from an economist’s perspective—an environmental economist working in DEFRA—I was very interested to see the Treasury discussion paper on using subjective well-being data as a route to value public goods and services. I think that is a potentially promising application to mainstream the use of subjective well-being data into the environmental valuation agenda. It may in fact find applications in a policy context, such as the one that has been described about broader well-being, and feelings associated with litter or other environmental externalities, that are perhaps more difficult to value through conventional valuation approaches.

Chair: Have you finished?

Mark Lazarowicz: I think that is probably as far as we can go, but if I could get a written response in due course.

Mr Hurd: Yes, sorry about that. I will have to write a letter.

Chair: I think we were also just going to look at a comparison with Wales, but what we have established is that each Department has champions for the environment and maybe there is scope here for the champions in each Department to look at ways of bringing these different policy areas together. That might be something that we each need to reflect on. On that happy note, I think it is almost time for the Division. Can I thank each of you for coming along this afternoon? Thank you very much indeed.
Written evidence

Written evidence submitted by the new economics foundation

EXECUTIVE SUMMARY

1. The submission of the new economics foundation draws on the considerable experience of its Centre for Well-being in exploring a well-being approach to policy.

2. Current government action on the well-being agenda is best characterised as “pockets of activity”, with mainstreaming the use of well-being evidence across all policy-making representing a considerable challenge. There are a number of potential uses of this evidence across the policy-cycle—this submission makes a number of specific recommendations to increase the effectiveness with which this evidence is used.

3. The agenda would be greatly boosted by an effective headline indicator to engage the public with the well-being evidence, as well by the collection of better income and other data alongside subjective measures of well-being.

4. A strategic focus on well-being across government would be promoted by introducing training for civil servants in recognising the underlying frameworks they use in their work. Various additional government structures would also help to embed a strategic focus on well-being, including a Cabinet-level Champion for Well-being and external Well-being Advisory Committee, with a scrutiny role continuing to be performed by the EAC.

5. The well-being agenda would be promoted in day-to-day policy-making through the development of models summarising the wealth of well-being evidence, tools to facilitate the consideration of well-being at an early stage of policy development, and an agreed statistical model of the drivers of well-being to help embed the use of subjective well-being data at impact assessment stage

6. The Government should aim to apply well-being evidence to both more and less familiar areas for policy intervention, and to both economic and social policy. However, trade-offs with other headline policy goals such as environmental sustainability and fairness must be taken into account in applying a well-being approach.

7. ONS’s work on wellbeing measurement should: seek to learn from other successful indicator initiatives, carry out empirical research on how the public respond to details of indicators, and pay attention to initiatives for international harmonisation of well-being measurement, particularly regarding how it can incorporate further eudaimonic measures into its measures of subjective well-being.

8. We urge caution regarding the ability of the concepts of human capital and social capital to effectively drive policy change, but we support the idea of a Well-being Advisory Committee which draws lessons from the operation of the Natural Capital Committee.

ABOUT THE NEW ECONOMICS FOUNDATION

9. The new economics foundation (nef) is an independent London-based think-and-do tank which works on innovative solutions to today’s major economic, environmental and social challenges. The Centre for Well-being at nef is at the forefront of research into measuring well-being, designing policy and interventions to improve it and communicating the emerging ideas. It is an award-winning, internationally-recognised centre of expertise and has recently advised and worked with the UK Office for National Statistics, the European Union statistical office (Eurostat), the University of Cambridge (on the well-being components of the next European Social Survey), the UK Department of Health, the Big Lottery Fund and major UK charities. We are working on two research projects for the European Commission, which involve extensive consultation and discussion with policy officials in the UK and across Europe. Our submission draws extensively on this body of work.

10. In this submission, we respond in turn to each of the headings of the inquiry’s terms of reference.

THE GOVERNMENT’S PLANS TO UTILISE THE RESULTS OF THE AVAILABLE WELL-BEING RESEARCH AND ANALYSIS IN POLICY MAKING

An overview of the role of well-being analysis in policy-making

11. At the outset, we make an important terminological distinction to clarify the scope of our response. The ONS’s Measuring National Well-being (MNW) programme is an initiative to bring together a set of indicators within ten domains which together reflect the overall success or progress of the country as a whole. The ONS refers to this concept as “National Well-being”. One of its constituent domains is “personal well-being”, measured by subjective measures of experienced well-being. These are the “well-being survey data” which are referred to in the terms of reference for this inquiry. It is these data which are the focus of the science of well-being—a science which has grown hugely over the past decades, with input from economists, psychologists and social scientists, and increasingly, considerable interest from governments. This interest is based on the power of the data to provide an empirical basis for policy interventions designed to most effectively improve people’s lives. This, ultimately, is why we are strong advocates of a well-being approach to policy-making. Our response therefore focuses on the use of evidence derived from measures of subjective well-being. However, we
do discuss the issue of headline indicators of progress of the type represented by the MNW programme in paragraph 14 (vi), paragraphs to , and in paragraph .

12. There are a number of initiatives within government focusing on the use of well-being evidence. A team within the Cabinet Office is responsible for ensuring that well-being data are used effectively across Whitehall, and hence they have formed strong links with colleagues across departments as well as informal links to external experts on well-being research. The Cabinet Office is also supporting the Legatum Commission, chaired by Lord O’Donnell, which is examining how well-being analysis can usefully be applied to policy. The Treasury and Department for Work and Pensions have published a paper on the use of subjective wellbeing measures in social cost benefit analysis— in a technique which derives monetary values for non-market policy outcomes through the established empirical relationship between income and well-being. This was accompanied by an amendment to the Green Book, pointing to the possibility of using these techniques in policy evaluation.\(^2\)

We understand that some steps also being taken towards use of subjective wellbeing data in policy-making in other government departments.

13. In the context of government activity as a whole, we would characterise the initiatives described in previous paragraph as “pockets of activity”, largely taken forward by a small number of policy officials who see themselves as champions of the well-being agenda. There is a lack of evidence of meaningful embedding of a well-being approach as a matter of course across government policy-making. Thus there is a danger that well-being evidence will be used to provide support for policies that already have considerable momentum behind them, but not to suggest new policy directions or initiatives, as one official at a recent seminar organised by ONS observed. Hence while the activity that has taken place represents a very useful start, there remains a considerable challenge to mainstream the use of well-being evidence throughout government policy-making, so that it is referred to as a matter of course within a broad range of policy decisions.

14. In response to the ONS National Debate on Measuring National Well-being, we published the report Measuring our Progress: The power of well-being.\(^3\) It sets out a number of ways in which well-being evidence could be used throughout the policy-making process to most effectively improve policy outcomes. We have recently revised this account for a forthcoming article\(^4\) which describes uses of well-being evidence across six key stages of the political and policy cycle (see Figure 1):

(i) Informing public debate about objectives. Using the well-being evidence to identify the drivers of well-being can lead to a more informed public debate about specific societal objectives and the trade-offs between them. The indicators and associated analysis will help make explicit some of the assumptions which underlie the debate. For example, the evidence about the huge importance of people’s social relationships to their overall well-being could provoke debate about the objective of promoting such relationships, versus the objective of encouraging geographic mobility to achieve economic objectives (eg GDP maximisation).

(ii) Creation of the political policy agenda. Using well-being evidence at this stage of the policy cycle can be characterised as part of “setting the big picture” for policy, that is, arriving at a set of political priorities. This is relevant to both economic and social policy.

For economic policy, well-being evidence can supplement economic models currently used in policy making and which tend to set the policy agenda. Of course, economic analysis will remain important. For example, in examining a potential measure to reduce working hours, economic analysis would examine the effects of changes to income levels and employment rates; well-being analysis would additionally examine the direct well-being changes from the reduced hours, as well as the effects on well-being resulting from changes to income levels and employment rates. In other words, well-being data create the possibility of subjecting the “standard story” from economic analysis to more rigorous testing, with the various different pathways connecting the policy change and well-being explicitly identified and assessed. Thus the results of well-being analysis could result in increased priority for existing policy aims, for example: minimising unemployment, which is significantly worse for well-being than the associated loss of income,\(^6\) or a different stance on labour market regulation.

In social policy, wellbeing evidence can be used to understand particular population groups in need of policy attention, revealing how levels of well-being are distributed across population groups, particularly with regard to inequalities in well-being. It can therefore suggest increased priority for existing aims, for example, the aim of providing support for those caring for the elderly or disabled, whose well-being is significantly lower than that of the general population.\(^6\) It could be used to support policies to encourage walking and cycling—known to have environmental and health benefits but often regarded as potentially unpopular and so politically difficult. Such difficulties could be balanced by the well-being evidence which suggests that cycling is experienced as being at least as flexible and convenient as driving, less stressful, and producing more feelings of freedom, relaxation and excitement.\(^7\) Well-being evidence can also suggest entirely new social policy aims: for example, ex-Harvard President Derek Bok argues that well-being evidence highlights sleep quality as a potential issue for policy attention.\(^8\)

This sort of well-being analysis, as well as public debate, can also influence the choice and design of economic and other objective indicators which are used to set the policy agenda—as these will reflect the specific priorities which emerge. For example, a political priority focused
on more equal income distribution might lead to the use of median income, rather than per capita GDP, as a headline measure.

(iii) Development of detailed policy objectives and policies. Setting detailed policy objectives and developing policies is the process of designing ways in which departmental activity will contribute to the overarching objectives of the policy agenda. The uses of well-being evidence just discussed in relation to agenda setting—in analysis and modelling, and in guiding the selection of objective indicators—are both also relevant here, but at this stage will be likely to be used in a way which has implications for details rather than the broad agenda. One such use is applying well-being evidence to guide the design of targets or performance indicator frameworks which are used to control detailed policy implementation. For example, nef is working on a potential performance indicator framework for the British Business Bank which draws in part on well-being evidence.

Well-being evidence also can provide guidance on how policy is implemented. For example, Helliwell distils some key principles for use in policy such as “existence of positive trumps absence of negatives”, “humans are inherently social and altruistic” and “trust and procedures matter”.

(iv) Conducting policy appraisal (pre-implementation). There is clear use for well-being data during impact assessment to value non-market costs and benefits, avoiding the need for hypothetical estimates of willingness-to-pay. This is one reason for the Treasury work described in paragraph on the use of well-being data in social cost benefit analysis, which we discuss further in paragraph 37. The substantive body of knowledge within the well-being literature could also be used to guide more informal assessments of a policy’s likely impacts, including through the use of policy screening tools (see paragraph ).

(v) Policy evaluation (post-implementation). There is also a clear use for subjective well-being measures at the final stage of the policy cycle, capturing the direct well-being impacts on policy beneficiaries, via evaluation tools such as those which nef and its partner is using to evaluate the Big Lottery Fund’s £165 million Well-being Programme. One finding which has already emerged from this is that the impact of the programme on behaviour six months after its end was significantly greater when at project end there was shown to be an impact on well-being, as well as healthy behaviour.

(vi) Elections: holding politicians to account. Here, headline well-being indicators which engage the public have a crucial role to play in allowing voters to hold politicians to account through their voting decisions. While politicians cannot determine levels of well-being, this is also true of levels of GDP and unemployment—these work as political statistics, however, because of the continued belief that people have in politicians’ ability to influence what happens. We further discuss the need for an effective headline well-being indicator in paragraphs to.
15. The recommendations which we make in this submission are intended to help the effective use of well-being indicators and evidence at each of these stages of the policy cycle.

The need for additional development of well-being indicators and data collection

16. In our view, a crucial requirement in order to mainstream the use of well-being evidence by policy officials is a high level of public understanding of, and engagement with, with the significance of the evidence. This is an essential factor in promoting ministerial priority being given to the evidence, which in turn sets the priorities of civil servants. Our discussions with officials make it clear that the need for public engagement with this agenda is well understood, particularly regarding the constraints ministers are under in their ability to place weight on wider indicators of progress when they are not deemed significant by the public.

17. One key route to public engagement with well-being evidence is through a high-profile headline measure of population well-being that is reported regularly by the media, and referred to frequently by politicians and political commentators. The ONS MNW programme clearly lays the foundations for this, both in its domains and indicators of national progress, as published in its Life in the UK 2012 report, and more specifically in the four subjective well-being indicators which this contains. These indicators are based on measures that have been added to the Annual Population Survey and are therefore available for a national sample of around 160,000 annually. However, as we argue in a forthcoming chapter, the fact that the MNW set contains a large number of indicators and lack of a clear headline measure “reduces the chances of the [indicator] dashboard becoming an effective political indicator with the power to shape overarching policy-making”. It is well understood within ONS that there is a “premier league” of indicators (comprising GDP, unemployment and inflation). If well-being evidence is ever to really take hold in policy-making, the ONS need to take the steps needed for a single subjective well-being indicator to join this premier league.

18. Recommendation 1. The Government should ask the ONS to use the building blocks within its MNW programme to create a subjective well-being indicator that is designed to take its place within the premier league of indicators, that is, those which have an overarching impact on public perceptions and policy-making.

19. The inclusion of the four subjective well-being measures in the Annual Population Survey (APS) is a significant step forward in making data available to policy-makers, that, because of the large sample size, can be analysed for relatively small geographical areas and population sub-groups. However, the data still has
limitations, because the number of other variables within the APS dataset is relatively small, meaning that it is only possible to examine the relationship between well-being and a relatively small number of other characteristics of people’s lives. Crucially, the APS does not include an income variable (it measures only the earnings of people in employment) and therefore severely limits the analysis of the relationship between well-being and income which is a key cornerstone of the well-being research field. Including an income variable on the APS, and including the subjective well-being questions on other government surveys which examine a variety of personal characteristics, would be two steps that would add considerable additional scope for well-being analysis in policy making.

20. **Recommendation 2.** There should be co-ordinated action to include the four subjective well-being measures on as many different government surveys as possible, and the ONS should ensure that household income data is collected for all respondents to the APS.

*What the Government is doing to get the right analytical skills and training (including social science skills), to reflect well-being thinking and to address all aspects of sustainable development; and how in practical terms to make such an approach operational in departments’ policy-making processes.*

21. Our engagement with policy-makers in Westminster and devolved UK governments leads us to make a number of observations on practical steps to make a well-being approach a reality. Some are steps which aim to embed a more strategic focus on well-being, including at senior levels of government, particularly aimed at the creation of the policy agenda stage of the policy cycle. Others are tools to help in the day-to-day business of policy-making at later stages of the cycle.

**Embedding a strategic focus on well-being**

22. Recent discussions we have undertaken with officials in one central government department highlighted that there are very well established ways of thinking among policy officials which are not tied to the programme of any particular government. Many are based on a neo-classical economic framework which often does not take into account the findings within schools of inquiry which have emerged more recently such as behavioural economics and well-being economics. For example, officials expressed wariness of policy interventions designed to improve well-being, because their overarching framework treated “intervening” as intrinsically harmful. However, this was not a conclusion reached after comparing the costs and benefits to well-being of intervening versus not-intervening, but rather a guiding intuition. Other examples are: the view that labour market flexibility ought to be an overarching policy aim, despite evidence of well-being costs of short-term contracts which suggests the need for more nuance in this goal; and the tendency to focus on market and monetary factors in policy-making because they are seen as “easier to measure”, despite all the recent advances in well-being measurement.

23. There is therefore a need to challenge this “prevailing policy wisdom”, which, we emphasise, is not tied to the programme of any particular political party but rather to the permanent institutions of government. Only then can adequate reference be made to the well-being evidence. In some ways, this is part of a broader (and long standing) agenda of encouraging an evidence-informed approach to policy-making. However (as philosophers of science such as Thomas Kuhn and Paul Feyerabend noted) the reality is that it is very hard for pieces of evidence, on their own, to challenge deeply held assumptions—instead, the pool of evidence is used selectively to support those assumptions. Some officials are well aware of the power of these assumptions and have suggested that to be truly impartial, they and colleagues may need help in making their assumptions explicit. We agree and advocate training to help policy officials become aware of the underlying frameworks guiding their work, and able to adopt alternative views guided by a framework based on the well-being evidence.

24. **Recommendation 3.** Resources should be invested in training civil servants in awareness of underlying policy frameworks, both those in common use currently as well as well-being frameworks.

25. A number of additional government structures will be required to meaningfully embed a well-being approach across policy-making.

26. To the extent that well-being evidence is likely to make a significant difference to setting the policy agenda, it will need championing at ministerial level. A Cabinet-level Champion for the well-being agenda would be particularly useful in ensuring that well-being evidence is properly considered, in particular in playing a role of challenging the set of assumptions underlying Cabinet decision-making, where these do not correspond to the well-being evidence. To be effective, the aims of the Champion role would need to be supported by senior Cabinet colleagues. The 2011 policy paper on Quality of Life produced by the Liberal Democrats made a similar suggestion for a Cabinet Champion for Wellbeing with official level support, and further recommended that “Independent scrutiny of how well the government is [promoting well-being objectives] should take place through a Wellbeing Audit Committee of the House of Commons, modelled on its Environmental Audit Committee”. Each government department should be asked to prepare a regular update to the Cabinet-level Champion, on the how their activity is incorporating a well-being approach.

27. The current unit in the Cabinet Office responsible for co-ordinating a well-being response to policy-making would be expanded, with roles to commission and carry out research, and develop policy models and tools. It should merge with a central policy-making unit as the agenda becomes mainstreamed.
28. The Cabinet-level Champion would be advised by an independent Well-being Advisory Committee composed of experts on well-being evidence and policy, modelled on the Natural Capital Committee. Its remit would be to help the Government better understand how well-being can best be promoted by reviewing departmental objectives against the well-being evidence.

29. It would also be useful to implement the functions of a Well-being Audit Committee (as in the suggestion noted in paragraph 27) to perform independent scrutiny of the government’s success in promoting well-being objectives. Such scrutiny would be an extremely useful measure to ensure that continued and thorough attention is paid to the well-being agenda, and in particular, to the recommendations that will emerge from this current inquiry. We believe that this scrutiny role could in fact continue to be carried out by the EAC itself, in a continuation of its excellent work on this agenda.

30. Both the advisory role of the Well-being Advisory Committee and the scrutiny role of the EAC will be particularly required during the process of embedding a well-being approach throughout policy-making. Once successfully achieved, well-being evidence will be being used as a matter of course throughout government, and therefore there will be less need for specific structures to focus on the use of the evidence—these roles will instead become merged with general advice to Government and scrutiny of its activity.

31. These changes to government machinery will be effective only if accompanied by a high-level of political commitment to mainstreaming the well-being approach, alongside the implementation of a headline political indicator to engage the public (see paragraphs 16 to 18). If this is not (yet) forthcoming, we suggest a reduced version of these structures is implemented to achieve an expanded, but ultimately still specialised role of well-being evidence in policy: an expansion of the existing Cabinet Office unit, a Cabinet Office Minister with well-being included in his or her remit, an external Well-being Advisory Committee reporting to this Minister, and a cross-government committee of senior civil servants to co-ordinate work on the agenda between departments.

32. Recommendation 4. Assuming a high-level of political commitment to mainstreaming the well-being approach, a number of new government structures should be implemented, at least during the transition to a mainstreamed well-being approach: a Cabinet-level Champion for Well-being, supported by an expanded Cabinet Office unit, and advised by an external Well-being Advisory Committee. Even without such high-level commitment, a reduced version of these structures should be implemented. The EAC should continue to play a strong scrutiny role of the Government’s actions on well-being.

**Operationalizing a well-being approach in day-to-day policy-making**

33. One means towards implementing a well-being approach in day-to-day policy making is to use models which summarise and help officials to absorb the very substantial evidence-base on well-being, and tools which facilitate the use of this evidence. Such models and tools play a different role to the somewhat lengthy evidence reviews which summarise the well-being literature in prose form, such as Dolan et al., 2006;15 Foresight, 200816 and Stoll et al., 2012.17 While these are very helpful reference documents, summary models allow policy-makers to form easy-to-remember guiding “rules of thumb” based on the well-being evidence, and the tools provide a guided process through this evidence.

34. It is crucial that these summary models and policy tools provide a certain level of simplicity without oversimplifying. Such oversimplification is sometimes a feature of people’s engagement with the well-being evidence. One example of this, which we noted in our work with senior local government policy makers, is the idea that the well-being agenda is fundamentally all about job creation.18 The aim of the summary models and guiding tools should be to help policy-makers easily recall and use the full breadth of the well-being evidence to use in their work without the need to resort to such crude oversimplifications, or to simply prioritise those parts of the evidence which reflect particular political or other ideologies.

35. Two summary models arise from our own work at nef. One, the dynamic model of well-being, was explicitly formulated as an attempt to represent the full breadth of evidence on the drivers of well-being; the other is the Five Ways to Well-being, developed to help individuals understand the evidence around actions to promote their own well-being. Both are described in Annex 1.

36. One important application of new policy tools is to encourage potential well-being impacts to be considered much earlier in the policy cycle, so that they influence the inception of ideas at policy development stage, and not just at the impact assessment stage when only details are likely to be changed. One early stage guiding tool might be, for example, a checklist of the key drivers of well-being. Another type of tool which might help with such early consideration is a policy screening tool, which guides policy makers through a set of prompts under a range of headings, designed to help consideration of the likely impact of a policy on broad range of the conditions important for well-being. This can help the policy design to be carried out so that it explicitly addresses impacts on the drivers of well-being. nef has recently helped to create one such online tool as part of Oxfam Scotland’s work on their Humankind Index, which is due to be launched during the summer of 2013.

37. The Treasury work already done on using subjective well-being data in social cost benefit analysis (see paragraph 28) is a practical development towards a detailed policy tool for use during the impact assessment stage of the policy-cycle. But the Green Book update and accompanying report in fact point to possibilities rather than concrete recommendations for the use of the technique. The Green Book says:
At the moment, subjective well-being measurement remains an evolving methodology and existing valuations are not sufficiently accepted as robust enough for direct use in Social Cost Benefit Analysis. The technique is under development, however, and may soon be developed to the point where it can provide a reliable and accepted complement to the market based approaches outlined above.\(^{19}\)

In our view, one step that would help improve the robustness of the methodology would be to develop an agreed statistical model of how key variables of policy interest determine subjective well-being for different population groups, ideally both in the short term and in terms of lagged, or long-term, effects. This would be shared between departments and would be a much more useful starting point for the use of well-being evidence in social cost benefit and other forms of analysis than simply the availability of the raw data.

38. **Recommendation 5**. Summary models and policy tools should be developed to help the policy-making process take better account of the well-being evidence, both at the early policy development stage, where summary models and guiding tools will be required, as well as more detailed tools for use at the impact assessment stage.

*What particular areas of policy making the Government should now open up to the results of the well-being analysis and research, and on which areas of policy-making it should exercise caution.*

39. The key characteristic of well-being evidence is that it applies to a wide range of policy areas—a result of the nature of the research field, which aims to understand the drivers of what promotes good lives overall. It may be helpful to think of the policy areas where well-being findings have relevance in two broad groups. First, the group of areas where applying policy levers is a very familiar approach—that is, policy relating to areas such as macro-economics and labour markets, health, education, housing and the quality of local environments. Second is the group of areas where policy intervention is less common and familiar (although not unknown), relating largely to the “good functioning” aspect of well-being—such as policy relating to promoting issues such as strong relationships among family and friends, people’s sense of control and autonomy, participation in activities to help others and personal resources such as a sense of self-esteem. This second group cross-cuts many of the areas within the first group, such that it is possible, for example, to ask of any policy initiative in the first group “What is the likely effect of this initiative on people’s relationships?”.

40. We have observed that there is a tendency to associate the well-being agenda most strongly with this second group of areas, focusing on issues such as participation in volunteering activities and community cohesion. This focus reflects one of the primary findings from the well-being field which has been summed up as “Humans are inherently social and altruistic.”\(^{20}\) Attention to such issues is therefore extremely important. However, attention to these findings should not come at the expense of also paying attention to findings very relevant to the first group of policy areas. In particular, there are a number of key implications for macro-economic and labour market policy\(^{21}\) which it is important to ensure do not get overlooked because well-being is put “in the box” of social, not economic, policy issues.

41. In addition, there is the danger, cited earlier (paragraph\(^{9}\)) that well-being evidence will only be used to provide support for policies which already have considerable momentum behind them. It is therefore important to identify those policy areas where the well-being evidence suggests a course of action which might not otherwise be pursued, and to treat these as priorities areas in which to for take a well-being approach. Using an example cited earlier (paragraph\(^{10}\)), well-being evidence suggests costs to temporary employment contracts which could indicate that modifications are required to the policy aim of pursuing increased labour market flexibility.

42. In regard to exercising caution in applying the well-being approach, the key consideration, in our view, is that promoting well-being is not the only important overarching policy aim for governments. As a result, trade-offs may arise between promoting well-being and other goals, which result in decisions not to work towards maximising well-being in a given situation. This is therefore not a matter of deciding not to examine the well-being impacts of any particular area, but is instead relates to the nature of the eventual decisions that are taken. For example, the aim to ensure environmental sustainability (which can be seen as a proxy for future well-being) might lead to decisions which do not always maximise current well-being; the aim to ensure environmental sustainability should not become eclipsed by the aim to promote current well-being.

43. One example of this sort of trade off was the recent claim of a government minister that “[t]he sum of human happiness that is created by the houses that are being built is vastly greater than the economic, social and environmental value of a field that was growing wheat or rape”\(^{22}\). This claim raises two key questions: first, whether in terms of current well-being the claim that houses promote well-being better than fields stands up to the sort of careful analysis of the type we describe in paragraph 14; and second, whether any current well-being benefits of building houses are in fact outweighed by the future well-being benefits of the improved environmental sustainability from preserving greenfield land.

44. This example also suggests that where a firm policy principle is in place, well-being analysis may not add much of value. For instance, it could also be the case that, in future, concerns for environmental sustainability through loss of greenfield land could lead ministers to state an over-riding policy principle that such land is to be preserved unless absolutely unavoidable. Where a firm principle of this sort is in place, an
45. Another sort of trade-off between overarching aims is between promoting well-being across the population and a concern for fairness. One implication of well-being research itself is the need to pay close attention to distributional impacts of policy—because £1 to someone on a low income is worth far more in well-being benefits than to a person higher up the income scale. But in addition, it may also be the case that certain policies to promote well-being have the unintended consequence of widening inequalities, for example, if they are taken up only by those whose starting level of well-being is already relatively high. In such cases, decisions may be taken to prioritise avoiding widening inequalities over increasing average well-being.

46. **Recommendation 6.** The Government should ensure that well-being evidence is applied to the full range of policy decisions for which it has implications, both social and economic, especially to those issues where it suggests a different course of action to that which would otherwise be pursued. Caution should be exercised to ensure that trade-offs with other over-arching policy goals are examined, and that promoting current well-being is not allowed to eclipse goals of ensuring environmental sustainability and fairness.

*How the ONS work might be further expanded or adjusted to reflect well-being research and metrics being developed elsewhere.*

47. As we argued in paragraphs to , we believe it is crucial to have a headline measures which command significant public attention, and we have concerns that the ONS’s current presentation of its well-being measures will not achieve this goal. The ONS work would therefore benefit from learning from those well-being indicator initiatives in the UK and beyond which have achieved significant public interest because they combine different measures into a headline indicator. Some initiatives which the ONS programme might look to in this regard include: the UN’s Human Development Index, the Canadian Index of Well-being, no’s Happy Planet Index and National Accounts of Well-being, the OECD’s Better Life Index and Oxfam Scotland’s Humankind Index. These indices have considerably varying approaches as to their constituent measures and methods of combining them, but share a top-level clarity and success in attracting attention.

48. In addition, the ONS should carry out detailed empirical work examining how the public respond to different presentation of measures, for example whether presenting the proportion of the population achieving a certain well-being threshold has greater salience than reporting an average level of well-being.

49. The ONS subjective measures of well-being would also benefit from taking account of the various international initiatives on well-being measurement. Some of these are explicitly aimed at harmonising approaches internationally, particularly the OECD Guidelines on Measuring Subjective Well-being, published earlier this year, and the EU Framework 7 funded project e-Frame (European Framework for Measuring Progress). Harmonisation is an important goal to allow international comparisons of national performance on well-being, which are another key means of driving sustained policy interest in the agenda. In addition, a number of surveys carried out across Europe have included modules of subjective well-being measures, including the European Quality of Life Survey, the European Social Survey and the EU-SILC (Statistics on Income and Living Conditions). Each of the surveys and initiatives has given explicit weight to the inclusion of measures of eudaimonic well-being, which reflect the good functioning aspect of the dynamic model of well-being (Figure 1). We argued in *Measuring our Progress* that such measures help policy-makers with the interpretation of findings based on other types of well-being measures, for example, in trying to understand the well-known finding from well-being research that unemployment bears greater well-being costs that just the loss of associated income. We think, therefore, that using eudaimonic measures will be particularly helpful for policy analysis and that opportunities to use such measures within the ONS work should be vigorously pursued. We were pleased to learn recently that ONS are planning to include the Warwick-Edinburgh Mental Well-being Scale (WEMWBS), which includes various eudaimonic items, among their measures of personal well-being. However, we understand that WEMWBS will not be included on the very large Annual Population Survey alongside the existing four subjective measures of well-being. Hence we believe that the ONS should explore further opportunities for the collection of data using eudaimonic measures.

50. **Recommendation 7.** In conjunction with our earlier Recommendation 1 (paragraph ) for a review of the MNW programme and subsequent revision of a headline well-being indicator, we recommend that the ONS should seek to learn from other successful indicator initiatives, carry out empirical research on how the public respond to details of indicators, and pay attention to initiatives for international harmonisation of well-being measurement, particularly regarding how it can incorporate further eudaimonic measures into its measures of subjective well-being.

*What lessons for considering social and human capital in national statistics reporting and policy making could be drawn from the separate work already under way on natural capital, including the operation of the Natural Capital Committee.*

51. We note the committee’s interest in developing a set of measures of human capital and social capital, building on the parallel with the work on natural capital, especially of the Natural Capital Committee. There is a conceptually pleasing neatness to having parallel sets of measures for economic, natural, human and social capital. However, we are not convinced that the latter concepts would effectively enhance policy-making.
52. First, we are concerned that “human capital” and “social capital” are not concepts with the power to engage public interest, and therefore become effective drivers of political attention, through the sort of process we describe in paragraph . Not only are they technical and jargon-laden terms, but they do not relate to readily intuitive concepts—unlike “well-being” which relates to accessible ideas such as “happiness with life”, “living a good life” and “flourishing”. Furthermore, if “human capital” is interpreted in terms of skills and expertise, and “social capital” in terms of the connections and networks between people, then additionally these two concepts risk leaving out the focus on genuine human experience which is so central to a well-being approach. Therefore, as a way of ensuring effective political action, we strongly prefer the concept of well-being.

53. Second, we believe that natural capital is different from other forms of capital—it is fundamentally non-fungible with other forms of capital because of our fixed planetary limits. But promoting policy thinking in terms of sets of parallel measures of different types of capital may have the effect of encouraging an approach which sees these capitals as mutually substitutable or equivalent. In our view, this approach therefore risks natural capital losing the special status which should be accorded to it in policy making.

54. Despite these concerns, we are interested in the question of the lessons that can be drawn from the operation of the Natural Capital Committee and suggest that the lessons learned are built in to the design of the Well-being Advisory Committee which we discuss in paragraphs 28 to 31.

Annex 1

SUMMARY MODELS FOR BRINGING WELL-BEING EVIDENCE INTO POLICY

A1. This annex provides an overview of two models arising from nef’s work which could be used in day-to-day policy-making as summary models of well-being evidence.

A2. The dynamic model of well-being, was explicitly formulated as an attempt to represent the full breadth of evidence on the drivers of well-being. It was created as an input to the Government’s 2008 Foresight Project on Mental Capital and Wellbeing and is shown in Figure A1. It describes well-being as flourishing—a dynamic process arising both from an individual’s external conditions (such as income, employment status, housing etc, as well as their surrounding social context) and their personal resources (such as their health, optimism, self-esteem and resilience). Together, these conditions and resources enable an individual to function well, that is, to interact well with the world around them to meet basic psychological needs for things such as a sense of autonomy, competence, meaning and purpose, and strong relatedness to others. In turn, good functioning influences how the person feels day-to-day and about life overall. The model also posits important feedback loops between its domains. The important messages for policy makers are: the need to consider policy levers within each of the model’s domains, rather than just focusing on one area such as external conditions; and the need to consider the interactions between the domains.
Figure A1: The dynamic model of well-being

55. The second model, also created as part of our work for the 2008 Foresight Project, is the Five Ways to Well-being. Unlike the dynamic model of well-being, this was created as a set of messaging aimed at individuals, to communicate the evidence about the types of actions people can take in their own lives to promote their well-being.25 It describes five types of evidence-based action to promote well-being: Connect, Be Active, Take Notice, Keep Learning and Give. However, despite almost zero budget for promotion, the Five Ways have become extremely widely used in a huge range of contexts in the UK and beyond26—including as a measurement framework and as a guiding framework for policy documents. We therefore think it has significant potential to be used as a policy summary tool, as a useful guide to the types of activities which can promote people’s well-being.

References

1. The Government’s focus is on supporting economic recovery, and delivering the fiscal deficit reduction programme upon which a strong and sustainable recovery depends. But there is also continuing work on some important long term issues for the country: wellbeing is very much one of them.

2. The National Wellbeing measurement programme run by the Office for National Statistics (ONS) stimulated an important debate on what we value as a nation, and, combined with the Sustainable Development Indicators, the type of society we want to pass on to future generations. By drawing attention to other important areas of progress, including people’s individual subjective experiences and feelings, wellbeing measurement challenges us to think differently and to make more rounded decisions focused directly on quality of life. This is not just about Government decisions: wellbeing is equally as relevant to the decisions of individuals, communities, businesses and civil society.

3. Since the launch of the programme in 2010 ONS has made excellent progress on measurement, publishing the first “Life in the UK” report in November 2012 along with an interactive “wheel of measures”. Our challenge in Government is to begin to use the emerging indicators to better account for wellbeing in policy development.
4. It should be emphasised that the current indicators are experimental statistics and still in development, and as such we should not expect at this stage to have examples of major decisions that have been heavily influenced by wellbeing research. This is very much a long term process. However, we are putting in place the foundations and most departments are using wellbeing data where it is relevant and adds value to their work.

To summarise:

5. Foundations: the Social Impacts Task Force (SITF), comprising senior analysts from across Government, has been working to make use of the wellbeing data, and to share approaches and findings across Government. The Cabinet Office has also convened a cross-Whitehall steering group of senior policy makers to encourage consideration of wellbeing in policy. In 2011 the Government published a Green Book discussion paper on how to use subjective wellbeing to inform cost-benefit analysis and to monetise non-market goods and services. The SITF has commissioned a paper on how to factor non-monetary benefits like wellbeing into decision-making using Multi-Criteria Decision Making Analysis approaches, building on the paper published by the Department for Environment, Food and Rural Affairs in 2011.¹ There have been a number of wellbeing seminars and training activities and some departments have produced their own wellbeing tools. The Government is also feeding into, and supporting, the Legatum Commission on wellbeing chaired by Lord O’Donnell, which will report in 2014.

6. Most departments are actively engaged in using wellbeing research in some way—particularly analysing and using individual subjective wellbeing data. Activities include adding subjective wellbeing questions into policy surveys to explore the detailed relationships with their policy areas; examples include: housing, crime, adult learning, sport, culture and health. The impact of policies is increasingly being evaluated in wellbeing terms, allowing the more robust capture of their effect on individuals. For example, the National Citizenship Service, support for the long term unemployed, Universal Credit, universal parenting classes and troubled families interventions are all measuring impact on the personal wellbeing of those involved. Subjective wellbeing data is also increasingly being used to value social goods, services and impacts in monetary terms, for example: unpaid care, volunteering, food safety, community learning, and occupational injuries.

7. Some departments are also beginning to look at their policies through a “wellbeing lens” and to explore how they might impact the domains of wellbeing and the different drivers of subjective wellbeing—positively or negatively. Known drivers of subjective wellbeing include control, family, social networks, and continued learning; These factors provide a disruptive perspective that can be a source of innovation in option selection, analysis and decision-making.

8. All departments are measuring the wellbeing of their staff. It is increasingly recognised, that employee wellbeing is associated with engagement, performance and productivity; so the case for measuring and improving employee wellbeing is not just about being a good employer, but also about performance and reducing absenteeism. Departments increasingly have employee wellbeing strategies, with the Department of Health and the Department for Work and Pensions in particular doing innovative work in this area.

9. Further afield from Whitehall, new legislation in Wales and Scotland is notable for its consideration of wellbeing, and there is some excellent work among local authorities that are focusing on wellbeing strategically. We are also engaging a number of businesses and third sector organisations that are exploring and implementing interventions to improve the personal wellbeing of staff, service users and customers.

10. Further detailed responses to the inquiry’s areas of interest from specific departments are provided in Annex A. A more detailed list of policy and analysis activities is provided in Annex B along with a few emerging case studies.

INTRODUCTION

11. The Government welcomes the Environmental Audit Committee’s (EAC) interest in wellbeing and inquiry launched on 26th April 2013. This Memorandum of Evidence has been compiled by Cabinet Office with contributions from across Government, including some Devolved Administrations and government agencies.

12. Cabinet Office has been working across Whitehall to encourage analysis of the ONS wellbeing data released to date, and also to consider how wellbeing research can be reflected and incorporated in policy.

13. This submission provides:
   — A brief overview of the Government’s work on wellbeing.
   — Summary contributions structured around the five key areas of interest indicated by the EAC in the Inquiry Terms of Reference.
   — A supplementary annex (Annex A) containing more detailed contributions from individual departments or organisations.
   — A supplementary annex (Annex B) providing more detailed tables and case studies of policy and analysis work on wellbeing.

14. Cabinet Office will be happy to provide any additional or follow-up information the EAC may wish to see.

**Factual Information**

*Background*

15. It is now widely recognised that GDP, or GDP per capita, are not the only measures of national progress and quality of life for policy makers to focus on. There has been much work in recent years, such as the 2009 report by the Commission on the Measurement of Economic Performance and Social Progress,² to explore social and environmental indicators that complement the traditional economic measures we routinely consider. The OECD, EU, UN and many countries are today taking an active interest in this field and have established measurement programmes related to individual and national wellbeing.

16. In 2010 the Prime Minister launched the UK’s own Measuring National Wellbeing programme by the Office for National Statistics (ONS), with the aim to “start measuring our progress as a country, not just by how our economy is growing, but by how our lives are improving; not just by our standard of living, but by our quality of life”.

17. In 2011, following the launch of the measurement programme, ONS conducted a national debate on “what matters to you?” holding 175 events involving around 7,250 people. This debate generated around 34,000 contributions in total. The findings were published in July 2011. Responses mentioned a range of factors affecting people’s sense of personal wellbeing, such as health, good relationships with friends and family, job satisfaction, economic security, education, and the condition of the environment (present and future).

18. The ONS has used the debate together with expert input and several public consultations as a foundation for the development of a wellbeing measurement framework. This has been published, and most recently updated in May 2013,⁵ as an interactive “wheel of measures”, comprising around 40 indicators across 10 domains of wellbeing such as “Our Relationships” and “Where We Live”.

19. This framework is intended to directly connect policy development to what people say matters most to their lives. As such, a very important aspect is the mix of objective and subjective measures that have been selected. This framework recognises that how people feel and experience progress is as important as what objective statistics tell us about their lives. Objective levels of crime, social isolation, and employment can differ from respective subjective levels of fear of crime, feelings of loneliness and job satisfaction—with clear consequences for policy.

20. In particular the Personal Wellbeing domain comprises four individual subjective wellbeing questions on Life Satisfaction, Anxiety, Happiness and “Worthwhile Activities”. These cover three important perspectives of personal wellbeing—evaluative, experiential and eudemonic. The four questions have been included in the Annual Population Survey since April 2011. The results have attracted particular attention among policy makers, analysts and economists, as evidence indicates that seemingly soft subjective indicators can ultimately present themselves in sharp objective ways. For example:

   — It has been estimated that high levels of subjective wellbeing are associated with an increase in life expectancy of four to ten years, compared to low levels of wellbeing
   — High subjective wellbeing is associated with greater confidence at interview among job seekers, and higher engagement levels in the workplace
   — Feelings of loneliness have physiological health consequences that equate, for example, to the impact of moderate levels of smoking

21. Other reasons why the individual personal wellbeing questions have tended to attract the attention of policy makers include:

   — They tend to be relevant across a broad range of social policies, and provide a small manageable set of measures to embed in policy evaluations
   — These indicators, particularly life satisfaction, tend to be influenced by, and a natural summary of, many of the other aspects and domains of wellbeing, including environmental factors such as proximity to green space and air quality
   — They also tend to be driven by, and therefore draw attention to, important factors that can receive less policy attention such as positive social relationships, personal control and freedom, and altruism; so considering the impact on the drivers of subjective wellbeing can support policy innovation
   — A focus on increasing individual subjective wellbeing can also promote earlier intervention/prevention approaches which build on assets (wellbeing) rather than focusing on deficits (ill-being)

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³ https://www.gov.uk/government/speeches/pm-speech-on-wellbeing
⁴ Measuring what matters: National Statistician’s reflections on the national debate on measuring National Well-being
22. Despite the excellent progress on measurement it is worth highlighting that the wellbeing framework and its measures are still in development and the statistics are experimental; the Government is therefore in the early stages of making use of the research in policy decisions. Focus has been on the long-term by putting in place the foundations to support and encourage usage as the statistics develop. These foundations include establishing a governance structure around wellbeing, raising awareness, and developing training and guidance to help Departments recognise the usefulness of wellbeing data and begin to embed it in their analysis and policy making processes. We provide more information on these in the following responses to the Committee’s specific areas of interest.

**Evidence responding to the Environmental Audit Committee’s Areas of Interest**

*The Government’s plans to utilise the results of the available well-being research and analysis in policy making.*

23. The Government’s approach is to measure wellbeing and use the emerging data to support policy development. No specific wellbeing targets have been set; nor are there mandatory policy assessment processes in place to consider wellbeing. Rather the focus is on providing guidance, encouragement and support from the centre and fostering interchange and sharing of learning between departments.

24. A small wellbeing policy steering group has been established to share and encourage progress. This is chaired by Cabinet Office with representation from HM Treasury, ONS, and Departments including Business, Health, Communities, and Transport. The Social Impacts Task Force (SITF), comprising analysts from across Whitehall and the devolved administrations, encourages and supports the analysis of wellbeing data (see paragraph below for further details).

25. Annexes are provided in respect of specific plans and uses of the wellbeing data. Annex A provides detailed responses to the EAC’s lines of inquiry from individual departments where available and Annex B provides some compilation tables across government and the devolved administrations. To summarise, key wellbeing activities include:

- **Adding wellbeing questions into specific policy surveys:** creating a pipeline of evidence to help relate wellbeing to specific policy areas such as crime, education, work, environment, and lifestyle choices. Wellbeing can act as a common currency of social impact across many different policy areas. Example surveys in which wellbeing has been included are: the Crime Survey for England and Wales, Health Behaviour in School-aged Children (HBSC) Study and Apprentice, FE learner and Community Learning surveys.

- **Evaluation of the impact of policy interventions on wellbeing:** creating a pipeline of evidence on “what works” to improve the wellbeing of specific groups or communities. National Citizenship Service, support for the long term unemployed, Universal Credit, universal parenting classes and troubled families interventions are all measuring impact on personal wellbeing.

- **Assessing the wellbeing of public service users:** subjective measures such as customer satisfaction are often used as indicators of the performance of services. For public services, for which improving the lives and wellbeing of those who need support is relevant, it can be useful to use measures of wellbeing such as life satisfaction; some services such as Job Centre Plus have been using such measures to understand the impact of their services on customers.

- **Conducting specific wellbeing research and analysis:** most Departments are analysing wellbeing data and how it relates to their particular policy area. Some have commissioned specific research; for example, analysts at the Department of Culture, Media and Sport have been analysing wellbeing data from the Taking Part Survey to understand how sport and culture contribute to our personal wellbeing; Arts Council England is researching the link between cultural engagement and wellbeing; and the Department for Work and Pensions has commissioned a number of research projects, establishing the role that employment plays in health and wellbeing and mapping successful wellbeing interventions to build social and human capital, including “Is Work Good For Your Health and Wellbeing?” and “Work and Mental Health”.

- **Using subjective wellbeing for the valuation of social goods and services:** a Green Book discussion paper published in 2011 set out how to use subjective wellbeing data to attach monetary values to social impacts, goods and services. There has been significant interest in these techniques to support cost-benefit analysis. Utilising these techniques, the Cabinet Office and Department for Work and Pensions released a paper in April 2013 valuing volunteering and unpaid care, and the Health and Safety Executive is looking at valuing occupational injuries and ill health.

- **Reflecting wellbeing in legislation:** wellbeing is a key theme in the Care Bill. The Welsh Government has a number of bills in progress where wellbeing is a key component, including the draft Social Services and Well-being (Wales) Bill and the forthcoming Bill on sustainable development.

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— Presenting wellbeing in novel ways and releasing open data: processing and formatting wellbeing data, presenting it in new ways, and making it available in open-data formats supports individuals, communities, civil society and businesses to engage with the new wellbeing data. The Department for Communities and Local Government has developed wellbeing maps and released modelled wellbeing data at a neighbourhood level.

— Early consideration of wellbeing in policies: policy makers can directly engage with wellbeing by considering the impact of proposed policy recommendations on the domains of wellbeing and the drivers of subjective wellbeing for each key stakeholder. Exploring ways to ameliorate negative impacts, or how marginal changes to recommendations can have positive wellbeing impacts, can be a productive part of the policy development process. Cabinet Office has been developing a simple workshop approach to encourage more consideration of wellbeing in the early stages of the policy process.

— Consideration of wellbeing in the design of services: it is also possible to try to design services to influence the known drivers of subjective wellbeing. Some local authorities have looked at designing the “five ways to wellbeing” into services (see paragraph 36 below).

— Employee wellbeing: the Civil Service People Survey includes questions on subjective wellbeing, allowing Departments to measure wellbeing and its drivers across the civil service. Wellbeing is closely associated with employee engagement and research indicates that staff with higher levels of wellbeing are likely to be more productive. An example initiative is the Ministry of Defence, which is finalising a Health and Wellbeing Strategy to look at ways in which they embed health and wellbeing into the Department’s processes and the culture of the organisation.

26. Annex B provides detailed examples and cases. For instance, research from the Department for Business, Innovation and Skills has calculated that Adult Learning has a substantial impact on life satisfaction, wellbeing and health, including mental health. In particular, an adult learning course which improves life satisfaction has a value to those who receive it of between £750 and £950 on average (derived using techniques advocated in the Green Book Annex on Social Cost-Benefit Analysis). Cabinet Office research has measured significant increases in wellbeing between young people undertaking National Citizenship Service and a control group; 9% reported reduced anxiety compared to the control group, and 5% an increased sense of “worthwhile activities”.

What the Government is doing to get the right analytical skills and training (including social science skills), to reflect well-being thinking and to address all aspects of sustainable development; and how in practical terms to make such an approach operational in departments’ policy-making processes.

27. The Social Impacts Task Force (SITF) was set up in August 2010 with the aim of developing a cross-Government approach to understanding social impacts, and embedding consideration of such impacts in policymaking. Members of the taskforce are analysts from across Whitehall and the devolved administrations with expertise and experience in this area, and it meets on a quarterly basis. SITF has been playing an important role in sharing good practice and guidance on wellbeing analysis. In particular it is:

— sharing departmental and devolved administration evidence and analysis of wellbeing, to improve the scope and quality of wellbeing analysis in departments;

— supporting the use of the ONS wellbeing data by encouraging and showcasing good practice;

— increasing the use of wellbeing questions in public surveys and evaluation, drawing on the expertise of external research providers, and disseminating information on which surveys include wellbeing questions;

— delivering a joint training course with the Cabinet Office for analysts on wellbeing, which will provide analysts with the necessary skills to be able to use and analyse wellbeing data in their policy areas; and

— delivering events and seminars on wellbeing.

28. Outputs of SITF to date include:

— A survey of the range and approaches used to assess social impacts across departments.


— A framework for understanding the social impacts of policy and their effects on wellbeing.


29. To raise awareness of the use of wellbeing research in policy, in May 2012 the group delivered a conference jointly with the Cabinet Office, chaired by Lord O’Donnell and aimed at government analysts. Over 200 Government Economic Service (GES) and Government Social Research Service (GSR) members attended this event, which featured presentations by government analysts as well as external experts.

30. Cabinet Office has developed and conducted a range of training and awareness-raising events with analysts, economists, and policymakers, including:

— Seminars in conjunction with the Policy Profession in 2011–2012 reaching over 500 policymakers, with follow-on briefing provided to a further 3,000.
— A presentation to a Senior Civil Service Top 200 event.
— Wellbeing briefings are included in the Cabinet Office “Policy School” 2012–2013.
— This year a learning and development course for analysts, economists and statisticians on collecting, analysing and interpreting wellbeing data is being created in conjunction with SITF.
— Workshops on wellbeing with academics, with recent themes including criminal justice, the economy, and loneliness (led by Public Health England).

31. The Government Social Research Service (GSR), Government Economic Service (GES) and Government Statistical Research Service (GSS) are supportive of wellbeing training. Members of the Services are expected to commit to undertaking professional training each year and skills applicable to the analysis of wellbeing data are included in the GSR Professional Skills Framework. Civil Service Learning also offers a course on analysis and use of evidence for non-analysts, to ensure that all civil servants have access to training on basic social science principles.

32. In addition Departments and agencies run their own internal seminars and training. Some examples include:
— The Department for Work and Pensions hosted a seminar on ageism and wellbeing, drawing on the European Social Survey.
— In February this year the Health and Safety Executive’s (HSE) analytical unit organised a training session with the London School of Economics covering valuation using subjective wellbeing outcome data.
— The Ministry of Defence draws on the social science skills of the Defence Science and Technology Laboratory and its contractors for support.
— The Department of Health is drawing on wider analytical expertise, for example making effective use of the Economic and Social Research Council’s postgraduate internship scheme and appointing a student to work specifically on the wellbeing agenda in the Department.

Department for Transport analysts are familiar with the techniques needed to assess the welfare impacts of policy interventions, as required by the Green Book and the more detailed guidance that follows from it. Further, the Department for Transport is developing an interactive tool designed to raise awareness amongst transport policy makers and practitioners of the relationship between transport interventions and wellbeing.

33. In practical terms Cabinet Office has been developing and testing a wellbeing workshop which helps participants consider how policy recommendations affect subjective wellbeing drivers for different stakeholders. This encourages the identification of marginal changes with significant potential impacts on wellbeing that can be made to policies. It also helps to explore the comparative impacts on different groups.

34. The Government Office for Science published its Foresight report on Mental Capital and Wellbeing in 2008. The “five ways to wellbeing” framework which emerged from the Foresight work describes steps that individuals can take to develop and strengthen their own mental wellbeing. These can also be applied to policies and services to try to “design in” some of the key ingredients of personal wellbeing—connect, learn, give, take notice and physical activity.

What particular areas of policy making the Government should now open up to the results of the well-being analysis and research, and on which areas of policy-making it should exercise caution.

35. Wellbeing science has wide-ranging applicability and relevance across Departments and policy areas and this is clear from the breadth of examples and plans in Annex B. A few areas highlighted of relevance by departments include:
— Wellbeing at work and Adult Learning (Department for Business, Innovation and Skills).
— Transforming Defence which will have an impact on the health and wellbeing of staff (Ministry of Defence).
— Transport issues including encouraging cycling and walking, alternatives to travel, and promotion of the door-to-door strategy (Department for Transport).

36. Please see Annex A for Departments’ responses on specific policy areas.

37. The fact that the national wellbeing framework is a work in progress and still considered new and experimental statistics suggests some degree of caution in policy application, as the work develops and analytical approaches and techniques mature. It is still relatively early days for the use of wellbeing analysis and research in policy. This is reflected in the international field, where there is growing consensus about the measurement of wellbeing but where the subsequent progress on policy is naturally behind.
How the ONS work might be further expanded or adjusted to reflect well-being research and metrics being developed elsewhere.

38. The ONS continues to refine the National Wellbeing Measurement framework and underlying measures. This refinement incorporates significant consultation and input from a wide range of stakeholders. Whitehall departments and agencies are in ongoing dialogue with the ONS team on the relevant wellbeing domains and measures of interest to their policy areas. ONS has developed clear criteria for the inclusion of measures in the framework.

What lessons for considering social and human capital in national statistics reporting and policy making could be drawn from the separate work already under way on natural capital, including the operation of the Natural Capital Committee (NCC).

39. The Government welcomes the work underway on natural capital and a number of departments are considering how to account for nature and social capitals in their work. Please see Annex A for full responses from other Departments. A few examples follow.

40. A key focus for Defra has been on natural capital and the department will continue to work closely with the NCC to help hardwire it into economic decision making. The measurement, valuation and good management of our natural capital is crucial if we are to achieve sustainable economic growth and enhanced wellbeing.

41. Economists within BIS, DECC and Defra, already provide analysis and advice in relation to green economy and sustainable development issues and there is the potential to develop this further, taking account of the well-being research as appropriate. BIS supports the objectives of the Natural Capital Committee and looks forward to seeing the committee’s output over the coming years.

42. In a specific example, DfT has conducted research into the value of concessionary bus travel and this has highlighted the importance of the bus pass for maintaining social engagement and preventing isolation amongst older people. There is direct read-across to social capital (DfT 2007, Understanding the travel needs and behaviour of people in later life).

43. Furthermore DfT is planning to incorporate the “Ecosystem Services” approach into the WebTAG appraisal framework in 2014. This approach values the full range of services ecosystems provide to society such as waste disposal and carbon dioxide absorption. Taking account of these services ensures transport interventions maintain a healthy, sustainable environment.

44. MOD’s consideration of social and human capital relates mainly to its programmes and projects. In relation to infrastructure programmes this can be considered as part of socio-economic reports to inform sustainability appraisals. MOD is also aware of the benefit of natural capital in adventurous training, decompression after Operational Tours, and the rehabilitation for veterans. Project Nightingale is an example which uses archaeology to speed wounded soldiers’ rehabilitation and give them valuable skills should they have to leave the Army. The MOD participates in the NCC and is starting to think about how it can use the report to inform how it considers natural capital in the management of its estate.

45. The Cabinet Office leads on the Community Life Survey which incorporates a number of questions and statistics related to social capital, such as trust and connectedness. The Department for Work and Pensions is interested in using insights from the Natural Capital Committee to consider how to value human capital engaging in non-market activity.

Annex A

DETAILED RESPONSES FROM INDIVIDUAL DEPARTMENTS

BUSINESS INNOVATION AND SKILLS

Use of well-being research and analysis in policy-making

Adult Learning

A1. We have undertaken a variety of analysis on the impact of adult learning on wellbeing—beyond its effect on earnings and employment outcomes. This includes:

(a) Inclusion of the four ONS wellbeing questions in the main FE learning surveys.8

(b) A study to monetise the impact of adult learning on wellbeing—using wellbeing evaluation and contingent valuation techniques.9

(c) Econometric analysis of different longitudinal datasets on the impact of adult learning on particular aspects of wellbeing for different groups eg analysis of:


A2. This analysis helps BIS to better understand the full impact of FE and HE learning interventions (ie beyond the impact on an individual’s earnings) and to shape policy accordingly. Wellbeing analysis is relevant to all FE and HE learning, but in particular Community Learning. This is a £210 million budget and supports a wide range of courses from arts and culture to family learning, healthy living and getting to grips with a computer for the first time. Its focus is therefore on social (rather than economic) outcomes to a greater extent. We have undertaken a longitudinal survey to better understand the impact of Community Learning on a variety of wellbeing-related outcomes.13 This survey, along with the research above, informs the case for government funding and will help to shape policy delivery going forward. Headline findings were:

(a) 89% of respondents said the course helped keep mind and body active; this rose to 94% of those with a longstanding health condition or illness.
(b) 61% said the course had given them new skills they could use in a job, rising to 75% for those looking for their work.
(c) 71% said their quality of life had improved as a result of the course and 82% were more confident in their abilities.
(d) 11% said they had become involved in voluntary activities as a direct result of their course. The figure was 15% when looking at those from more deprived areas.
(e) 58% of those with children under 18 said the course helped them become a more confident parent. Impacts included being more confident helping with homework and being able to talk about issues likely to affect teenagers.

Wellbeing at work

A3. As part of the implementing modern workplaces agenda, through the Children and Families Bill, the Government is reforming the current system of maternity, paternity and adoption leave and pay, to introduce a system of shared parental leave. This will ensure the law better supports families juggling work and family life, and help the businesses that employ them.

A4. The Bill will also extend the right to request flexible working to all employees. This will enable all employees to discuss changes to the way they work with their employer, and move the discussion away from why the employee needs to work flexibly, and onto how flexible working will work for the business.

A5. Related to this, the Every Business Counts (EBC) framework, launched by the Prime Minister in December 2010, sets out the key priorities where Government wants to work with business to deliver more on the responsible business agenda, by helping tackle the wider challenges that face both the economy and society. There are 5 strands to EBC:

(a) Improve skills and create jobs
(b) Support local communities
(c) Support small and medium sized enterprises to grow
(d) Improve quality of life and wellbeing for employees
(e) Reduce carbon and protect the environment

A6. In the strand aimed at “improving quality of life and wellbeing for employees”, one of the main messages is that looking after your staff, customers, suppliers and environment will have a positive impact on the bottom line.

A7. BIS commissions two surveys which shed light on employee wellbeing:

(a) **Workplace Employment Relations Study**: The 2011 Workplace Employment Relations Study (WERS) collects information from employees on job satisfaction and well-being. Information is gathered on job demands and job security, employee satisfaction with aspects of their job

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10 BIS Research Report No. 92, ‘Learning and Wellbeing Trajectories Amongst Older Adults in England’

11 BIS Research Report No. 91, ‘Contribution of Basic Skills to Health-Related Outcomes During Adulthood’
https://www.gov.uk/government/publications/the-contribution-of-basic-skills-to-health-related-outcomes-during-adulthood-
evidence-from-the-bcs70

national-child-development-study

and overall well-being at work. WERS is a series that spans decades, but is conducted intermittently.

(b) **Work-life balance surveys:** These sample employers and employees, and provide information on satisfaction with working hours, the awareness and take-up of work-life balance practices, as well as policies and attitudes towards work-life balance practices. For example, on flexible working, it finds that the main advantages for those who had done so were an increase in the amount of free time (cited by 24%), increased time spent with family (18%), improved work-life balance (17%) and greater convenience (14%). Nearly half (48%) of those working flexibly did not feel that there were any negative consequences of doing so. Lower pay was the most frequently cited negative consequence (18%). The Fourth Work-Life Balance Employee Survey was published in July 2012. This year BIS has commissioned the Fourth Employer Work-Life Balance Survey.

**Sustainable Development**

A8. Businesses have a key role to play in delivering sustainable development, particularly as they invest to develop new ideas, raise their productivity and create new products and services. BIS therefore has a significant role to play in delivering sustainable economic growth.

A9. Responsibility for sustainable development has been embedded into policy making across the Department. Policy teams have a responsibility to consider the long-term social, economic, environmental and financial impacts of their policies, as well as understanding the effects on all communities (urban or rural) and businesses. As policies are developed and implemented, impacts on protected groups are also appropriately considered.

A10. Economists within BIS, working with colleagues in DECC and Defra, already provide analysis and advice in relation to green economy and sustainable development issues (eg in relation to the Green Investment Bank, which was launched in November 2012, and will help to accelerate private investment in the UK's transition to a green economy) and feel we have the skills to develop this, further taking account of the wellbeing research as appropriate. We also support the objectives of the **Natural Capital Committee** and look forward to seeing the committee’s output over the coming years.

**Government Office for Science**

**Mental Capital and Wellbeing**

A11. In October 2008, the Government Office for Science published its Foresight report “**Mental Capital and Wellbeing: Making the most of ourselves in the 21st Century**” (MCW). It used the best scientific and other evidence to develop a vision for the opportunities and challenges facing the UK over the next 20 years and beyond. It explored the implications for everyone’s mental capital and wellbeing, and provided signposts for what we will need to do to meet the challenges ahead, so that everyone can realise their potential and flourish in the future.

A12. The importance of promoting positive mental health for the general population was a consistent message throughout the report. It proposes that achieving a small change in the average level of wellbeing across the population would produce a large decrease in the percentage with mental disorders, and also in the percentage with a sub-clinical disorder.

A13. The report has had considerable impact on government policy eg DH’s mental health strategy “No health without mental health: a cross-Government mental health strategy for people of all ages” carries forward some of the study’s principal conclusions; in particular, the call for an integrated, cross-government response to future challenges, which recognises key social as well as medical determinants, and the necessity to align and integrate interventions across the life course. Also included are the MCW report’s “Five-ways-to-wellbeing” (5WTWB), which describe steps that individuals can take to develop and strengthen their own mental wellbeing.

A14. The 5WTWB have featured in many of the policies and activities of organisations which focus on the delivery of services and support eg the Wellbeing Strategy, Lambeth Borough Council which the Cabinet Office cites in as “Case 8” in its document “**Wellbeing Progress: Emerging Examples and Departmen tal Plans**” (March 2013).

A15. The MCW also outlined some key messages on mental health and wellbeing at work:

(a) Annual audits to provide quantitative measures of stress and well-being in the workplace.

(b) Training for line managers so they understand better their impact on the mental capital and wellbeing (MCW) of their staff.

15 [http://www.bis.gov.uk/assets/foresight/docs/mental-capital/so-b13_mcw.pdf](http://www.bis.gov.uk/assets/foresight/docs/mental-capital/so-b13_mcw.pdf)
17 The ‘One-year Review’ of MCW’s impact is found at: [http://www.bis.gov.uk/assets/foresight/docs/mental-capital/mcw_oyr_180410_final.pdf](http://www.bis.gov.uk/assets/foresight/docs/mental-capital/mcw_oyr_180410_final.pdf)
(c) The development and use of key performance indicators relating to mental capital and wellbeing for organisations.

(d) The establishment of a Workplace Commission to promote workplace audits and to help SMEs to respond to the findings.

(e) New approaches to flexible working.

DEPARTMENT OF ENVIRONMENT, FOOD AND RURAL AFFAIRS

A16. Defra was an early proponent of wellbeing in its broadest sense as part of the Department’s general approach to delivering sustainable development, which goes wider than simply considering the social, environmental and economic factors in decision making. However, the current focus on the wellbeing agenda in measurement terms places greater emphasis and gives greater granularity to considering social impacts. The cross Government wellbeing programme is also focused to a greater extent on subjective wellbeing and the impact on current generations.

A17. Defra’s plans to utilise the results of the available well-being research and analysis in policy making.

A18. There are many areas where Defra policy teams are considering wellbeing analysis or social research. Some examples are provided below, but other policy areas looking at the data linkages with wellbeing include Local Environmental Quality.

Natural Environment

A19. The Government takes extremely seriously the worrying decline in many aspects of nature in our country and recognises the impact this has on wellbeing. The Natural Environment White Paper (NEWP) in 2011 builds on the groundbreaking 2011 UK National Ecosystem Assessment (UK NEA). The UK NEA reported that the natural world and its constituent ecosystems are critically important for our wellbeing and economic prosperity, through providing a host of ecosystem services.

A20. Defra is making significant progress on delivering the White Paper commitments with over half of them now having been delivered. For example, we have:

(a) set up the Natural Capital Committee (NCC) to help us better understand the state of the natural environment and how this affects the economy and wider wellbeing;

(b) extended and improved our protected area network on land and at sea;

(c) made £7.5 million available for new Nature Improvement Areas [more detail in separate Policy & Analysis Plans document] to deliver landscape scale habitat restoration for wildlife and people;

(d) established a Green Infrastructure Partnership to support the development of green infrastructure in England and how it can be enhanced to strengthen ecological networks and improve communities’ health, wellbeing and resilience to climate change.

A21. The health and wellbeing improvement potential of access to a good quality natural environment (including urban green space) is well documented, and recognised by DH. The Public Health Outcomes Framework contains an indicator on “Utilisation of outdoor space for exercise/health reasons” which is fed by the Monitoring Engagement with the Natural Environment (MENE) run by Natural England (NE). This survey measures the importance of “nature nearby” or “nature on the doorstep” to human health, mental health and well-being.

A22. There are on-going academic projects relating to wellbeing using the MENE data with support from NE. These include analysis of physical activity data alongside a range of factors including socio-demographics, green space and an investigation into motivations for visits to different environments, including those related to well-being (eg “to relax and unwind” or “for health and exercise”). NE is carrying out an internal exploratory project to understand the factors affecting the level of wellbeing people get from visits to the natural environment.

Rural Communities

A23. The Department supports the vision of the Government’s Rural Statement, which includes as one of its three priorities “rural people to have fair access to public services and to be actively engaged in shaping the places in which they live”. Implicit in the objective is that the well-being of rural residents can be positively influenced by action in this regard. Areas with direct relevance to wellbeing being looked at by Defra in conjunction with other Government Departments include rural broadband provision [more detail in separate Policy & Analysis Plans document]; rural aspects of fuel poverty and child poverty, future library provision, and health issues such as the Public Health Outcomes Framework and impacts of an ageing population.

Air Quality

A24. The Government published an Air Quality Strategy in 2007 and in 2010 made a commitment to meet health based EU air quality standards. Air pollution is included in the Public Health Outcomes Framework (as
measured by its contribution to all cause mortality). The Chief Medical Officer has also identified poor air quality as one of the top ten causes of mortality in the UK. It is the most significant pollution related risk to health and wellbeing. Defra provides information to the public on air pollution levels and advice on health precautions especially for vulnerable groups. Defra is seeking to expand the reach of these services through engaging with civil society groups and is working with other Departments especially DfT and DECC to investigate and implement measures to improve air quality.

Noise

A25. The Government’s Noise Policy Statement18 for England clearly recognises and reflects the links between noise and health and wellbeing. Defra is currently working with the Cabinet Office, to provide them with data on noise complaints to begin to establish whether there is a correlation between a good local environment and wellbeing. This is to help build the evidence base around whether and what the links are between “where you live” indicators and wellbeing, to inform policy going forward. Defra is also liaising with Cabinet Office regarding exploring whether there is a correlation between noise exposure and perceived well being. Initially this will use aircraft noise, but road and rail noise are likely to follow. Defra is also providing noise-related data for the Department of Health’s Public Health Outcomes Framework.

What Defra is doing to get the right analytical skills and training (including social science skills), to reflect well-being thinking and to address all aspects of sustainable development; and how in practical terms to make such an approach operational in Defra’s policy-making processes.

A26. Defra has continued to build its analytical capacity, including recruiting more social scientists since publishing the Evidence Investment Strategy 2010, who now work across the department in priority policy areas alongside other analyst specialists. Defra social science ensures that social impacts are effectively reflected in all stages of policy development, from options appraisal and impact assessments to implementation and evaluation. This reflects the critical importance of achieving social as well as economic and environmental sustainability from our policies and builds on the expertise embedded within Defra relating to Sustainable Development.

A27. Further to this, Defra is taking steps to renew its Evidence Investment Strategy which will further reflect the balance of capabilities, skills and training across the Department necessary to incorporate wellbeing thinking in policy development.

What particular areas of policy making Defra should now open up to the results of the well-being analysis and research, and on which areas of policy-making it should exercise caution.

A28. Defra already considers a range of evidence when developing its policy approaches—economic, environmental and social. Where relevant and robust data exists this will form part of the evaluation process and Defra welcomes good quality research that improves understanding of impacts and benefits of policy proposals. There are no specific policy areas where caution would be exercised; rather caution would be applied in the case where evidence is not considered robust.

How the ONS work might be further expanded or adjusted to reflect well-being research and metrics being developed elsewhere.

A29. The ONS work on measuring national wellbeing is based on the same underlying framework as Defra’s sustainable development indicators. Both cover economic, environment and social issues, though the national well-being and SDI measures were developed for different policy and measurement purposes. While the national well-being measures do include some long term indicators, they tend to focus on the current well-being of the nation so that policy makers, businesses, civil society and individuals can make more rounded decisions about what really matters to people now. The well-being framework includes a number of environmental and economic measures, but currently tends towards measuring social progress.

A30. The ONS work also has links to initiatives on resource efficiency and integrating an ecosystems approach in decision making. Defra is closely linked to this work; for example its Head of Profession for statistics chairs the Wellbeing Programme’s Environment Project Board and relevant statistical leads have been involved in the development of wellbeing measures for the “where we live” and “natural environment” domains.

What lessons for considering social and human capital in national statistics reporting and policy making could be drawn from the separate work already under way on natural capital, including the operation of the Natural Capital Committee.

A31. In line with Defra’s Evidence Investment Strategy 2010–2013, which emphasised the importance of fully integrating an understanding of social impacts into policy development, the department championed the establishment of the Social Impacts Taskforce (originally jointly chaired by Defra’s chief economist). The Task

A32. The framework develops the approach in the HM Treasury Green Book and helps officials to take social impacts, which influence wellbeing, into account in the advice given to Ministers across government. Defra has adopted a “capitals approach” in the framework to assess sustainability in terms of whether the stock of assets passed on to future generations is better or worse than what is available today, which is an important analytical component of mainstreaming sustainable development.

A33. A key focus for Defra has been on natural capital and the department will continue to work closely with the NCC to help hardwire it into economic decision making. The measurement, valuation and good management of our natural capital is crucial if we are to achieve sustainable economic growth and enhanced wellbeing.

A34. For example, the NCC suggested that an offsetting system could be a useful tool in ensuring that development does not lead to the erosion of natural capital assets. Defra has, therefore, been in frequent contact with the Committee, using its expertise to guide the possible formulation of such a policy. The NCC also advised the government on the recommendations of the Independent Panel on Forestry which fed into the Government’s Forestry and Woodlands Policy Statement. Defra has been actively driving efforts to embed natural capital approaches in decision making. This includes:

(a) The publication of supplementary Green Book guidance on accounting for environmental impacts
(b) The commitments to include natural capital in the UK environmental accounts by 2020 according to the timetable set out in the roadmap published by the ONS in December 2012.
(c) The National Ecosystems Assessment follow-on phase, an important part of which is the development and enhancement of tools to integrate the ecosystem approach in decision making at all levels.

DEPARTMENT OF HEALTH

What are the Department of Health’s plans to utilise the results of the available wellbeing research and analysis in policy making?

A35. In addition to influencing the ONS framework, the Department of Health is starting to develop a narrative on wellbeing and why it matters to health policy. Alongside this narrative, the Department is compiling a compendium of wellbeing fact-sheets. The fact-sheets will take a life-course approach in addition to exploring the relationship between wellbeing and health, wellbeing and lifestyle risk factors, wellbeing and mortality, international comparisons, and “what works” for wellbeing.

A36. DH is building on the available wellbeing research by commissioning secondary analysis of wellbeing data from the Health Survey for England, Understanding Society and the Millennium Cohort Study. The secondary analysis will explore the predictors of wellbeing; by understanding the profile of people with high levels of wellbeing, we can gain an insight into the conditions in which people are most likely to thrive.

A37. The Department of Health is continuing to contribute to the evidence base on wellbeing and health by including wellbeing questions on a number of DH funded surveys. For example:

(a) Health Survey for England.
(b) Understanding Society.
(c) English Longitudinal Study of Ageing.
(d) Health Behaviours of School Aged Children.
(e) Smoking, Drinking and Drug Use Survey of Young People in England.
(f) Millennium Cohort Study.

A38. Wellbeing questions are also included on Public Health England’s Lifecourse Tracker. By including wellbeing questions on surveys it allows for the relationship between wellbeing and various social and health factors to be explored.

A39. Wellbeing is a key theme in the Care Bill. Part 1 of the Care Bill aims to modernise and reform current social care law, which is outdated and complex. The Bill, which is currently passing through Parliament, creates a new statutory principle which applies to all the functions related to Care and Support. It means that whenever a local authority makes a decision about an adult, they must promote that adult’s wellbeing. This ensures that individual wellbeing is the driving force behind care and support, so that local authorities focus on achieving the outcomes which matter to people. For the first time in law, this clause gives a proactive, positive message about what care and support is for. The wellbeing principle is central to the Bill’s approach to enshrining individual needs and outcomes at the heart of the new legal framework. This will ensure a person-centred approach is followed by local authorities. The wellbeing principle applies to functions and decisions concerning carers as well as concerning adults with care and support needs.

A40. The Department’s Research and Development Directorate are managing a project to address how Quality Adjusted Life Years (QALYs) do not take adequate account of subjective wellbeing. QALYs are the standard approach to deciding which treatments the NHS should offer. The QALY is based on a standard single index health value called the EQ-5D. In recent years, QALYs have been criticised for not taking adequate account of subjective wellbeing. This DH funded project attempts to address this gap: by estimating wellbeing weights for the EQ-5D, it will be possible to examine the potential consequences of using wellbeing in assessing the cost effectiveness of health care.

A41. Finally, the Department of Health is contributing to the World Health Organisation Health 2020 Policy Framework, drawing on UK wellbeing evidence. DH is also represented on the Expert Group on Measurement and Target-Setting for Wellbeing for the Framework.

What is the Department of Health doing to get the right analytical skills and training (including social science skills) to reflect wellbeing thinking and to address all aspects of sustainable development; and how in practical terms to make such an approach operational in DH’s policy making processes?

A42. The Department of Health has a strong analytical community with a Chief Analyst with a background in the social sciences. Analysts working on wellbeing in the Department of Health have relevant skills and have also signed up to the Cabinet Office wellbeing training course. This course will build knowledge of the wellbeing data available, in addition to giving an overview of Green Book techniques.

A43. DH analysts are also trialling Cabinet Office wellbeing workshops in policy areas, in order to reflect wellbeing in the policy. These workshops involve a number of analyses including wellbeing driver analyses, distribution analyses and time analyses.

A44. DH analysts are working with colleagues to review the Department’s policy making process and to help embed wellbeing into this process. Additionally, DH is drawing on wider analytical expertise, for example, making effective use of the Economic and Social Research Council’s postgraduate internship scheme and appointing a student to work specifically on the wellbeing agenda in DH.

A45. Wellbeing is relevant to many aspects of health and DH is already using the wellbeing evidence base in a number of ways and considering how wellbeing can be embedded into policy-making. The Department has established a new director-level Group on Wellbeing, comprising senior colleagues who are interested in embedding wellbeing into policy making. The Group is considering how to look at health policies through a wellbeing lens in policy development and implementation, and hopes to identify example “quick win” policy areas to test this on.

A46. The Group met for the first time in April and agreed actions. The Group will reconvene in the autumn to update on progress.

How might the ONS work be further expanded or adjusted to reflect wellbeing research and metrics being developed elsewhere?

A47. The Department of Health has been working closely with ONS since the wellbeing agenda was launched in November 2010. Most recently, DH has been working closely with ONS to expand the Wellbeing Framework to include a measure of mental wellbeing. Mental wellbeing highlights the importance of positive mental health in people’s overall wellbeing, and it reflects how the current policy debate on mental health has matured in recent years. Due to this, DH has been keen to see a measure of mental wellbeing included in the wellbeing framework to enable maximum use of the Framework by policy makers. Mental wellbeing will be included in the next iteration of the Framework and this was signalled in the most recent report from ONS.

A48. It should be noted that ONS is involved in much of the international work on wellbeing, including WHO Health 2020 Expert Group on Wellbeing, work by OECD and work with the United Nations. Many of the international groups involved in the work on wellbeing have been looking to the UK and ONS as world leaders in this area.

What lessons for considering social and human capital in national statistics reporting and policy making could be drawn from the separate work already underway on natural capital, including the operation of the Natural Capital Committee?

A49. DH accounts for some factors of human capital impact, for example by monetising health benefits in cost-benefit analyses (eg, in impact assessments). The Department attempts to monetise the health benefits of a policy, assuming it is possible to monetise it in the first instance.

A50. To date, the Department of Health has not considered the recommendations or used the outputs of the Natural Capital Committee.
HM Revenue and Customs

A51. HMRC have developed and published a Wellbeing Strategy and Action Plan, communicating the importance of Wellbeing and how this can impact on attendance, engagement and performance.

A52. As a partner of The Public Health Responsibility Deal, HMRC have demonstrated their commitment to the Government’s health reforms through educating, encouraging and supporting its people to take a proactive approach towards enhancing their physical, mental and social wellbeing.

A53. Attendance & Wellbeing Champions have been placed within each line of business to support managers when considering the wellbeing of staff as part of good people management practice and to analyse absence data to inform intervention.

A54. Information on local wellbeing initiatives is shared through a national register to encourage participation and share knowledge. To support local wellbeing initiatives a Casual Trader policy has been developed.

A55. A number of campaigns have been supported to encourage people to stop smoking, eat healthier and be alcohol aware. HMRC participated in the Civil Service Physical Activity Challenge 2012 promoting the Chief Medical Adviser’s recommendations of 150 minutes of physical activity each week. A cycle to work scheme was launched offering financial support to purchase a bicycle and equipment.

A56. Provision of Occupational Health Service (OH) and an Employee Assistance Programme (EAP), further supports HMRC people to look after their health and wellbeing and supports managers with their duty of care and management role. The services of both providers have moved towards a proactive approach to health and wellbeing through education, there has been a substantial increase in the number of workshops delivered on Resilience, Change Management and Stress Awareness from the EAP; whilst the OH provider have delivered broadcast sessions to managers on Mental Health, Stress and Back Pain.

A57. The single highest cause of sickness absence for HMRC is Stress. Robust guidance has been developed and published on this subject matter to outline the role of the manager, enhance people’s understanding of stress and signposting further support. HMRC have launched the HSE-developed “Stress Tool”, which can be used by any team to help identify, prioritise and manage stressors. The Tool produces a team-led action plan to reduce identified pressures. Staff from across the business have been trained to facilitate stress tool events.

A58. HMRC understand the importance of measuring the impact of health and wellbeing activities and are utilising a variety of information sources, including the CS People Survey results, Health & Safety Audits (with wellbeing questions included), sickness absence data and stress related OH data, to inform our continuous planning and improvement. Further work is in progress in this area, including benchmarking the 4 (ONS approved) questions in the 2012 People Survey data and making further comparisons to help measure the effectiveness of the HMRC strategy.

Ministry of Justice

Plans to utilise the results of the available wellbeing research and analysis in policy making.

A59. The Ministry of Justice utilises evidence from a range of sources in policy development and appraisal. The Analytical Services Directorate of MoJ provides analytical advice to policy colleagues on the available evidence base, which will include evidence that pertains to issues of wellbeing where available, or an assessment of potential impacts that may arise where evidence is limited.

A60. A number of surveys undertaken or supported by MoJ have included coverage of wellbeing issues to improve our underpinning data. For example:

(i) the Surveying Prisoner Crime Reduction included questions related to prisoners’ wellbeing;

(ii) the Civil and Social Justice Survey, commissioned by the Legal Services Research Centre, included questions related to people’s wellbeing, for example around mental health and life satisfaction;

(iii) the Crime Survey for England and Wales (CSEW) captures information on trust in CJS, victims’ experiences of CJS and their needs and attitudes to sentencing, and also includes the ONS subjective wellbeing measures and other measures linked to well-being.

A61. In addition bespoke research studies may be undertaken in relation to specific policy areas to support policy development, appraisal and evaluation. These can include aspects of wellbeing. For example:

(i) an evidence review on outcomes of family justice proceedings, including in relation to wellbeing of children, provided evidence for the Family Justice Review;

(ii) the evaluation of neighbourhood justice panels will provide evidence about the experiences of their users to help inform decisions about their future use; and

(iii) the evaluation of flexible CJS will help inform decisions about whether flexible courts improve the well-being of CJS staff to feed into a wider decision about further use of flexible CJS beyond the pilots.
What the MoJ is doing to get the right analytical skills and training (including social science skills), to reflect well-being thinking and to address all aspects of sustainable development; and how in practical terms to make such an approach operational in the MoJ’s policy-making processes.

A62. Ministry of Justice has a well-established Analytical Services Directorate comprising over 200 professional staff from the four government analytical professions: social researchers, economists, operational researchers and statisticians. Analytical Services operates in a multi-disciplinary way, ensuring that social science skills are drawn upon in analytical work. ASD also has membership of SIFT and analyst champions of well-being, actively promoting measurement of well-being, for example in MoJ surveys. Champions on well-being have attended well-being seminars and training events.

A63. In order to promote the consideration of well-being in policy making, it is important that the emphasis moves beyond measurement, particularly the focus on measures of national well-being, to raising awareness and training among the policy profession. We believe the Cabinet Office has a role to play in moving this forward across government.

What particular areas of policy making should now open up to the results of the well-being analysis and research, and on which areas of policy-making to exercise caution?

A64. In all areas of policy making, consideration is given to the range of potential costs and benefits, which may include aspects of wellbeing. Potential impacts will be highlighted and where relevant data and evidence is available to the policy being considered this will be set out in the Impact Assessment.

A65. There are no areas which MoJ would consider inappropriate for the consideration of wellbeing evidence and analysis where available. In some policy areas improving the wellbeing of individuals may be a key focus of the policy, for example family justice reforms arising from the Family Justice Review aim to improve outcomes for children. In other MoJ areas improved wellbeing may be one potential benefit of policies, although the primary policy aim is not targeted at wellbeing. For example, although the primary focus of offenders’ rehabilitation work is reducing their likelihood to re-offend, some of this work will be focused on for example improving their employment opportunities or mental health—intermediate outcomes related to re-offending but also wellbeing.

How the ONS work might be further expanded or adjusted to reflect well-being research and metrics being developed elsewhere.

A66. The ONS well-being measurement framework covers a range of areas, which capture key elements related to well-being. From MoJ perspective, some elements are more pertinent than others, for example experiences of victimisation. Trust in the government is also relevant as it is related to MoJ’s interest in trust in CJS, which is measured through a series of questions in the CSEW. Any expansion or revisions to the framework should be made in line with the overall purpose of the framework.

Communities and Local Government (DCLG)

A67. Many of DCLG’s strategic aims and policies are aligned with the wellbeing agenda. Localism and decentralisation policies, specifically the range of community rights and budgets, should lead to increasing community participation and engagement, responsibility and feeling of control of local areas and promote co-design and co-production of local services and policies—all important aspects of social capital and people’s wellbeing.

A68. Through the Community Rights support programme, DCLG is providing a package of support over the next 3 years to help build and strengthen the capacity of community groups and community-led social enterprises, that will help those groups to equip themselves with the know-how and expert advice to take on the management/ownership of local assets with a community value and to enable them to be business or investment ready, so that they can bid to deliver a local public service or engage in discussions with local authorities on how local services should be delivered. Both the rights (through regulations) and the support package are intended to increase the confidence and capability in communities so they can be more involved in decisions that affect their members. Our neighbourhood community budget pilot areas offer a further platform for communities to have a meaningful role in deciding how local budgets are allocated. Collectively, this suite of policies should contribute to local wellbeing, where take up of opportunities occurs.

A69. The Community Budgets and Neighbourhood Community Budgets programme are taking a broad perspective on valuing outcomes and adopting the New Economy (Manchester) Cost Benefit Framework which has produced detailed advice on valuing social outcomes. This has been overseen by a HMT coordinated Technical Advisory Group. While this still presents some practical challenges, this is going some way into embedding wellbeing frameworks into local practice and assessing social, alongside economic, impacts.

A70. DCLG analysts have been liaising with OCS colleagues on the development of the Community Life Survey, in particular looking at the levels of volunteering; giving and involvement in local decision making, all of which are indicators associated with wellbeing and take-up of opportunities linked to our policies.
A71. Similarly, reforms of planning guidance have put more community power and engagement into the planning system. The National Planning Policy Framework clearly sets out how to achieve sustainable development for both our built and natural environment that positively contributes to the nation’s wellbeing. Neighbourhood Planning give communities more of a say in the development of their local area and there are over 350 designated areas across the country where local communities are coming together to discuss and develop ideas for where they live.

A72. DCLG has been progressing a number of strands of wellbeing work including making the ONS national wellbeing data more accessible, engaging and relevant to local authorities and communities. To this end, DCLG analysts have made the subjective wellbeing data available at a local authority level through an innovative Open Data Cabinet, which provides free to re-use linked data. This enables others, such as developers, to quickly retrieve data, and to display it on their own websites or applications, potentially blended with similar information from anywhere on the web. http://opendatacommunities.org/data.

A73. Furthermore DCLG has modelled the ONS survey data using the geo-demographic (ACORN) profile of the residents in each neighbourhood. The results have been presented in interactive local wellbeing maps available online at: http://opendatacommunities.org/wellbeing/map. These maps suggest there is important variation in wellbeing between neighbourhoods in every local authority. These are of interest to local authorities, councillors and communities and people can compare these modelled estimates against their own local data and knowledge, and residents’ views. DCLG is continuing to encourage innovative use of these datasets and to stimulate local debate on improving wellbeing through further analysis of wellbeing at local authority level.

A74. DCLG analysts are also undertaking statistical analysis to better understand the influence that place characteristics, as distinct from the composition of the people living there, have on people’s subjective wellbeing. We are working collaboratively with Cabinet Office and ONS on this and expect results to inform the Legatum Commission on Wellbeing.

A75. DCLG is a member of the Social Impacts Task Force which encourages government analysts to use the ONS wellbeing data to draw out policy conclusions. This group is also encouraging departments to include subjective wellbeing in policy surveys and evaluations. To this end, DCLG have added the 4 ONS subjective wellbeing questions to our national English Housing Survey from 2013/14. We will subsequently analyse this data to understand better the ways in which people’s housing circumstances may influence their personal wellbeing.

A76. We are also seeking to include wellbeing considerations in key policy research and evaluation, for example around Troubled Families and Right to Buy. The Troubled Families evaluation started in March 2013 and will measure the wellbeing of families to assess whether there are any improvements following their participation in the programme. The research will include the ONS subjective wellbeing measures and the Children’s Society method of measuring wellbeing in children. Researchers will also explore other aspects of the families’ lives which are related to wellbeing, such as relationships, health, and education.

A77. DCLG is also working with the Behavioural Research Network—a group of leading academics working pro bono on a project to better understand the role of design in influencing behaviour including the impact that the built environment can have on personal wellbeing and health.

A78. DCLG is supporting the proposal by nef and Cabinet Office for an open policy making project on embedding wellbeing science in policy making. If funding for this project is secured, we expect this project to have important implications for using wellbeing in policy making. We have a particular interest in the impact of new community rights on wellbeing and how to design incentives that would increase take-up of these rights.

A79. On training, we welcome the recent introduction of a training course on Wellbeing in Economics and Social Research. This should contribute to the skills and ability of government analysts to understand the wellbeing agenda, the available data and techniques that can be used to assess policy options from a wellbeing perspective. However, we feel that more could be done with the policy profession to similar raise their capability and skills in this area.

A80. As part of the original consultation in January 2012 on the ONS domains and measures for National Wellbeing, DCLG agreed there should be a domain of “Where we live” and recommended this included a measure of housing. Though ONS’s first set of published measures (in November 2012) did not include housing, ONS has recently reviewed its measures in consultation with DCLG and has now added “satisfaction with housing” (as measured by the English Housing Survey) as the headline measure.

Department for Transport

Plans to utilise the results of the available well-being research and analysis in policy making.

A81. DfT has reviewed the evidence base on transport and wellbeing to identify the key interrelations between them. In the last 12 months there have been three internal events to raise awareness of the evidence base. The ONS’s work on the drivers of wellbeing has highlighted the importance of transport in providing access to employment and training opportunities. This work is also key to the design of transport projects and their interaction with wider spatial planning to foster community cohesion and an improved sense of place.
A82. Work has also been undertaken that has sought to examine potential links between ONS subjective wellbeing (SWB) data and land use, air quality and noise data.

What is DfT doing to get the right analytical skills and training (including social science skills), to reflect well-being thinking and to address all aspects of sustainable development; and how in practical terms to make such an approach operational in DfT’s policy-making processes?

A83. A wellbeing tool is being developed, based on the literature review (see response to previous question), to raise awareness amongst transport policy makers and practitioners of the relationship between transport interventions and well-being. The department’s analysts are already familiar with the techniques needed to assess the welfare impacts of policy interventions, as required by the Green Book and the more detailed guidance that follows from it.

What particular areas of policy making the DfT should now open up to the results of the well-being analysis and research, and on which areas of policy-making it should exercise caution.

Cycling and Walking

A84. The health benefits of increased physical activity are a key aspect of the business case for DfT investing in cycling & walking facilities. DfT guidance for scheme appraisal recognises physical and mental health benefits of these modes of travel and recommends the use of WHO’s Health Economic Assessment Tool in order to quantify health benefits. Interventions such as 20mph zones or speed limits can reduce severance from motor traffic and so improve social connections at the neighbourhood level although quantifying these wellbeing benefits presents a challenge. Wellbeing analysis reinforces the need for transport policies and projects to be thought through and applied with real places in mind, and to be seen in the wider context of central and local government policies eg in the development of City Deals.

Door-to-door Strategy

A85. The DfT’s Door to Door Strategy focuses on the ease and practicability of making trips using a variety of sustainable modes. Beyond the headline objectives of supporting economic growth and reducing carbon emissions, wellbeing is relevant to the achievement of benefits such as access to training and employment, improvements in public health, quality of life and building social cohesion by linking communities.

Alternatives to Travel

A86. This policy area looks at reducing or removing the need to travel for business purposes, through the use of ICT technologies such as teleconferencing, videoconferencing or remote working. The policy promotes alternatives to travel as a means of contributing towards the aim of improving aspects of wellbeing such as reducing carbon as well as cutting costs.

How the ONS work might be further expanded or adjusted to reflect well-being research and metrics being developed elsewhere.

A87. DfT is in discussions with ONS about how data being collected through the Labour Force Survey can be used to examine potential links between commuting and subjective wellbeing.

What lessons for considering social and human capital in national statistics reporting and policy making could be drawn from the separate work already under way on natural capital, including the operation of the Natural Capital Committee.

A88. Research has been conducted into the value of concessionary bus travel and highlights the importance of the bus pass for maintaining social engagement and preventing isolation amongst older people. There is direct read-across to social capital (DfT 2007, Understanding the travel needs behaviour and aspirations of people in later life).

A89. DfT is planning to incorporate the “Ecosystem Services” approach into the WebTAG appraisal framework in 2014. This approach values the full range of services ecosystems provide to society such as waste disposal and carbon dioxide absorption. Taking account of these services ensures transport interventions maintain a healthy, sustainable environment.

Home Office

What are the Home Office’s plans to utilise the results of the available well-being research and analysis in policy making?

A90. We are in the process of consulting with the Cabinet Office and ONS about what the available evidence on well-being says in relation to the Home Office’s areas of responsibility (for example, the Crime Survey for England & Wales links questions about wellbeing to experiences of crime). Following that, we will be a better position to assess the utility of this evidence for our policy-making.
What the Home Office is doing to get the right analytical skills and training (including social science skills), to reflect well-being thinking and to address all aspects of sustainable development; and how in practical terms to make such an approach operational in [your] departments’ policy-making processes.

A91. Home Office Science is a core part of the department, providing expertise to ministers and policymakers in the physical and social sciences.

A92. Our analysts have been engaging with the evidence on wellbeing, and have the necessary skills to do that. Our wider training and development programme for Home Office analysts helps them to be familiar where appropriate with Green Book and Magenta Book principles and other principles of sustainable development in appraisal and evaluation work. The Home Office also contributes to the Whitehall-wide discussion on wellbeing via the Social Impacts Task Force.

A93. We have recruited a PhD student to work on the Carbon Cost of Crime, which will help to assess the environmental costs of different crime types and add a sustainability factor into crime reduction policy development.

A94. On making sustainable development operative in departmental processes, the following excerpts from the department’s 2013–15 business plan set out our commitments:

A95. Collecting an evidence base which will help policy-makers consider the carbon costs and benefits of new initiatives—such as our designing out crime work-streams. One example of this is a research project conducted jointly with Association of Chief Police Officers, which will allow us to estimate the carbon costs of crime and set them against the carbon costs of our initiatives.

A96. The Home Office has embedded into its policy development process the requirement for officials to assess the social, economic and environmental impacts of its policies. Policy officials are required to conduct impact assessments which look at these important areas at key stages of policy development and implementation. The Home Office has also appointed a contact to provide support to policy-makers on sustainability issues.

What particular areas of policy making the Government should now open up to the results of the well-being analysis and research, and on which areas of policy-making it should exercise caution.

A97. As the lead government department for crime reduction, counter-terrorism, and policing, all Home Office policies contribute to the physical and mental well-being of the public by preventing harms to them. We will consider the contribution of well-being analysis to specific policy areas on a case-by-case basis, subject to the consultation process set out in the response to question 1, above.

How the ONS work might be further expanded or adjusted to reflect well-being research and metrics being developed elsewhere.

A98. The Home Office does not have anything to contribute on this question. We already work closely with ONS in respect of the Crime Survey for England & Wales on topics related to well-being in the Home Office context (victim satisfaction; public perceptions of policing).

What lessons for considering social and human capital in national statistics reporting and policy making could be drawn from the separate work already under way on natural capital, including the operation of the Natural Capital Committee.

A99. As a major social policy department, the elements that comprise social and human capital (such as social networks and community relations) already feature in many aspects of our policy work.

A100. We will study the Natural Capital report with interest, to assess its relevance to areas of Home Office responsibility.

MINISTRY OF DEFENCE

Plans to utilise the results of the available well-being research and analysis in policy making.

A101. The MOD is finalising a Health & Wellbeing Strategy which will look at ways in which we embed health and wellbeing into the Department’s processes and the culture of the organisation. With Defence Transformation and the Strategic Defence and Security Review (SDSR) civilian reductions, having productive people at work will be increasingly significant for the MOD. It is therefore important that health and wellbeing is considered during any organisation change; much like diversity and inclusion. In addition, linking Equality Analysis with the consideration of health and wellbeing when developing and implementing new policies and procedures is important in minimising any negative impact of work on wellbeing.

A102. The MOD has established a Civilian Occupational Health and WellBeing Strategy Group to coordinate and take forward the strategy. Our intention is to have a strategy signed off by the Permanent Secretary by the end of June 2013. Our focus then will turn to implementation. The strategy will incorporate evaluation processes and implementation will require more robust accountability across the business.
A103. To drive the “wellbeing” agenda throughout the organisation and the culture that needs to underpin this, we are also refreshing our communications and looking at ways to promote the strategy and the work of the Health and Wellbeing Champion. In the Health and Wellbeing Champion (Dominic Wilson, Chair of the Defence Sports and Recreation Association) we have someone who is passionate about “wellbeing” and who, in his senior position in MOD, is well-placed to drive and speed-up the pace of behavioural and cultural change within the Department.

A104. On the Armed Forces side, work on the New Employment Model continues to draw on wellbeing considerations. Improved domestic stability and predictability will help to address the top two concerns for Service personnel identified in the Armed Forces Continuous Attitude Survey—the impact of Service on family and personal life, and spousal/partner career opportunities. There will be an enduring requirement for mobility but greater predictability of movement will support individuals in making lifestyle and career choices. The model will also provide more lifestyle choice, by enabling Service personnel to assess how they wish to live their lives and balance their careers, reflect societal changes and demands, and be realistic and fair. This will be enabled through more flexible career structures and other means.

What MoD is doing to get the right analytical skills and training (including social science skills), to reflect wellbeing thinking and to address all aspects of sustainable development; and how in practical terms to make such an approach operational in MoD’s policy-making processes.

A105. Until the strategy is released and implemented throughout the business, it is not currently possible to analyse how well the implementation is being fostered within the business.

A106. The Department is undertaking on-going work on future capability and skills requirements through workforce and skills planning and engaging with the Civil Service Capabilities Plan. The Policy and Strategy Profession (PSP) is designing an intervention to improve the quality of strategy and policy as it is delivered to senior officers and ministers. This work is supported by the Defence Academy DG, Peter Watkins in his role as the Cross Government Champion for the Policy and Strategy Profession. The Health and Wellbeing Champion will be fully engaged with this work so that the wellbeing implications can be factored into the MOD Health and Wellbeing Strategy.

A107. MOD has been able to draw on the social science skills of the Defence Science and Technology Laboratory, and its contractors to support this work in the context of the New Employment Model.

What particular areas of policy making the Government should now open up to the results of the well-being analysis and research, and on which areas to exercise caution?

A108. Wellbeing questions were introduced into the MOD “Your Say” staff survey (a part of the Civil Service People Survey) last year. Given the recent introduction it is too early to make any data comparisons or trends. However the wellbeing questions will be included again in the survey this year. We will therefore be in a position to make greater use of trend analysis from this year’s results and comparisons with the wider Civil Service.

A109. The ongoing work in Transforming Defence focuses efforts in improving Leadership Capability and Employee Engagement. The outcomes from this ongoing work will clearly be important and have an impact or knock-on effect on improving the health and wellbeing of staff.

How the ONS work might be further expanded or adjusted to reflect well-being research and metrics being developed elsewhere.

A110. Work could be expanded from the Cabinet Engagement Team and ONS to provide guidance on the best practices used by pan-Government Departments in areas such as promoting and engaging strategy or useful tools being utilised (eg individual assessment or management tools/forms). It would also be useful in terms of measurement frameworks to draw up good practice guidance on key areas of focus and measures.

What lessons for considering social and human capital in national statistics reporting and policy making could be drawn from the separate work already under way on natural capital, including the operation of the Natural Capital Committee.

A111. Our consideration of social and human capital relates mainly to our programmes and projects. In relation to infrastructure programmes this can be considered as part of socio-economic reports to inform sustainability appraisals.

A112. MOD is also aware of the benefit of natural capital in adventurous training, decompression after Operational Tours and the rehabilitation for veterans (Eg Project Nightingale, (which uses archaeology to speed wounded soldiers’ rehabilitation and give them valuable skills should they have to leave the Army).

A113. We participate in the NCC and are starting to think about how we can use the report to inform how we consider natural capital and relate it to the management of our estate.
DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

A114. DFID is focused on reducing poverty and improving the quality of life of people who live in poor countries. Rather than directly applying ONS data, DFID draws on and invests in a range of global and country-specific data and analysis to better understand people’s poverty, perceptions, experiences and the impact of development policies and interventions, and builds the analytical capacity of developing countries.

A115. DFID uses income poverty measures, human development outcomes, indexes that measure multiple dimensions of poverty and well-being measures to inform analysis of the problems to be addressed and the economic, social, environmental and political dimensions of progress. This includes data that captures how different people, women, men, young and old, feel about the quality of their lives and the impact of development investments and interventions on them.

A116. One example of a global data set that DFID draws on is the Gallup World Poll that monitors a broad range of subjective perceptions of wellbeing and other areas of interest to DFID, such as law and order/security, food and shelter, institutions and infrastructure, good jobs, citizen engagement, corruption etc, in 160 countries.

A117. Specific examples of DFID investment in data that explicitly considers wellbeing include support to:

(a) The Oxford Poverty and Human Development Index (just under £500,000 from 2009–11) for the development of the multi-dimensional poverty framework. This includes: work (including informal employment, with some attention as to the quality and safety of employment); empowerment (the ability to advance goals one values and has reason to value, as opposed to acting on the basis of oppression or coercion); physical security (safety from violence, including lethal and non-lethal violence); dignity versus humiliation (dignity & respect; the exclusion & humiliation of individuals or groups, discrimination); and psychological and subjective wellbeing.

(b) Wealth Accounting and Valuation of Ecosystem Services (WA VES) pilot programme managed by the World Bank which aims to support developing countries to integrate the value of their natural capital (such as soil, fisheries, forests) into national accounts such as GDP. This programme is still in early stages.

A118. DFID continues to lead the UK’s engagement with the Post 2015 Development Agenda and how progress will be measured. The High Level Panel on the Post 2015 Development Agenda, of which the Prime Minister was co-chair, makes strong reference towards improving the well-being of citizens, for example the recognition of the importance of peace and good governance for wellbeing and the importance of managing natural resource assets sustainably as fundamental to human life and wellbeing.

Annex B

WELLBEING POLICY AND ANALYSIS—AN UPDATE OF WELLBEING WORK ACROSS WHITEHALL FOR THE ENVIRONMENTAL AUDIT COMMITTEE

June 2013

BACKGROUND

B1. In 2010 the PM committed to “start measuring our progress as a country, not just by how our economy is growing, but by how our lives are improving; not just by our standard of living, but by our quality of life”. He has asked the Office for National Statistics (ONS) to measure national wellbeing.

B2. In response the ONS established a national programme to develop and publish an accepted and trusted set of statistics for wellbeing, to complement traditional economic measures such as GDP and support a rounded account of economic and social progress. A national debate on “what matters to you?” was held in the early part of 2011 and the findings developed into a wellbeing measurement framework.

B3. Some of the measures in the measurement framework are objective and describe the social and economic conditions of individuals, for example employment and life expectancy. However, it is well known that objective indicators do not fully capture people’s experiences and how they actually feel about their own or society’s progress. There are many cases where subjective assessments by individuals are in tension with objective measures. For example, perceptions of crime, or fear of crime, often do not reflect actual levels of crime. As a result ONS is also measuring subjective or personal wellbeing—an individual’s personal assessment of their life, including life satisfaction, happiness, anxiety and meaningfulness of day to day actions.

B4. With the publication of Life in the UK and the second year of individual subjective wellbeing data due in July 2013, ONS has made much progress. The challenge for Government is to focus on how best to use the wellbeing perspective and the data in the policy making process. The Government remains focused on supporting economic recovery and delivering the fiscal deficit reduction programme upon which a strong and sustainable recovery depends. But we are also continuing to work on some key long term issues for the country, and wellbeing is one of them.

B5. This annex provides a short update on relevant wellbeing work across Whitehall by presenting a few emerging examples/cases, a list of policy areas in which departments are specifically considering wellbeing, and some current analysis plans.

B6. It should be emphasised that this is a long-term programme. The current indicators are experimental statistics and still in development, and as such we should not expect to have examples of major decisions that have been heavily influenced by wellbeing at this stage. However, the foundations are in place and departments are clearly beginning to use the data where it is both relevant and adds value to their work.

Emerging Examples and Cases

B7. In this section we summarise a few examples.

Case 1: Wellbeing in the New Public Health System (DH)

B8. Improving national wellbeing is being integrated into the new governance structures, objectives and progress measures for public health.

B9. The national direction for public health was set out in a public health White Paper published in November 2010. This gave significant emphasis to improving wellbeing across the life course, addressing key lifestyle challenges, health inequalities and the wider determinants of health and wellbeing. The new public health system in place since April 2013 will help to drive these improvements. Nationally, Public Health England (PHE) has been established to protect and improve the nation’s health and wellbeing and reduce health inequalities. PHE will work towards integrating work on wellbeing throughout its key functions and approaches. This includes:

- providing data on wellbeing;
- collecting and disseminating evidence of what works in improving wellbeing;
- helping to build capacity and capability across both specialist and wider workforces on wellbeing in public health;
- integrating wellbeing into national public health and health improvement campaigns and communications; and
- contributing to international work on wellbeing in public health, health improvement and health protection.

B10. Locally, local authorities are responsible for leading the local delivery of public health and for the work of local Health and Wellbeing Boards (HWB). Each HWB will develop a local health and wellbeing strategy in partnership with a range of local agencies.

B11. One of the key indicators in the Public Health Outcomes Framework, designed to set out the desired outcomes for public health nationally and locally, is a measure of subjective wellbeing. This will also help support the drive towards wellbeing in local areas and help measure progress. Furthermore, one of the key ten domains of wellbeing identified by ONS’s national measuring wellbeing programme is “health”. This helps to provide a further driver for the new public health system to work towards improving the public’s health and wellbeing.

Case 2: The Impact of Community Learning on Wellbeing (BIS)

B12. The annual budget for Community Learning is £210 million, supporting a wide range of courses from arts and culture to family learning, healthy living and getting to grips with a computer for the first time. BIS has been researching the impact of community learning on the wellbeing of participants and published a suite of research on this in November 2012. This research suggests that:

- Adult learning has a substantial impact on life satisfaction, wellbeing and health, including mental health. In particular, an adult learning course which improves life satisfaction has a value to those who receive it of between £750 and £950 on average—derived using techniques advocated in the Green Book Annex on Social Cost-Benefit Analysis.
- Learners aged between 50 and 69 also benefit from learning in terms of increased wellbeing—learning can offset the natural decline seen in wellbeing as we age.
- Poor basic skills are associated with poor health, and Basic Skills provision has an important part to play in tackling disadvantage.

B13. In March 2013, BIS published the first wave of a longitudinal study of 4,000 CL learners.21 89% of learners said the course helped them to keep their mind and body active; 81% reported that the course made them feel better about themselves generally, and 75% felt it helped them relax or gave them a break from everyday stress. The findings of this survey, along with the research above, inform the case for government funding and will help to shape policy delivery going forward.

Case 3: Wellbeing at Council and Neighbourhood Levels (DCLG)

B14. Many of DCLG’s strategic aims and policies are naturally aligned with the wellbeing agenda. Localism and decentralisation policies, including the range of community rights and budgets, should lead to increasing community participation and engagement, responsibility and feeling of control of local areas and promote co-design and co-production of local services and policies—all important aspects of social capital and people’s wellbeing. Similarly, reforms of planning guidance have put more community power and engagement into the planning system.

B15. DCLG has been progressing a number of strands of wellbeing work—including one to make the national wellbeing data more accessible, engaging and relevant to local authorities and communities. To this end, DCLG analysts have analysed the subjective wellbeing data and made it available at a local authority level through an innovative Open Data Cabinet, which provide free to re-use linked data. This enables others, such as developers, to quickly retrieve data, and to display it on their own websites or applications, potentially blended with similar information from anywhere on the web. http://opendatacommunities.org/data.

B16. Furthermore DCLG has modelled the ONS survey data using the geo-demographic (ACORN) profile of the residents in each neighbourhood. The results have been presented in interactive local wellbeing maps available online at: http://opendatacommunities.org/wellbeing/map. These maps suggest there will be interesting variation in wellbeing between neighbourhoods in every local authority. These are of interest to local authorities and communities and people can compare these modelled estimates against their own local data and knowledge, and residents’ views. DCLG is continuing to encourage innovative use of these datasets and to stimulate local debate on improving wellbeing through further analysis of wellbeing at local authority level.

Case 4: Harmonisation of Occupational Health and Employee Assistance provision across the Civil Service (DWP)

B17. There is growing evidence of the importance of wellbeing at work and the links between wellbeing, employee engagement and performance. At a time of significant reform in the civil service, employee wellbeing is particularly important. DWP has been leading on a programme sponsored by the Cabinet Office to harmonise Occupational Health (OH) and Employee Assistance Programme (EAP) provision across the Civil Service, with the objectives of:

— Procuring value for money contracts on behalf of the taxpayer.
— Delivering consistent, high quality health and wellbeing services.

B18. A pan-government OH and EAP Framework was procured and awarded in October 2012 with Departments using the Framework to secure new OH and EAP provision from January 2013.

B19. An important aim of the harmonisation programme was to promote and support employees’ physical and mental wellbeing to optimise their engagement and performance at work. With this in mind, suppliers have committed to supporting the government’s wider wellbeing at work agenda. The Framework therefore requires them to provide information, advice, training and tools for managers and employees on a wide range of health and wellbeing subjects to help employees improve their own health, wellbeing and resilience.

B20. This is an example of contracting/commissioning for wellbeing, and is also a very good example of wellbeing objectives being significantly aligned to efficiency and economic aims. Not only will the programme improve staff wellbeing but it will save money by reducing sickness absence, increasing employee engagement and productivity.
Case 5: Wellbeing and National Citizen Service (CO)

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Case 6: The Wider Social Impacts of Major Transport Schemes (DfT)

B23. In April 2011 DfT introduced WebTAG guidance to inform major scheme promoters’ analysis of social impacts within their business case. This analysis now ensures DfT’s decision making process for major scheme funding decisions considers the wider social impacts resulting from the scheme and how these are distributed. By following the guidance potentially adverse impacts can be identified and steps taken to mitigate them. The recognition of beneficial impacts is also important as these strengthen the case for introducing a new transport scheme. The guidance has been used to inform the appraisal of over 60 major schemes so far. Many of the social impacts within the guidance relate to wellbeing.

Case 7: Staff Wellbeing in the Department for Health (DH)

B24. The Department for Health has done a lot of work around increasing wellbeing for staff, through establishing a new Health and Wellbeing Board to promote, support, encourage and inspire health and wellbeing throughout the current significant change programme and beyond.

B25. There are three work-streams covering physical, emotional and workplace wellbeing, each led by a workplace champion, which invite suppliers, thought leaders, and policy colleagues to work collaboratively as “Health and Wellbeing Partners” to deliver a coordinated suite of activity to meet the needs of staff. Examples include new, free physical health checks; support for staff with mental health issues through the “Health on your Mind” joint initiative with the Charity for Civil Servants; fitting out a gym in a new wellbeing space in Richmond House with the support of HASSRA; delivering emotional resilience workshops though the internal HR function and Women’s Network; offering Stop Smoking Workshops in collaboration with Lambeth Council and Weight-off Workshops (WoW) with the support of Croydon Council; and providing access to online support through NHS Choices.

B26. The programme has also enabled DH to sign up to all of the relevant Responsibility Deal pledges, for example within the Health at Work network. 2012 projects included further work with MIND to support staff dealing with mental health issues; a programme of support for staff living with domestic violence; regular health fairs, seminars and workshops; and more focused initiatives in response to staff feedback.

Case 8: Wellbeing Strategy, Lambeth Borough Council

B27. Lambeth Borough Council has taken a strategic and cross-cutting approach to the wellbeing of its residents and communities. It has had strategies and programmes focusing on wellbeing since 2005, and more recently the Lambeth “Wellbeing and Happiness Programme”. It has focused on:

- ensuring public spaces are attractive and safe,
- that the borough is a vibrant and cohesive place to live, work and learn,
- that people care about each other, and
- that Lambeth will be a recognised leader in the provision of services that enable local people to achieve, maintain and regain mental wellbeing.

B28. Some of the activities that the programme delivered included:

- Utilising Mental Wellbeing Impact Assessment to review policies and services against the evidence base for improving wellbeing
- Mental Health First Aid & “Enhancing wellbeing” training
— Small grants scheme to enable work on wellbeing
— Expanding timebanking
— Establishing a “Best workplace” category for Lambeth Business Awards
— Community engagement work eg Brixton Reel Film Festival
— Establishing a wellbeing network and e-bulletin to encourage work on wellbeing
— Promoting the “five ways to wellbeing” message
— Work on measuring wellbeing

B29. The programme also includes taking a whole school approach to emotional health and wellbeing; utilising the built environment to enhance wellbeing; and strengthening community cohesion.

Case 9: (DWP/Natcen)

B30. When people start a claim for Jobseeker’s Allowance (JSA), what is the state of their mental health and wellbeing? And what happens to them in the months that follow? To examine these questions, a two-wave telephone cohort survey was conducted by NatCen Social Research with a sample of people who began a JSA claim in the first quarter of 2011. Wave 1 fieldwork was conducted between March and May (2,079 people interviewed) with participants followed up for a second interview approximately four months later (July to August, 1,279 people interviewed). An assessment of common mental disorder (CMD) was carried out at both waves and subjective wellbeing questions were also asked.

B31. The study found new Job Seekers/JSA claimants have lower levels of life satisfaction, “worthwhile” and happiness than other people of employment age. It also found that those with lower subjective wellbeing have lower levels of confidence in interview skills, and therefore it is likely to take them longer to get into work (Figure 1 below).

Figure 1: Self Reported Interview Confidence, on a scale of 0–5, for subjective wellbeing on a scale of 0–10, in four different categories (Low, Med, Med/High and High)

Case 10: Impact of sport and culture on wellbeing (DCMS)

B32. The positive impact of participation in sport and engagement with culture on individuals’ quality of life is widely acknowledged. In July 2010 DCMS published within its Culture and Sport Evidence programme (CASE) the results of an analysis of British Household Panel Survey data to investigate the impact and monetary value of engagement in culture and sport on SWB. However, although a question measuring self-reported “happiness” has been included in the Taking Part survey since its introduction in 2005, an analysis of it has not previously been presented.

B33. This analysis represented an initial investigation of the impact of engagement in sport and culture on the survey’s proxy measure of wellbeing within a wider programme of research exploring the social impacts of sport and culture. The key findings were:
— In relation to most DCMS sectors there is a significant association between sport participation and cultural engagement and subjective happiness. The significant increase in happiness found in participants persists when income is controlled for. This lends support to the view that culture and sport improve people’s quality of life on a measure of subjective wellbeing.
— Those intending to actively follow the London 2012 Olympic and Paralympic Games were significantly happier than those who did not plan to follow the Games.

— Amongst “relatively well off” people those who planned to attend Olympic and Paralympic events, or who were volunteering for a games time role, were also significantly happier than those who were not.

B34. This analysis is ongoing with DCMS researchers planning to explore further the impact of engagement on wellbeing, in addition to other factors, and to improve understanding of the causal links between engagement in sporting/cultural activity and subjective happiness.

Case 11: Nature Improvement Areas (Defra)

B35. Defra’s Natural Environment White Paper committed to working in partnership with local authorities, communities, landowners, business and conservation organisations for an initial 12 Nature Improvement Areas.

B36. These will improve the quality of our natural environment, halt the decline in habitats and species, and strengthen the connection between people and nature. The 12 areas which will receive Government funding range from the urban areas of Birmingham and the Black Country to the rivers and woods of North Devon. In assessing bids for prospective Nature Improvement Areas, a key criterion was a demonstrable understanding of the broader wellbeing benefits.

B37. The evaluation of this policy will assess the benefits to local communities and people through improved quality of life and enhancement of health and wellbeing.
**Policy Areas (Whitehall)**

B38. The tables below highlight the range of wellbeing policies departments are working on in which wellbeing is being or has been actively considered.

<table>
<thead>
<tr>
<th>POLICIES, PROGRAMMES, SERVICES</th>
<th>DEPARTMENT/ALB/DA</th>
<th>WELLBEING ACTIVITIES/PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol Strategy</td>
<td>Health</td>
<td>The impacts of alcohol on subjective wellbeing were actively considered in the 2012 alcohol strategy.</td>
</tr>
<tr>
<td>Integrating Wellbeing into the new Health governance structures, objectives and progress measures for public health</td>
<td>Health</td>
<td>- Nationally, Public Health England (PHE) has been established to protect and improve the nation’s health and wellbeing and reduce health inequalities. PHE will work towards integrating work on wellbeing throughout its key functions and approaches.</td>
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<td>- Locally, Local Government will be responsible for leading the local delivery of public health and for the work of local Health and Wellbeing Boards (HWB). Each HWB will develop a local health and wellbeing strategy in partnership with a range of local agencies.</td>
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<td>- DH has included an indicator on self-reported wellbeing within the Public Health Outcomes Framework.</td>
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<td>- One of the key ten domains of wellbeing identified by ONS’s national measuring wellbeing programme is “health”.</td>
</tr>
<tr>
<td>Mental Health and Wellbeing</td>
<td>Health</td>
<td>- The Mental Health Strategy Implementation Framework includes wellbeing initiatives and guidance.</td>
</tr>
<tr>
<td>Wellbeing in the Workplace</td>
<td>Health</td>
<td>Wellbeing is an important aspect of the Public Health Responsibility Deal, which comprises five networks. One of the networks focuses on health at work and is chaired by Dame Carol Black. There are currently seven pledges within the health at work network, including wellbeing of employees.</td>
</tr>
<tr>
<td>Staff Wellbeing</td>
<td>Health</td>
<td>DH has an ongoing programme of work to support the wellbeing of its staff. This includes establishing a new departmental Health and Wellbeing Board to promote, support, encourage and inspire health and wellbeing throughout the current change programme and beyond.</td>
</tr>
<tr>
<td>Young Peoples’ Wellbeing</td>
<td>Health</td>
<td>The Public Health Outcomes Framework includes indicators on the emotional wellbeing of looked after children, along with self-reported wellbeing of young people aged 16 and over. Additionally, the forthcoming youth marketing strategy will focus on building resilience in children and young people.</td>
</tr>
<tr>
<td>Wellbeing Working Group</td>
<td>Health</td>
<td>A new group has been established and met for the first time on 18th April 2013. Representatives attended from across the key components of the Health System, including DH, PHE, NHS E and MHRA. The group will consider how a wellbeing perspective can be embedded into the development of health policy.</td>
</tr>
<tr>
<td>Wellbeing of forces and New Defence Employment Model</td>
<td>Health</td>
<td>MOD added the four ONS wellbeing questions into the Armed Forces Continuous Attitudes Survey (AFCAS) 2012, the results of which were published in August 2012. Analysts have been exploring the non-financial determinants of job satisfaction to inform the New Employment Model. This draws on wellbeing considerations. For example improved domestic stability and predictability will help to address the top two concerns for Service personnel identified in the Armed Forces Continuous Attitude Survey—the impact of Service on family and personal life, and spousal/partner career opportunities.</td>
</tr>
<tr>
<td>Armed Forces Covenant</td>
<td>Defence</td>
<td>Wellbeing questions included in the Armed Forces Continuous Attitudes Survey (AFCAS) are one of the sources of data for measuring progress on the Armed Forces Covenant. Furthermore, additional covenant questions were added to the AFCAS 2013 questionnaire.</td>
</tr>
<tr>
<td>POLICIES, PROGRAMMES, SERVICES</td>
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<tr>
<td>MoD Health and Wellbeing Strategy</td>
<td>Defence</td>
<td>The MOD is finalising a Health &amp; Wellbeing Strategy which will look at ways in which to embed health and wellbeing into the Department’s processes and the culture of the organisation. The MOD has established a Civilian Occupational Health and Wellbeing Strategy Group to co-ordinate and take forward the strategy. The ONS wellbeing questions included within the MOD Your Say survey continue to inform the departmental Health and Wellbeing Strategy.</td>
</tr>
<tr>
<td>Extension of the right to request flexible working</td>
<td>Business, Innovation and Skills</td>
<td>Legislation to extend right to request to all employees (2015). This legislation should be good for growth and the wellbeing of employees.</td>
</tr>
<tr>
<td>Community learning</td>
<td>Business, Innovation and Skills</td>
<td>The annual budget for Community Learning is £210 million. BIS has been researching the wider social impacts of learning particularly on the wellbeing of participants and published a suite of research on this in November 2012; and in March 2013 published its survey of 4,000 Community Learners.</td>
</tr>
<tr>
<td>Every Business Counts (EBC)</td>
<td>Business, Innovation and Skills</td>
<td>The Every Business Counts (EBC) framework, launched by the Prime Minister in December 2010, sets out the key priorities where Government wants to work with business to deliver more on the responsible business agenda. There are five strands to EBC one of which is aimed at “improving quality of life and wellbeing for employees”. One of the main messages is that looking after your staff, customers, suppliers and environment will have a positive impact on the bottom line.</td>
</tr>
<tr>
<td>International Development Goals</td>
<td>International Development</td>
<td>DFID continues to lead the UK’s engagement with the Post 2015 Development Agenda and how different dimensions of progress will be measured.</td>
</tr>
<tr>
<td>Major transport investment decisions</td>
<td>International Development</td>
<td>Roll-out of WebTAG, new guidance to account for social impacts, related to wellbeing, in major transport scheme investment decision making. The guidance was used to inform the appraisal of over 60 major schemes in 2011–12.</td>
</tr>
<tr>
<td>Support for the long term unemployed</td>
<td>Work and Pensions</td>
<td>DWP has been researching support packages for the very long term unemployed through a randomised control trial which incorporates the four ONS wellbeing questions. Evaluation indicates reduced anxiety associated with work placements.</td>
</tr>
<tr>
<td>Offenders and the Work Programme</td>
<td>Work and Pensions</td>
<td>Enrolment of ex-offenders onto the work programme should help to improve ex-offender and community wellbeing. The evaluation will consider this.</td>
</tr>
<tr>
<td>Universal Credit</td>
<td>Work and Pensions</td>
<td>Analysts are exploring the inclusion of wellbeing questions in the proposed Universal Credit evaluation.</td>
</tr>
<tr>
<td>Employment and Mental Health</td>
<td>Work and Pensions</td>
<td>DWP/DH are working on a joint project around psychological wellbeing and work. The aims are to improve employment and wellbeing outcomes for people with mental health problems.</td>
</tr>
<tr>
<td>Job Centre Plus Services</td>
<td>Work and Pensions</td>
<td>DWP has also drawn on results of both customer experience and wellbeing questions in planning support for Jobcentre Plus customers, for example to better understand how positive experiences link to positive changes in work attitudes.</td>
</tr>
<tr>
<td>Health, Work and Wellbeing</td>
<td>Work and Pensions</td>
<td>Wellbeing research played a crucial role in establishing the evidence base for DWP’s work on the health, work and wellbeing agenda. This has led to a number of important policy changes to support the role that work can play in supporting wellbeing and building social and human capital—for example the introduction of the fit note, the Fit for Work Service pilots, the Occupational Health Advice Lines, and planned introduction of the health and work assessment and advisory service.</td>
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<tr>
<td>POLICIES, PROGRAMMES, SERVICES</td>
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<tr>
<td>Universal Parenting Classes</td>
<td>Education</td>
<td>DIE has included questions to parents to assess impact on wellbeing in the evaluation of the CANparent Trial. A wide variety of classes has been made available in the Trial and customer feedback is very positive with 85% of parents responding to a survey saying they are satisfied with the classes and would recommend them to a friend. The two year evaluation concludes in March 2014.</td>
</tr>
<tr>
<td>Education Endowment Fund</td>
<td>Education/EFF</td>
<td>The EEF funds projects that it believes have the potential to raise attainment among disadvantaged pupils, and evaluates their impact. There are a number of projects particularly related to children’s wellbeing. For example, Developing Healthy Minds in Teenagers will be run as a randomised controlled trial in 30 schools. The Healthy Minds curriculum is a collection of 14 evidence-based programmes that seek to improve pupils’ resilience, life skills, and wellbeing. It is intended that the curriculum should be delivered in the one hour per week that schools typically spend on Personal, Social, Health, and Economic (PSHE) education.</td>
</tr>
<tr>
<td>Support local orgs embed wellbeing in policy/practice</td>
<td>Communities and Government</td>
<td>Wellbeing measurement at the local level has immense potential for engaging local authorities, democratic leaders, service providers and communities. DCLG is working to encourage use of the wellbeing data among local government.</td>
</tr>
<tr>
<td>Troubled Families</td>
<td>Communities and Government</td>
<td>The Troubled Families Team at DCLG launched a programme in April 2012 to help Local Authorities to turn around the lives of the 120,000 most troubled families by 2015. Local Authorities are given incentives in the form of an outcomes based payment-by-results (PBR) system. This is to encourage the redesign of systems and services to focus on family intervention and to support and challenge the families. If troubled families can stabilise their lives, they can aspire to find work and improve their wellbeing. An important part of the evaluation will be to measure the wellbeing of families (both adults and children) and to assess whether there are any improvements following their participation in the programme. The research will include the ONS Subjective Wellbeing Measures and the Children's Society method of measuring wellbeing in children. Researchers will also explore other aspects of the families’ lives which are related to wellbeing, such as relationships, health, education, the area where they live etc. A consortium led by Ecorys has been awarded a contract to carry out the national evaluation which started in March 2013 and is due to report in late 2015. The survey is due to start in early 2014.</td>
</tr>
<tr>
<td>The Built Environment</td>
<td>Communities and Government</td>
<td>The Behavioural Research Network—a group of leading academics working pro bono with DCLG—is leading a project to better understand the role of design in influencing behaviour including the impact that the built environment can have on personal wellbeing and health. This project is expected to complete in 2013.</td>
</tr>
<tr>
<td>National Citizen Service</td>
<td>Cabinet Office</td>
<td>The subjective wellbeing of participants is being measured before and after attending National Citizen Service against a control group. The first year results indicate a statistically significant increase in wellbeing against some of the ONS wellbeing measures.</td>
</tr>
<tr>
<td>Civil Service People Survey</td>
<td>Cabinet Office</td>
<td>The ONS subjective wellbeing questions have added to the Civil Service People survey and the results are informing wellbeing and engagement strategies across government.</td>
</tr>
<tr>
<td>Nature Improvement Areas</td>
<td>Environment, Food and Rural Affairs</td>
<td>Nature Improvement Areas evaluations will draw on wellbeing data.</td>
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<tr>
<td>POLICIES, PROGRAMMES, SERVICES</td>
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<tr>
<td>Evaluation of Rural Broadband</td>
<td>Environment, Food and Rural Affairs</td>
<td>The £20 million Rural Community Broadband Fund is jointly funded by Defra and Broadband Delivery UK (BDUK) and formed a major component of Defra’s Rural Economy Growth Review. It enables the funding of superfast broadband projects in hard-to-reach areas in England. The business case for this project was bolstered by consideration of the wider social and environmental impacts. Defra has recently commissioned an evaluation of the Rural Community Broadband Fund which will include are developing proposals for monitoring and evaluation of the social and wellbeing benefits of broadband to rural communities, as well as economic benefits. This will sit alongside a wider impact study of broadband in the UK recently commissioned by BDUK.</td>
</tr>
<tr>
<td>Evaluation of Rural communities programme</td>
<td>Environment, Food and Rural Affairs</td>
<td>Successful evaluation of the Rural communities programme will be supported by a broad wellbeing measure for rural/urban areas.</td>
</tr>
<tr>
<td>Evaluation of wellbeing impact of</td>
<td>Culture, Media and Sport</td>
<td>The Olympic and Paralympic meta-evaluation will consider the Games’ impact on wellbeing.</td>
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<tr>
<td>Olympics and Paralympics</td>
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<td>The evaluation is currently being scoped out and will possibly include an assessment of wellbeing.</td>
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<tr>
<td>Cultural engagement and wellbeing</td>
<td>Culture, Media and Sport</td>
<td>Arts Council England are considering further research on the links between cultural engagement &amp; wellbeing.</td>
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<tr>
<td>Sports Policies</td>
<td>Culture, Media and Sport</td>
<td>Sport England is conducting evaluations around Places People Play and the School Games. The Values of Sport Monitor also brings together data on the wellbeing impacts of sport.</td>
</tr>
<tr>
<td>Food Safety</td>
<td>Food Standards Agency</td>
<td>The FSA makes good use of the wellbeing literature in its work on food safety, applying values to human health impacts when developing food safety policies and carrying out Impact Assessments. The FSA has an economic research project investigating ways of valuing food safety.</td>
</tr>
<tr>
<td>Wellbeing Strategy and Action Plan</td>
<td>Revenue and Customs</td>
<td>HMRC have developed and published a Wellbeing Strategy and Action Plan, communicating the importance of Wellbeing and how this can impact on attendance, engagement and performance. This includes Attendance &amp; Wellbeing Champions, a national register of local wellbeing initiatives, health living campaigns, proactive Occupational Health Service (OH) and Employee Assistance Programmes (EAP) and comprehensive actions to tackle stress.</td>
</tr>
<tr>
<td>Cycling and Walking</td>
<td>Transport</td>
<td>The health benefits of increased physical activity are a key aspect of the business case for DfT investing in cycling &amp; walking facilities. DfT guidance for scheme appraisal recognises physical and mental health benefits of these modes of travel and recommends the use of WHO's Health Economic Assessment Tool in order to quantify health benefits. Interventions such as 20mph zones or speed limits can reduce severance from motor traffic and improve social connections at the neighbourhood level although quantifying these wellbeing benefits presents a challenge. Wellbeing analysis reinforces the need for transport policies and projects to be thought through and applied with real places in mind, and to be seen in the wider context of central and local government policies eg in the development of City Deals.</td>
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<tr>
<td>Door to Door Strategy</td>
<td>Transport</td>
<td>The DfT’s Door to Door Strategy focuses on the ease and practicability of making trips using a variety of sustainable modes. Beyond the headline objectives of supporting economic growth and reducing carbon emissions, wellbeing is relevant to the achievement of benefits such as access to training and employment, improvements in public health, quality of life and building social cohesion by linking communities.</td>
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<tr>
<td>POLICIES, PROGRAMMES, SERVICES</td>
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<tr>
<td>Alternatives to Travel</td>
<td>Transport</td>
<td>This policy area looks at reducing or removing the need to travel for business purposes, through the use of ICT technologies such as teleconferencing, videoconferencing or remote working. The policy promotes alternatives to travel as a means of contributing towards the aim of improving aspects of wellbeing such as reducing carbon as well as cutting costs.</td>
</tr>
<tr>
<td>Neighbourhood justice panels</td>
<td>Justice</td>
<td>The evaluation of neighbourhood justice panels will provide evidence about the experiences of their users to help inform decisions about their future use.</td>
</tr>
<tr>
<td>Flexible Criminal Justice System (CJS)</td>
<td>Justice</td>
<td>The evaluation of flexible CJS will help inform decisions about whether flexible courts improve the wellbeing of CJS staff to feed into a wider decision about further use of flexible CJS beyond the pilots.</td>
</tr>
<tr>
<td>International Work on Wellbeing</td>
<td>Foreign and Commonwealth Office</td>
<td>FCO is helping to share approaches on wellbeing across countries so that the UK can learn from what other countries are doing in this area, for example:</td>
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<td>- The UK Delegation to the OECD issued a joint Diptel with ONS and Cabinet Office, instructing OECD posts and G20 posts to brief host central agencies/statistical bodies/think tanks on the UK’s work and emphasise UK interest in further international co-operation. This yielded useful information and international contacts:</td>
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<td>- FCO colleagues have been working to ensure the UK is well represented in OECD work on wellbeing, including the 4th OECD World Forum on measuring wellbeing, the OECD’s publication “How’s Life?” and in the OECD’s New Approaches to Economic Challenges project.</td>
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<td>- Engaging with the UN on wellbeing resolutions, events and reports.</td>
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</table>
B39. Scotland’s approach to wellbeing is embedded within an outcomes-based approach to policy making. Since 2007, the National Performance Framework has described a positive vision of the future, together with a measurement set, which, taken as a whole, is a wide-ranging and comprehensive assessment of personal and societal wellbeing.

B40. This outcomes based framework provides a clear vision for the future of Scotland and seeks to align the entire Scottish public sector behind the delivery of a common Purpose—“to focus government and public services on creating a more successful country, with opportunities for all to flourish, through increasing sustainable economic growth”. Within the framework the National Outcomes describe the positive future of Scotland and how the actions of the Scottish public sector will improve the quality of life for the people of Scotland. The measurement set for the NPF, including the Purpose Targets and National Indicators, is used to track progress and covers diverse aspects of life in Scotland, providing an assessment of the National Wellbeing of Scotland. More information about the NPF, including an assessment of National Wellbeing is available at www.scotlandperforms.com.

B41. There is continuing, positive dialogue with organisations that are involved in this work. Last year the NPF was described as “ground-breaking” by the Carnegie Trust and the Sustainable Development Commission’s Round Table.

B42. The approach to wellbeing in Wales is being developed across a wide range of policy areas backed up by a legislative programme that has wellbeing as a core outcome for the people of Wales. The annual report on the Programme for Government sets out the progress the Welsh Government is making in delivering the actions in its Programme for Government and future updates will include a focus on wellbeing measures as they relate to these actions.

<table>
<thead>
<tr>
<th>POLICIES &amp; PROGRAMMES</th>
<th>DEVOLVED ADMINISTRATION</th>
<th>WELLBEING ACTIVITIES/PROGRESS</th>
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<tbody>
<tr>
<td>Young People’s Bill</td>
<td>Scottish Government</td>
<td>Legislation will include a requirement to measure progress on a range of wellbeing measures, using the SHANARRI framework. This is much broader framework than subjective wellbeing.</td>
</tr>
<tr>
<td>Sustainable Development Bill</td>
<td>Welsh Government</td>
<td>The Bill is being developed with a focus on improving the wellbeing of Wales. It will strengthen governance framework for sustainable development in Wales through a new duty on the Welsh Government and Welsh public service organisations in Wales to consider economic, social and environmental wellbeing together with the wellbeing of future generations.</td>
</tr>
<tr>
<td>National survey for Wales</td>
<td>Welsh Government</td>
<td>The key topics agreed by the Welsh Cabinet for the survey are Public Services and Wellbeing. The survey includes the ONS questions, some citizenship survey questions as well as questions specific to Welsh Government policy initiatives.</td>
</tr>
<tr>
<td>Social Services and Well-being Bill</td>
<td>Welsh Government</td>
<td>The draft Social Services and Well-being (Wales) Bill was introduced in to the National Assembly for Wales on 28th January 2013 for consideration and scrutiny Integral to the Bill is the principle of well-being. On 16 April 2013, a well-being statement was published. This states that “Everyone is entitled to well-being and everyone has a responsibility for their own well-being, but some people need extra help to achieve this”.</td>
</tr>
<tr>
<td>Counselling services for children and young people (Welsh Government)</td>
<td>Welsh Government</td>
<td>Legislation was introduced on 1 April which requires local authorities to provide independent counselling services to children and young people in their area, and £4.5 million funding for counselling has been transferred to local authorities’ revenue support grant.</td>
</tr>
</tbody>
</table>
Local authorities are also required to submit data, which includes the average score of psychological difficulties for children and young people (measured at the start and end of the counselling sessions).

### WELLBEING ANALYSIS PLANS & PROGRESS

B43. The tables below present some emerging wellbeing analysis and data collection plans across Whitehall and Devolved Administrations.

<table>
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<tr>
<th>Department</th>
<th>Analysis, Data Collection Plans &amp; Relevant Progress</th>
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</table>
| Health     | - Mapped which DH surveys include wellbeing measures for the Cross-government Social Impacts Task Force  
- Autumn 2012 publication of a revised technical specification and baseline data for the self-reported wellbeing indicator in the Public Health Outcomes Framework—this includes the “ONS 4” and a measure of mental wellbeing using the Warwick Edinburgh Mental Wellbeing Scale (WEMWBS) in the Health Survey for England (HSE)  
- Funded WEMWBS for the fourth consecutive year in the 2013 HSE and bidding for funding for the 2014 survey  
- WEMWBS analysis from the HSE was included in the 2012 Chief Medical Officer’s annual report and a chapter on children’s wellbeing is planned for the 2013 annual report  
- Commissioned the National Centre for Social Research to carry out secondary analysis of wellbeing data in the HSE and other datasets to explore what factors predict wellbeing—this is due to be completed March/April 2013  
- Commissioned EEPRU (the Economic Evaluation of Health and Care Interventions Policy Research Unit, based in Sheffield and York) to undertake work on the wellbeing weighting of the EQ 5D description instrument of health status  
- Contributing to the WHO Expert Group on wellbeing indicators for the “Health 2020” Strategy  
- Including wellbeing questions in the 2014 WHO cross-national collaborative study Health Behaviour in School-aged Children (HBSC) study  
- Developing a compendium of factsheets on wellbeing against various health themes  
- Bidding to the Economic and Social Research Council’s (ESRC) 2013 Postgraduate Internship Scheme to support internal analysis  
- MOD is analysing the Armed Forces Continued Attitudes Survey that include the four ONS questions. Given the recent introduction it is too early to make any data comparisons or trends. However the wellbeing questions will be included again in the survey this year which will support greater use of trend analysis and comparisons with the wider Civil Service.  
- It is planned that the Families Armed Forces Continuous Attitude Survey (FAMCAS), completed by the spouse of the serving armed forces personnel, may ask some wellbeing questions.  
- BIS's fourth Work-Life Balance Employee Survey was conducted in early 2011 and published in July 2012. It found that the majority of employees were satisfied with their hours and current working arrangements, with 90% agreeing that having more choice in working arrangements improves morale. BIS has commissioned the latest employer survey this year.  
- The 2011 Workplace Employment Relations Study (WERS) collects information from employees on job satisfaction and well-being. Information is gathered on job demands and job security, employee satisfaction with aspects of their job and overall well-being at work.  
- Study to consider the current practices of impact accounting across Whitehall, with particular focus on wellbeing issues and the techniques used to monetise, quantify and otherwise account for non-monetised effects. The output of this project is guidance as to the importance of, and techniques available to, better factor in all impacts in social policy making.  
- In October 2008, the Government Office for Science published its Foresight report “Mental Capital and Wellbeing: Making the most of ourselves in the 21st Century” (MCW). It proposes that achieving a small change in the average level of wellbeing across the population would produce a large decrease in the percentage with mental disorders, and also in the percentage with a sub-clinical disorder. It informed DH’s |
Department | Analysis, Data Collection Plans & Relevant Progress
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Justice | mental health strategy “No health without mental health: a cross-Government mental health strategy for people of all ages”
A number of surveys undertaken or supported by MoJ include or have included coverage of well being issues. For example:
- the Surveying Prisoner Crime Reduction included questions related to prisoners’ wellbeing;
- the Civil and Social Justice Survey, commissioned by the Legal Services Research Centre, included questions related to people’s wellbeing, for example around mental health and life satisfaction;
- the Crime Survey for England and Wales (CSEW) captures information on trust in CJS, victims experiences of CJS and their needs and attitudes to sentencing, and also includes the ONS subjective well being measures and other measures linked to well-being.

International Development | Supporting analysis of wellbeing and multi-dimensional poverty in developing countries using range of data and approaches, including:
- The Oxford Poverty and Human Development Index (just under £500,000 from 2009–11) for the development of the multi-dimensional poverty framework including subjective wellbeing
- The Wealth Accounting and Valuation of Ecosystem Services (WA VES) pilot programme managed by the World Bank which aims to support developing countries to integrate the value of their natural capital into national accounts.

Transport | DfT has reviewed the evidence base on transport and wellbeing to identify the key interrelations between them.
- A wellbeing tool is being developed, based on the literature review to raise awareness amongst transport policy makers and practitioners of the relationship between transport interventions and well-being.
- In the last 12 months there have been three internal events to raise awareness of the evidence base.
- The ONS’s work on the drivers of wellbeing has highlighted the importance of transport in providing access to employment and training opportunities. This work is also key to the design of transport projects and their interaction with wider spatial planning to foster community cohesion and an improved sense of place.
- Work has also been undertaken that has sought to examine potential links between ONS subjective wellbeing (SWB) data and land use, air quality and noise data.
- DfT is in discussions with ONS about how data being collected through the Labour Force Survey can be used to examine potential links between commuting and subjective wellbeing.
- Currently considering analytic priorities—analysis of wellbeing could include work on:
  - The National Travel Survey
  - English Longitudinal Study of Aging (ELSA) around transport isolation
  - Active travel and wellbeing

Work and Pensions | DWP has been researching the psychological health and wellbeing of Jobseeker’s Allowance (JSA) claimants and the way that being out of work/returning to work affects psychological health.
- DWP has also commissioned a number of important research projects establishing the role that employment plays in health and wellbeing, and mapping successful wellbeing interventions to build social and human capital, including “Is Work Good For Your Health and Wellbeing?” and “Work and Mental Health”.
- DWP is working with LSE to explore birth cohort and twin study data to look at influences on wellbeing over time and the interventions needed, at which points in our lives, to improve wellbeing
- Wellbeing is in several other relevant datasets which will support further analysis, and more generally DWP is seeking to incorporate the ONS wellbeing questions into research where it is practical and relevant to do so.

Communities and Local Government | - Analysing local variation and patterns of wellbeing. Making wellbeing data available in open data format.
- Developing priorities for further analysis of wellbeing data, especially around housing and localism.
- Including the ONS subjective wellbeing questions into the English Housing Survey 2013/14 and subsequent analysis.

Education | Wellbeing of 16–19s is included in the Positive for Youth policy paper
- Wellbeing questions (based on Children’s Society measure) included in survey of Smoking, Drinking & Drug Use
Environmental Audit Committee: Evidence

### Department

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<thead>
<tr>
<th>Department</th>
<th>Analysis, Data Collection Plans &amp; Relevant Progress</th>
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<tr>
<td>Cabinet Office</td>
<td>- Cabinet Office has included wellbeing questions in the 2012 Community Life survey, which will enable analysis of the associations between wellbeing and a range of social capital measures.</td>
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<td></td>
<td>- Analysis of the wellbeing questions in the 2012 People Survey</td>
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<td></td>
<td>- Continued analysis of the wellbeing within the National Citizen Service evaluation.</td>
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<tr>
<td></td>
<td>- Analysis of wellbeing in the evaluation of Community Organisers and Community First programmes</td>
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<td>- Analysis of wellbeing and volunteering in partnership with DWP</td>
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<td></td>
<td>- Cabinet Office will continue to work in partnership with other departments in the analysis of wellbeing across a wide range of policy areas eg transport, green space, aircraft noise, crime, public services etc.</td>
</tr>
<tr>
<td>Environmental.</td>
<td>- Working with the CO and ONS on the impact of green spaces and wellbeing.</td>
</tr>
<tr>
<td>Food and Rural Affairs</td>
<td>- Working with CLG on wellbeing in remote areas.</td>
</tr>
<tr>
<td>Home Office</td>
<td>- “Costs of crime” figures include estimates of the emotional impacts on victims</td>
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<td></td>
<td>- Working with Cabinet Office and ONS on Crime and Wellbeing Paper</td>
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<td></td>
<td>- Added ONS harmonised questions to the Crime Survey for England and Wales (now run by ONS).</td>
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<tr>
<td>Culture Media and Sport</td>
<td>- Analysing wellbeing data in Taking Part Survey (cultural and sporting participation).</td>
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<td>- Analysing wellbeing impact of Olympics/Paralympics.</td>
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<td>- Developing policy impacts framework which will include wellbeing.</td>
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<td>- Arts Council England will research the link between cultural engagement and wellbeing this year.</td>
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<tr>
<td>Energy and Climate Change</td>
<td>Assessing impacts of policies to reduce fuel poverty on wellbeing. Developing a model that will integrate health impacts into future policy assessments on fuel poverty (June 2012).</td>
</tr>
<tr>
<td>Revenue and Customs</td>
<td>- HMRC is measuring the impact of health and wellbeing activities and using the Civil Service People Survey results, Health &amp; Safety Audits (with wellbeing questions included), sickness absence data and stress related data, to inform continuous planning and improvement.</td>
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<tr>
<td></td>
<td>- Further work is in progress in this area, including benchmarking the four ONS wellbeing questions in the 2012 People Survey data and making further comparisons to help measure the effectiveness of the HMRC strategy.</td>
</tr>
<tr>
<td>Health and Safety Executive</td>
<td>- Analysis of the “ONS 4” subjective well-being (SWB) questions from the Labour Force Survey (LFS) to understand the links to income, and the work-related injury and ill health questions that HSE sponsors.</td>
</tr>
<tr>
<td></td>
<td>- Also investigating whether the British Household Panel Survey (BHPS) could be used in a similar way and whether SWB data can be used to provide an alternative means of valuation of occupational injuries and ill health (alongside the preference-based methods traditionally used by HSE and other Government Departments).</td>
</tr>
</tbody>
</table>

### DA

**Wellbeing Analysis and Data Collection Plans**

- Undertaking some internal analysis with ONS data, to explore whether significant differences emerge between the data and the measure in the National Performance Framework (self-assessed general health). The preferred measure for subjective wellbeing is WEMWBS.

- The first 6 months of wellbeing data from the ONS has been analysed with a focus on the characteristics of those with low or very low wellbeing.

- Analysis of the wider range of Wellbeing measures in the National Survey for Wales will be carried out after the annual data release in May 2013. The 2013–14 survey will include the full question set from the EU-SILC wellbeing module and data will be available in May 2014.

**Further written evidence submitted by the Cabinet Office**

The "Nudge Unit" or Behavioural Insights Team did not have any formal discussions with Defra on the proposed plastic bag charge. Although there is good evidence that introducing a 5p charge for single use carrier bags in Wales did dramatically decrease the number of bags issued, specifically by about 80%.

All the charging schemes in place and proposed across the UK have similar structures. They put in place a 5p charge on carrier bags in order to reduce litter and the environmental cost of producing all that plastic.
There are differences across the UK to reflect local circumstances. In England the charge will focus on plastic bags as it is a targeted, proportionate approach to the problem of carrier bag distribution and littering. The Government will exempt small and medium-sized enterprises to reduce the administrative burden. We also intend to exempt biodegradable bags that meet certain standards.