

Current Issues Note 35

Well-being in London: Measurement and Use

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Introduction

London produces over one fifth (21.5 per cent) of UK Gross Value Added (GVA) despite accounting for only 13 per cent of the population. It is thus the most productive region in the UK and can justly be called the driving-force of the UK economy. Among UK cities it is unique in both its scale and diversity. However these statistics alone tell us nothing about how 'happy' Londoners are and how their sense of 'well-being' compares with that of people who live elsewhere in the UK.

More income¹ allows us to satisfy more of our wants, hence Gross Domestic Product (GDP) is normally thought to be synonymous with well-being. However, a debate has begun as to how appropriate this is. An increasing number of social scientists accept that there is a need to develop an alternative measure of well-being. This could help public policy evaluation, not least in such areas as social exclusion and environmental sustainability. (The August urban riots in London gave added impetus to this thinking.)

The aim of this paper is to examine the concept of well-being and measures of it with particular reference to London. We draw on existing data and information, both quantitative and subjective.

London is the most productive (in terms of GVA) region in the UK and also the most densely populated. As we go on to discuss, London is very different from other UK cities. It follows that the relationship between GVA and well-being may also be very different.

Well-being measures could also be useful in comparing cities internationally. This paper was written for and presented at the OECD Working Party on Territorial Indicators (WPTI)² in Paris 6-8 December 2011.

Well-being measures can take the form of an indicator set, a few key numbers based on a consensus of what is important (a dashboard) or a combined index – using fixed weights or a 'help yourself' index. The latter has been developed at the ward level³ for London by the GLA Intelligence Unit.

Background to the debate

Measuring well-being as a concept is not new. Concerns have increasingly been raised about the adequacy of GDP growth as a measure of welfare.

Recently, measures of well-being have attracted more researchers. The seminal paper was the Stiglitz, Sen and Fitoussi Report commissioned by French President Sarkozy.⁴

¹ Income (compensation of employees) is a large component of GDP.

² The Working Party on Territorial Indicators brings together international experts from all OECD countries to carry out statistical work on the measurement of regional economies.

³ London is made up of 625 wards.

⁴ Report by the Commission on the Measurement of Economic and Social Progress, Stiglitz, Sen and Fitoussi <http://www.stiglitz-sen-fitoussi.fr/en/index.htm>

The European Commission's "GDP and Beyond" project and the OECD's "Global Project On Measuring The Progress Of Societies" are also examining the concept and its measurement.

In November 2010 the UK Prime Minister David Cameron asked the Office for National Statistics to take the lead on the 'National Wellbeing Project'. The eventual outcome is to hopefully provide a consensus on the key areas that matter most to people's well-being, with the focus on quality of life indicators and the impact progress has on the environment. The project aims to provide a fuller picture of 'how society is doing' than is given by economic indicators such as GDP.

One recommendation from the Stiglitz, Sen and Fitoussi report is that national statistics offices should gather information on people's subjective assessment of their own well-being. In April the ONS began to include this type of question on its large household surveys. These subjective measures will supplement existing quantitative objective measures. They will also provide estimates at the London level. The results will be available in 2012.

Limitations of GDP as a measure of well-being

GDP measures the value of goods and services produced in a given period of time (less intermediate consumption). No normative filter is applied to specific transactions. That means for example that the cost of repairs after the London riots boosted GDP. However these could hardly be regarded as a "positive" economic outcome. Similarly increased spending on pharmaceuticals resulting from more ill-health would be recorded as an increase to GDP yet increasing ill-health can hardly be viewed as improved well-being.⁵

Although it includes imports and exports, GDP does not include all international income flows⁶, nor does it include domestic voluntary work or the underground economy. GDP per head is a poor measure for areas where there is a large amount of commuting; GDP per head for London overstates the prosperity of London residents.⁷

Since GDP is a measure of flows (and not stocks) it does not tell us about the depletion of natural resources and environmental damage, although estimates of this should be recorded within the Environmental Satellite Account (ESA) which is an extension to the National Accounts (Blue Book). The ESA provides information on the environmental impact of UK economic activity (in particular on the emissions of pollutants) and on the importance of natural resources to the economy at the UK level (regional measures may be difficult to develop).

⁵ Negative impacts of environmental disasters will eventually show up as reduced output.

⁶ GDP does not include income from overseas investment, although it does include income earned by foreign nationals domestically.

⁷ National Statistician's article: measuring regional economic performance, ONS, K Dunnell, 2009.

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The Environmental Satellite Account is important to any measure of environmental sustainability and is likely to play a part in measuring well-being. In addition, Sustainable Development Indicators have been produced by the Department for Environment, Food and Rural Affairs (DEFRA) since 2005. DEFRA is currently in the process of developing a new set of these indicators, one of the aims of which is to align these indicators with work on measuring national well-being.

Measuring GDP tells us nothing about the distribution of income at a point in time, nor about the distribution of income over time (inter-generational wealth). Again wealth is a stock not a flow, and it is only the latter that GDP measures.

GDP also ignores many of the other determinants of well-being such as quality of social relations, economic security and personal safety, health and longevity.⁸

The ONS well-being debate

In 2010 the ONS launched a programme of work on measuring national well-being. The first phase of this programme was the national debate which ran from November 2010 to April 2011, in which it gathered views on what matters to people and what influences their well-being.

ONS received almost 8,000 responses to the consultation and in addition it reviewed contributions from the national well-being website⁹ and other social media and discussion forums. ONS also had dedicated email and phone lines and pre-paid postcards and held 175 events across the country involving over 7,000 people.

The responses revealed with surprising consistency that people ranked the following themes highly:

- Health
- Good connections with friends and family
- Job satisfaction and economic security
- Present and future condition of the environment
- Education and training

Since then the ONS has issued a consultation¹⁰ on the proposed 'domains' and headline measures of well-being, and for each domain they propose to include both subjective and objective well-being measures.

⁸ The State of Society, Measuring economic Success and Human Well-being, Erwin de Leon and Elizabeth T. Boris, Urban Institute, 2010.

⁹ The national well-being website generated almost 17,000 visits and comments from 1,200 people.

¹⁰ Proposed Domains and Headline Indicators for Measuring National Well-being, Discussion paper for consultation, ONS, October 2011.

Results from the Annual London Survey commissioned by the Greater London Authority (GLA) suggest that there are likely to be additional themes that are important to the well-being of Londoners, which are:

- Crime (safety)
- Housing
- Transport (access)

Crime and fear of crime can have a potentially very significant impact on well-being. This can be related to trust and our ability to trust strangers. Crime rates in London are among the highest in England. Recorded crimes amounted to 109 incidents per 1,000 population in 2009/10 versus the average for England of 79 per 1,000.¹¹

As the most densely populated region, with high house prices and rents, housing is more likely to be an issue in London. London's Mayor recognises the pressing need for more homes in the London Plan.¹² Similarly many people living in London commute to work and the quality and availability of suitable transport opportunities is much more likely to impact on quality of life.

What else is unique about London?

London's demographics are very different from that of the rest of the UK. Population density is over 4,900 per square kilometre, ten times that of the second most densely populated region, the North West.¹³ London also is more ethnically mixed than other regions. The age structure differs from the rest of the country with a greater proportion of under 16s and a smaller proportion of over 65s. Evidence¹⁴ indicates that there appears to be a U-shaped curve for 'life satisfaction' as respondents' ratings are highest at the youngest (16 to 19) and older age groups (65 to 74), and dip slightly in the middle years. Therefore we might want to take age structure into account when comparing London with other parts of the UK.

London is often described as a city of extremes with much wealth but also neighbourhoods with high levels of deprivation. Household income in London far exceeds that of any other region in the UK. At £900 per week, London's gross weekly household income was 15 per cent higher than the next highest region and 35 per cent higher than the UK figure (£669).¹⁵

Despite this, a higher proportion of children live in workless households in London (20.7 per cent) than in the UK as a whole (15.8 per cent).¹⁶ The unemployment rate in London is higher than in the UK as a whole.

¹¹ ONS Regional Trends 43, 2011 Edition release.

¹² The London Plan, Spatial Development Strategy for Greater London, July 2011.

¹³ Focus on London 2010: Population and migration.

¹⁴ See Dolan P, Layard R & Metcalfe R (2011) 'Measuring Subjective Well-being for Public Policy', and Initial investigation into Subjective Well-being from the Opinions Survey, ONS, December 2011.

¹⁵ Focus on London 2010: Income and Spending.

¹⁶ Second quarter of 2011, ONS Working and Workless Households 2011.

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London has the second highest proportion of socially rented housing in England. In 2007, 23 per cent of homes were rented from local authorities and social landlords, above the UK average of 18 per cent. Around 20 per cent were privately rented compared to a UK average of 12 per cent.¹⁷ London has also the highest house and rental prices, hence housing is likely to be an issue for Londoners.

Londoners pay a greater amount of their income in tax and national insurance than people elsewhere in the UK as well as having to pay more for housing and everyday necessities. Hence London households are less affluent than the per capita GVA figures suggest.¹⁸

Londoners work the longest hours compared with other regions and many people living in London commute long distances to work. The quality and availability of suitable transport opportunities can impact on quality of life. Research suggests that commuting tends to lower well-being.¹⁹

London also has the highest proportion of one person households.

What well-being data do we already have?

Subjective well-being

Subjective well-being, i.e. people's self-reported assessment of their own well-being, is an important component of any measure of well-being. Research has shown that subjective well-being correlates well with objective measures such as income and employment status,²⁰ but objective measures alone cannot tell the whole story.

One international ranking of subjective well-being that has received attention in the media is the Unicef child well-being report²¹ which used six criteria (material well-being, health, safety, educational well-being, family and peer relationships, behaviours and risks and subjective well-being). It ranked the UK as the lowest of the 21 participating countries.

Survey questions can be used to capture how people think and feel. As part of the Well-being project the ONS identified 16 surveys that already include questions on subjective well-being. Not all of these are sufficiently robust at the regional level, but some are and these are discussed below. As of April 2011 subjective well-being questions have

¹⁷ ONS Regional Trends 43, 2011 Edition release.

¹⁸ Focus on London 2010: Income and Spending.

¹⁹ "Stress that doesn't pay off: The Commuting Paradox", IZA Discussion paper No 1278, September 2004.

²⁰ ONS, Supplementary paper: measuring subjective well-being, July 2011 quoting Dolan et al 2008, Do we really know what makes us happy? A review of economic literature on the factors associated with Subjective well-being. *Journal of Economic Psychology*, 29, 94-122.

²¹ UNICEF, "Child poverty in Perspective: An overview of Child Well-being in Rich Countries. A comprehensive Assessment of the Lives and Well-being of children and Adolescents in the economically Advanced Nations", UNICEF Innocenti Research Centre, 2007.

been added to by ONS to its Integrated Household Survey. The first estimates – including regional data - will be available in summer 2012.

Below we examine the surveys that provide information on subjective well-being at the London level.

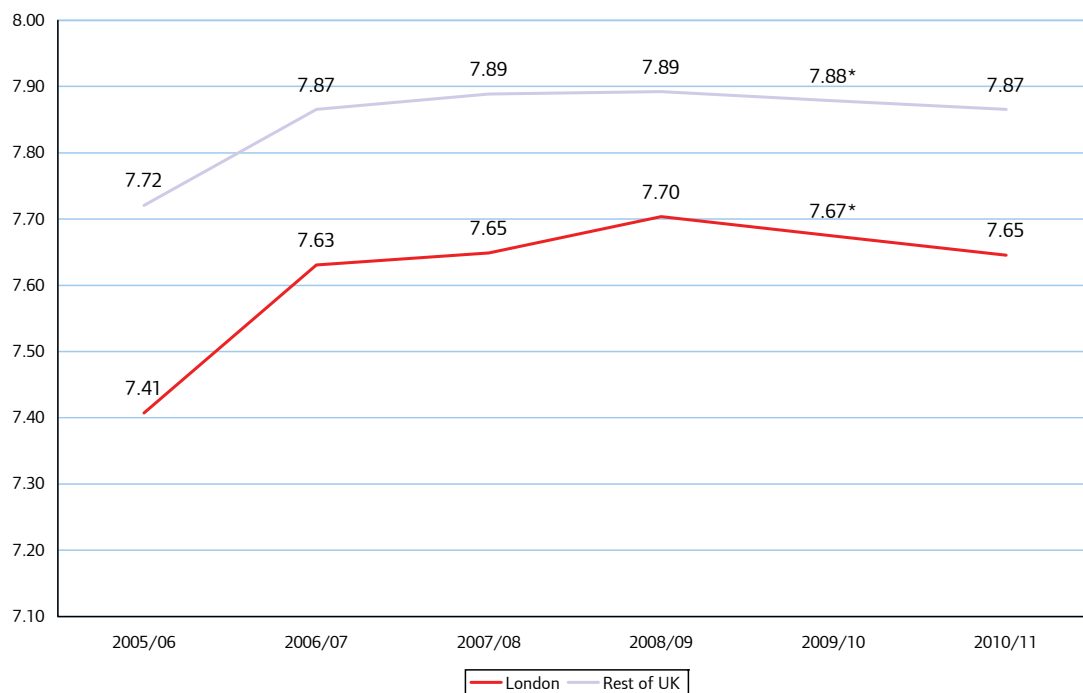
Taking Part Survey

The “Taking Part” survey is run by the Department for Culture Media and Sport and has been designated a National Statistic by the UK Statistics Authority. It is a face-to-face annual survey with questions for both adults and children. The survey samples around 14,000 individuals in England and provides data at the regional and local authority level.

The 2010/11 questionnaire included questions on social capital, socialisation, volunteering and charitable giving. Social capital describes the pattern and intensity of networks among people and the shared values which arise from those networks. Definitions of social capital vary but the main aspects include citizenship, neighbourliness, social networks and civic participation. The survey also includes questions on health, education and employment and is therefore a good source of subjective well-being data.

Figure 1 shows that over the period 2005/6–2010/11 the self-assessment of well-being by Londoners was below that of the rest of the UK. Although the gap is relatively small, it has been consistent over the six-year period.

Figure 1: Taking all things together, how happy would you say you are?



Source: Taking Part 05/06–2010/11. Respondents select from a scale of 1 to 10.

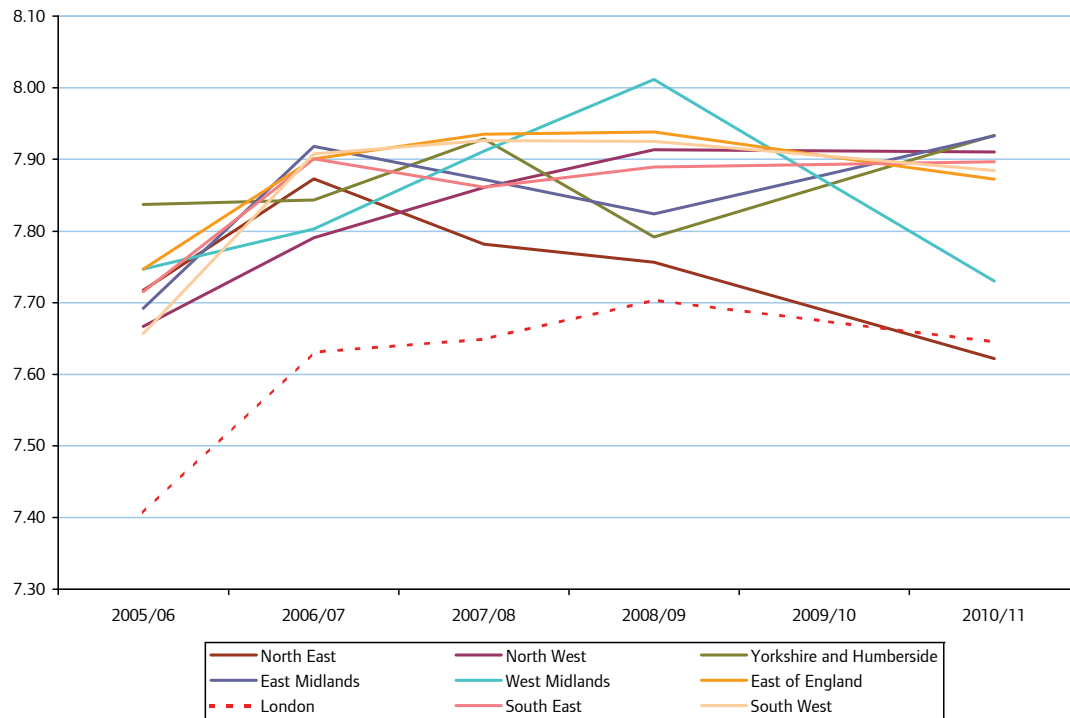
* This is an estimate as question was not asked in this year

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Figure 2 shows the responses to the same question by region. London has the lowest happiness score of all regions apart from the North East which dips below London in 2010/11.

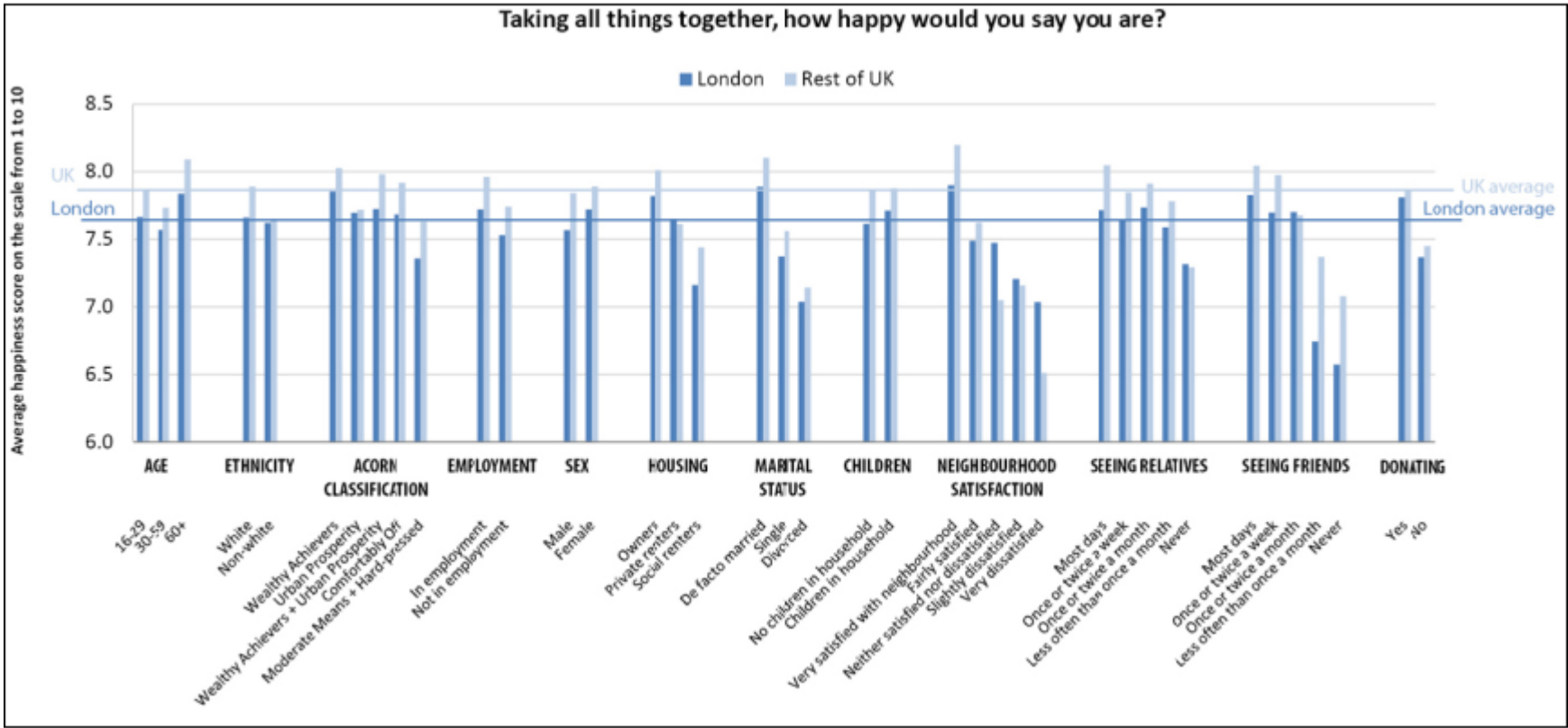
Figure 2: Taking all things together, how happy would you say you are (by region)?



Source: Taking Part 05/06-2010/1. Respondents select from a scale of 1 to 10

Figure 3 breaks down the results by various characteristics and is for the last year of data (2010/11). There are very few instances where London's happiness score is higher than the UK's.

Figure 3: Taking all things together, how happy would you say you are (broken down by various characteristics and is for last year of data 2010/11)?



Source: Taking Part (2010/11)

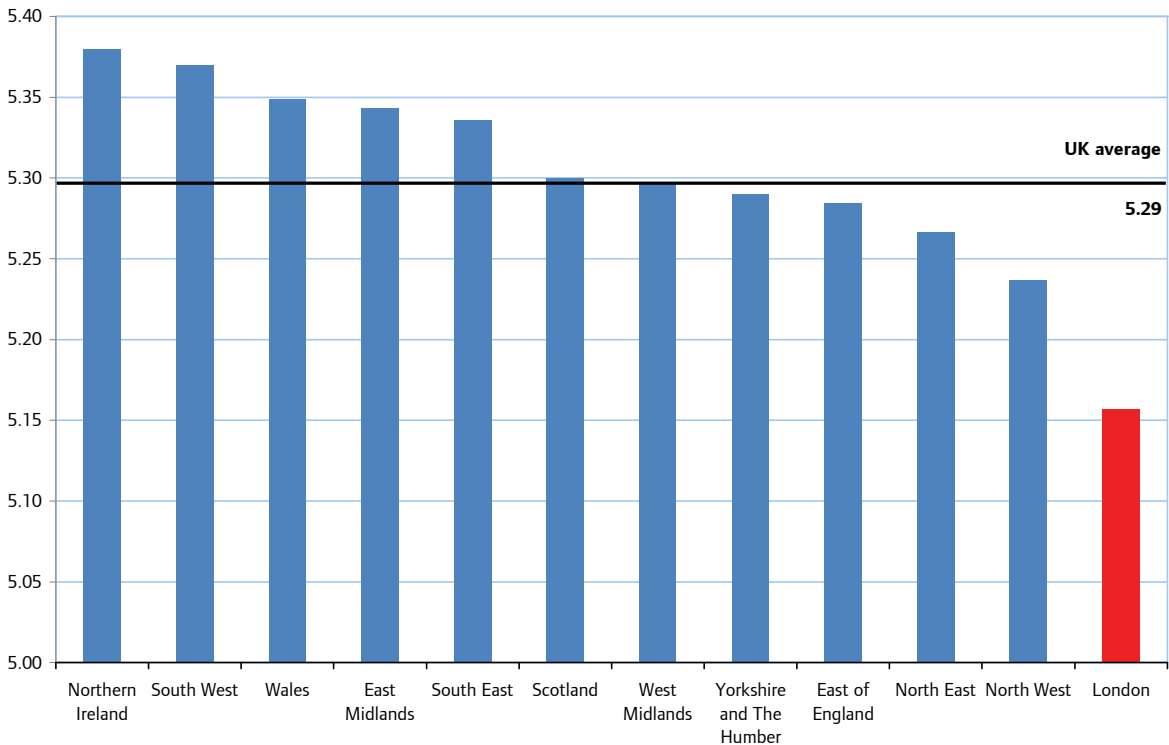
Understanding Society

This survey is carried out by the National Centre for Social Research. It replaces and incorporates the British Household Panel Survey (BHPS) which has been running since 1991. The survey follows 40,000 households covering a broad spectrum of areas including health, experience of crime, personal finances, bringing up children, involvement in local community, employment, and views and outlook including about the political system. The survey is funded until 2015. At the moment this survey is the front runner for measuring subjective well-being in the UK until Integrated Household Survey (HIS) measures become available.

A well-being question was introduced to the Understanding Society survey in 2010, so although we only have one year of data, going forward this will be the first time we have longitudinal well-being data. This is important as it can help us to identify the direction of causality between happiness and other factors.

Based on the one year of data this survey also shows that for Londoners, overall life satisfaction is lower than for those living in the rest of the UK (see Figure 4).

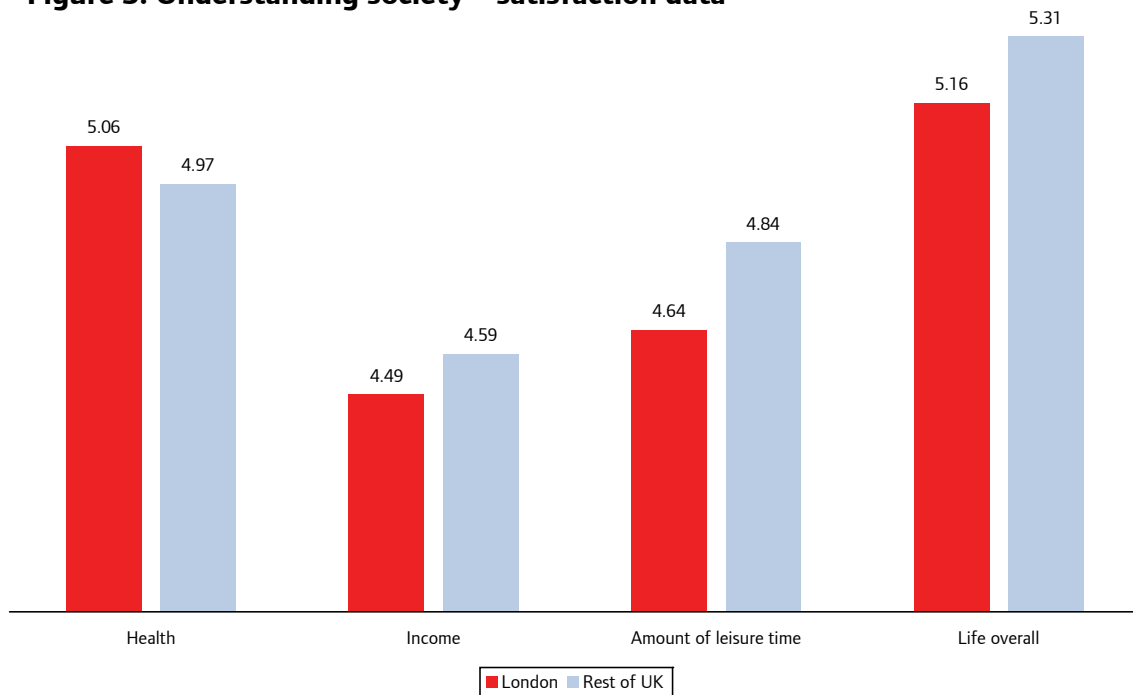
Figure 4: Satisfaction with life overall



Source: Understanding Society, 2010
Respondents select from a scale from 1 to 7

The only area in which Londoners are more satisfied than the rest of the UK is health (see Figure 5).

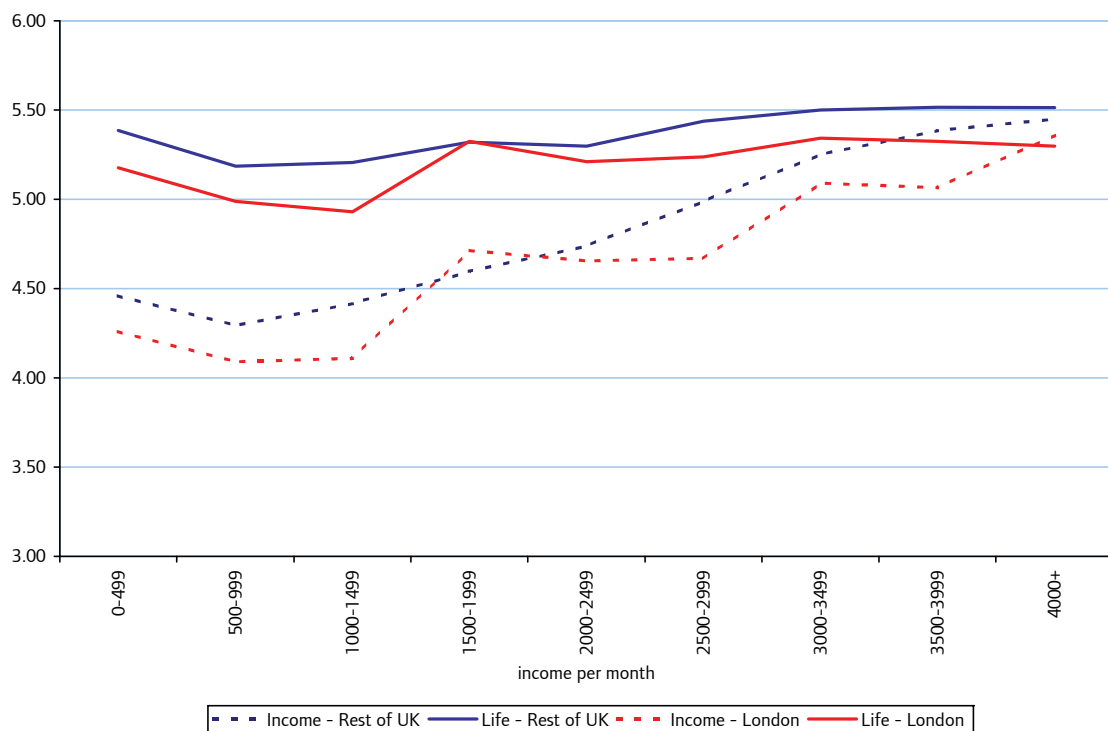
Figure 5: Understanding society – satisfaction data



Source: Understanding Society
Respondents select from a scale from 1 to 7

Figure 6 shows that at most income levels factors other than income are important to overall life satisfaction – though as incomes rise the gap between satisfaction with income and satisfaction with life narrows.

Figure 6: Satisfaction with income and life, London and Rest of UK



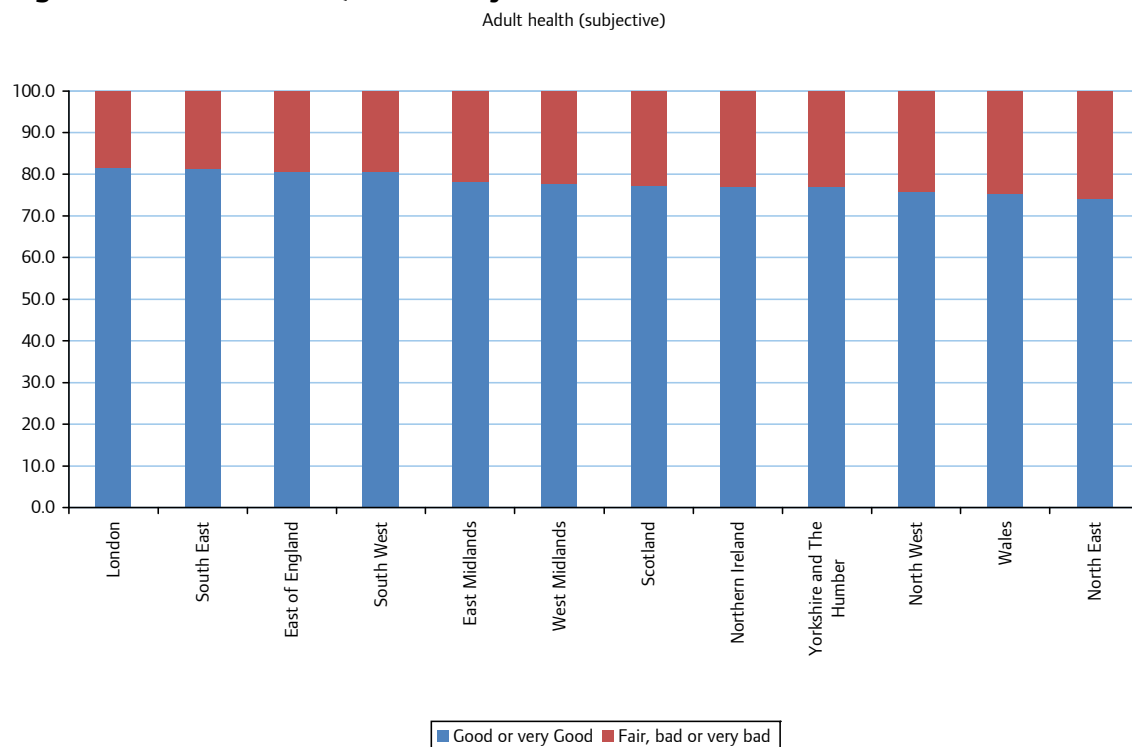
Source: Understanding Society
Respondents select from a scale from 1 to 7

Integrated Household Survey

The Integrated Household Survey (IHS) is a composite survey combining questions asked in a number of Office for National Statistics (ONS) social surveys to gather a core of information for a very large number of households. The aim of the IHS is to produce estimates for particular themes to a higher level of precision and at a lower geographic level than is possible in individual ONS social surveys. Robust local information will be useful to improve the monitoring of important information between censuses (if there is another census²²) for a range of policy purposes.

Using IHS data on peoples’ subjective view of their own health, Londoners come out as the healthiest of all the regions, although differences are small. It may reflect the younger average age of the population in London compared to other parts of the UK.

Figure 7: General Health, IHS survey 2010



Source: IHS 2010

New questions that deal with subjective well-being have been added to the IHS in April 2011. The first results of these will be available in summer 2012. The questions that will be put to IHS respondents are:

Overall, how satisfied are you with your life nowadays?

Overall, how happy did you feel yesterday?

Overall, how anxious did you feel yesterday?

Overall, to what extent do you feel the things you do in your life are worthwhile?

²² The “UK Beyond 2011” Programme is currently looking at whether the needs of a traditional census can be met by alternatives.

Objective measures

There is a wealth of regional data already available that is applicable to the well-being themes identified.

Gross Disposable Household Income

A good place to start is with Gross Disposable Household Income (GDHI), produced by regional accounts. This is the amount of money available to households for spending or saving after taxes, national insurance and pension contributions, property costs and other interest payments have been deducted. GDHI per head is a key determinant of welfare and has been described by ONS as the general economic well-being and prosperity of the residents living in a region. The ONS is proposing to use this measure under the contextual domain of 'the economy' for measuring well-being. It is more relevant to residents' well-being than simply looking at GVA per head, which overstates prosperity where there is in-commuting to a region.

London has the highest GDHI per head of the UK regions, yet the difference with other regions is smaller for GDHI per head than it is in the case of GVA per head. Moreover there are big differences within London. Inner London West for example has a total GDHI per head of £32,069 in 2009, compared to £15,854 in Outer London East and North East and £17,684 in Inner London-East. Figure 8 shows how the range (lowest to highest) of GDHI per head within regions is greatest for London.

Figure 8: GDHI per head – by distribution of NUTS3 areas within each NUTS1 region, 2009

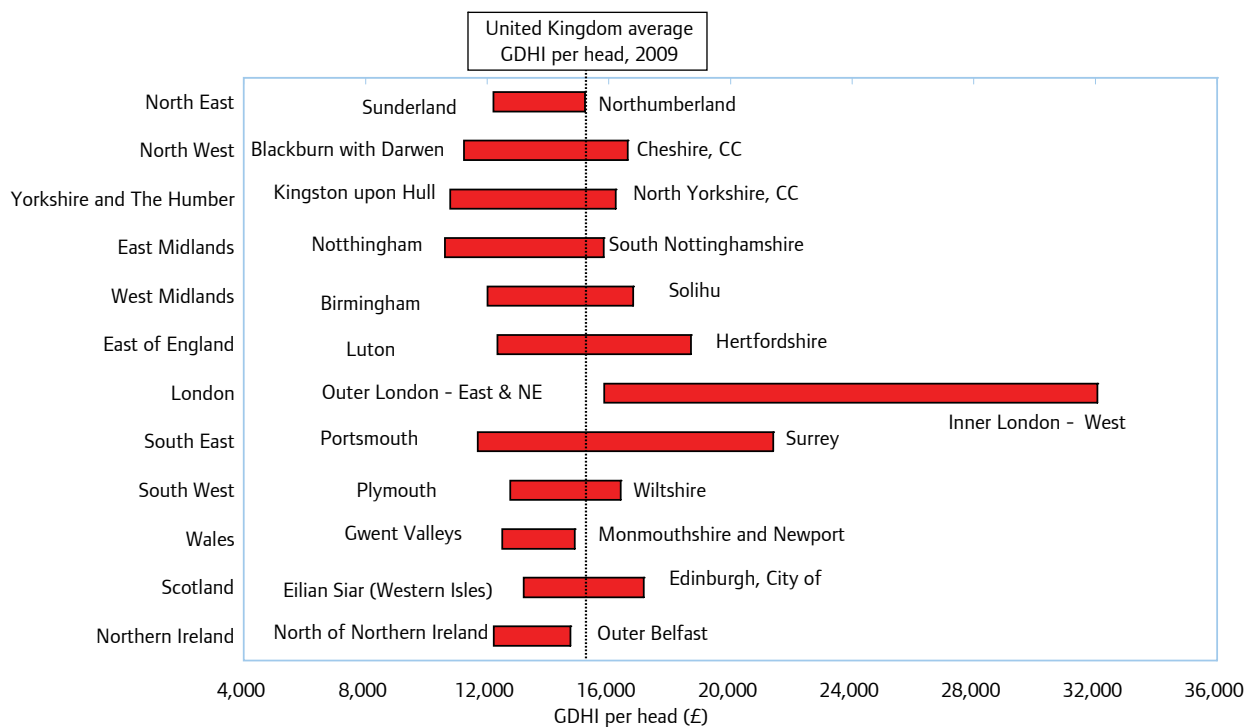
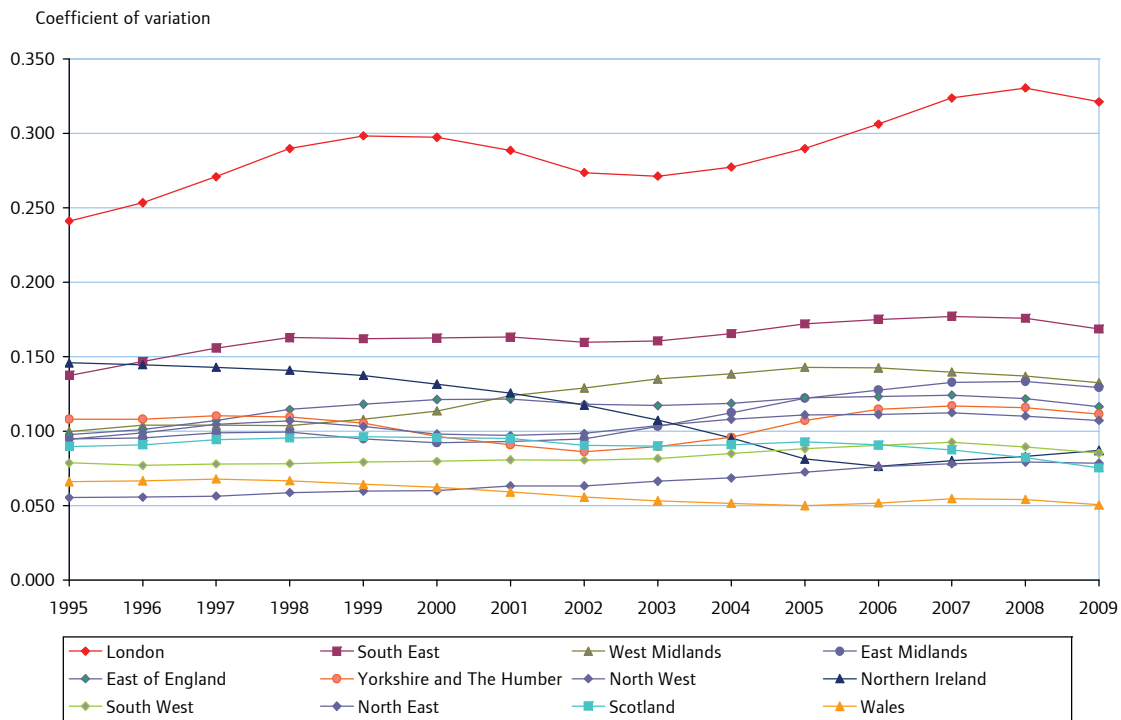


Figure 9 shows the dispersion²³ between NUTS3 regions in GDHI per head in London compared to the dispersion within the other UK NUTS1 regions. This shows that the dispersion of GDHI per head, i.e. the disparity in household incomes per head between London sub-regions, has widened since 1995, showing the increasing inequality in incomes. By comparison all the other UK regions have seen much flatter trends, hence inequality in incomes has been more stable outside of London. ONS research finds that people care more about reducing inequality than increasing efficiency.²⁴

Figure 9: Dispersion of GDHI per head across NUTS3 regions within UK NUTS1 regions



There is a wealth of data, available at the regional level for objective measures of well-being. Table 1 covers some examples:

²³ Dispersion is measured as the coefficient of variation, which is the standard deviation of GDHI per head across NUTS 3 regions divided by the mean.

²⁴ Comparing measures of subjective well-being and views about the role they should play in policy, ONS, July 2011, Paul Dolan, London School of Economics and Robert Metcalfe University of Oxford.

Table 1: Objective measures of well-being

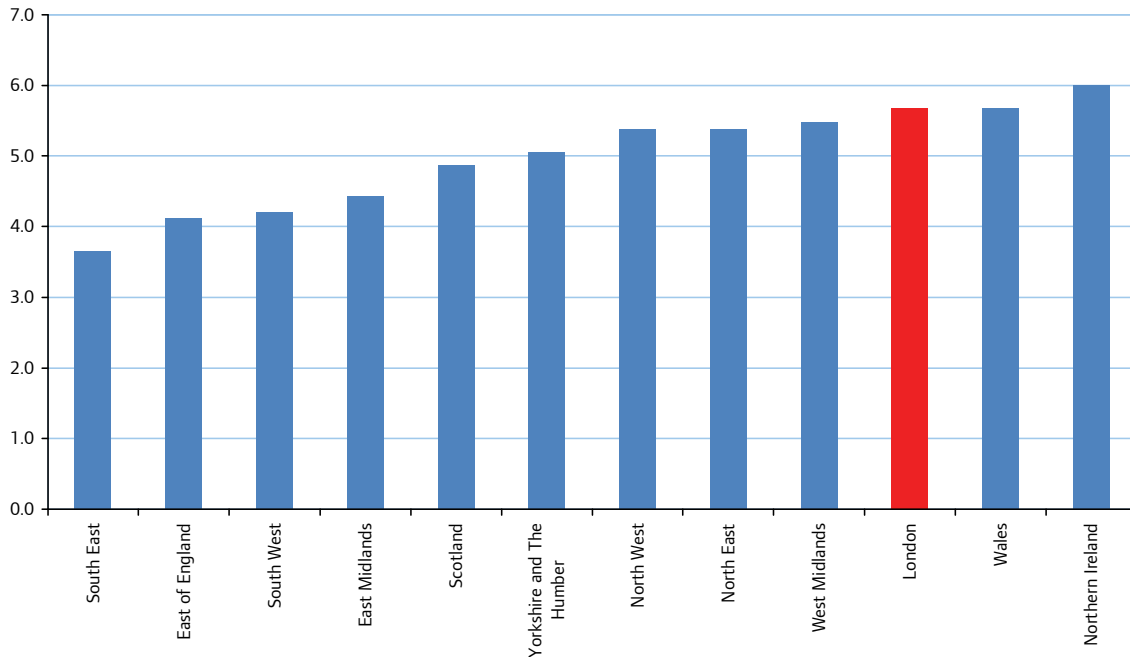
Theme	Data
Health	Life expectancy
	Disability living allowance claimants
	Incapacity benefits recipients
	People not reporting long term limiting illness or disability (Labour Force Survey)
Good connections with families and friends	Children in care
	Lone parents
Economic security	Employment and unemployment rates
	Redundancies
	Job Centre Plus vacancies
	Business closures
	Workless households
Environment	Emissions
Education	Pupil attainment KS1-3 and GCSE
	Pupil absence
	Proportion with no qualifications (LFS)
	Post compulsory education and training participation rates
Safety	Crime rate
Housing	Dwelling prices
	Rental prices
	Housing benefit/council tax benefit
Transport	Average commuting times
	Average travel costs

Using LFS data, London comes out relatively well when looking at the proportion of people with no qualifications. In London 10.8 per cent of people have no qualifications, which is only higher than the South East and the South West.²⁵

London has the second highest proportion of lone parent households with 5.7 per cent, the same as Wales (see Figure 10).

²⁵ ONS, APS 2010.

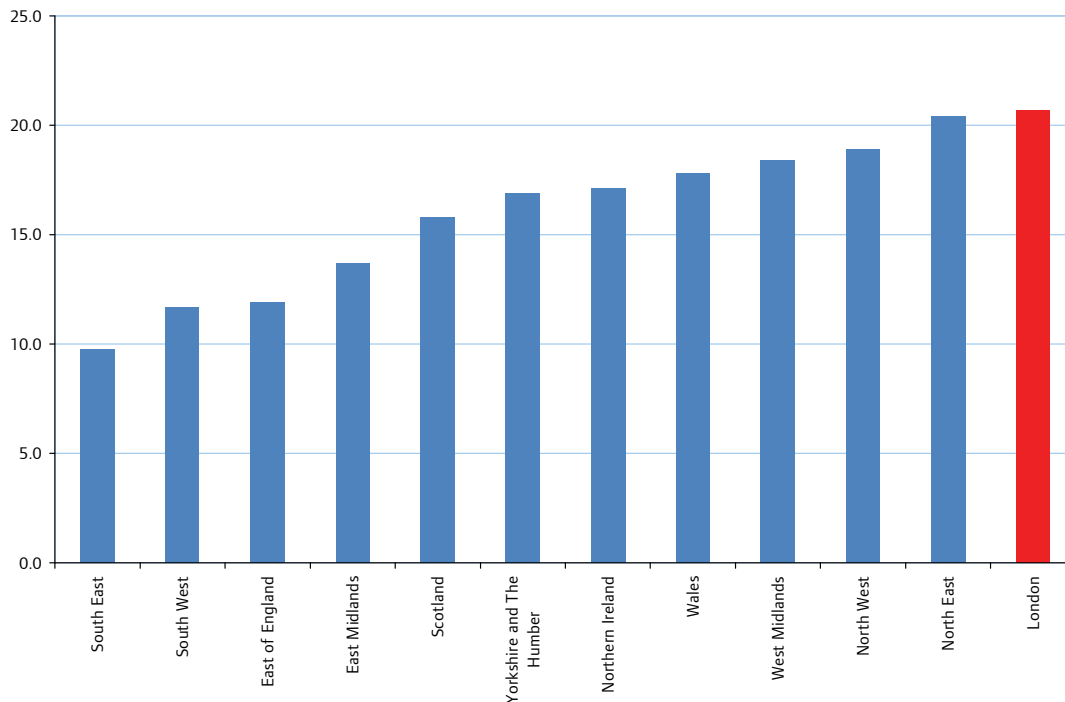
Figure 10: Proportion of lone parents with dependent children (per cent)



Source: ONS, LFS household dataset, April-June 2011

London also has a high proportion of children living in workless households (21 per cent), the highest of all the regions (see Figure 11).

Figure 11: Proportion of children in workless households (per cent)



Source: ONS, LFS household dataset, April-June 2011

Index of multiple deprivation

Deprivation could be thought of as a negative measure of happiness. The Index of Multiple Deprivation (IMD) is a composite index, combining measures across seven distinct aspects of deprivation²⁶, which policymakers use in London to identify areas of need, it is also the Government's primary measure of deprivation.

The indices are produced for small areas known as Lower Layer Super Output Areas (LSOA).²⁷ Figure 12 shows the most deprived areas (the lighter shaded areas) within London are concentrated to the north and east of the City, from Newham to Islington and from Tower Hamlets north to Enfield and Waltham Forest²⁸ which is a very similar story to the GLA ward level well-being map.

The GLA used IMD recently to give context to its analysis of the London riots. IMD was also included in the Economic Evidence Base used to support the London Plan, the Transport Strategy and the Economic Development Strategy (EDS),²⁹ and in monitoring progress of the EDS.

The Mayor's Fund³⁰, an independent non-political charity established with the aim of giving disadvantaged children, young people and their families a better chance in life, uses IMD (alongside other evidence) to target small area interventions and assess if an intervention is justified.

However, the IMD is not updated annually, and is only available at LSOA level, and these are difficult to identify by name. Ward level data is often more useful, particularly for local authorities because councillors are elected by wards. Also the IMD contains a lot of 2001 census data which cannot be updated between releases.

²⁶ These aspects or domains are: Income deprivation, Employment deprivation, Health deprivation and disability, Education, skills and training deprivation, Barriers to housing and services, Living environment deprivation and Crime.

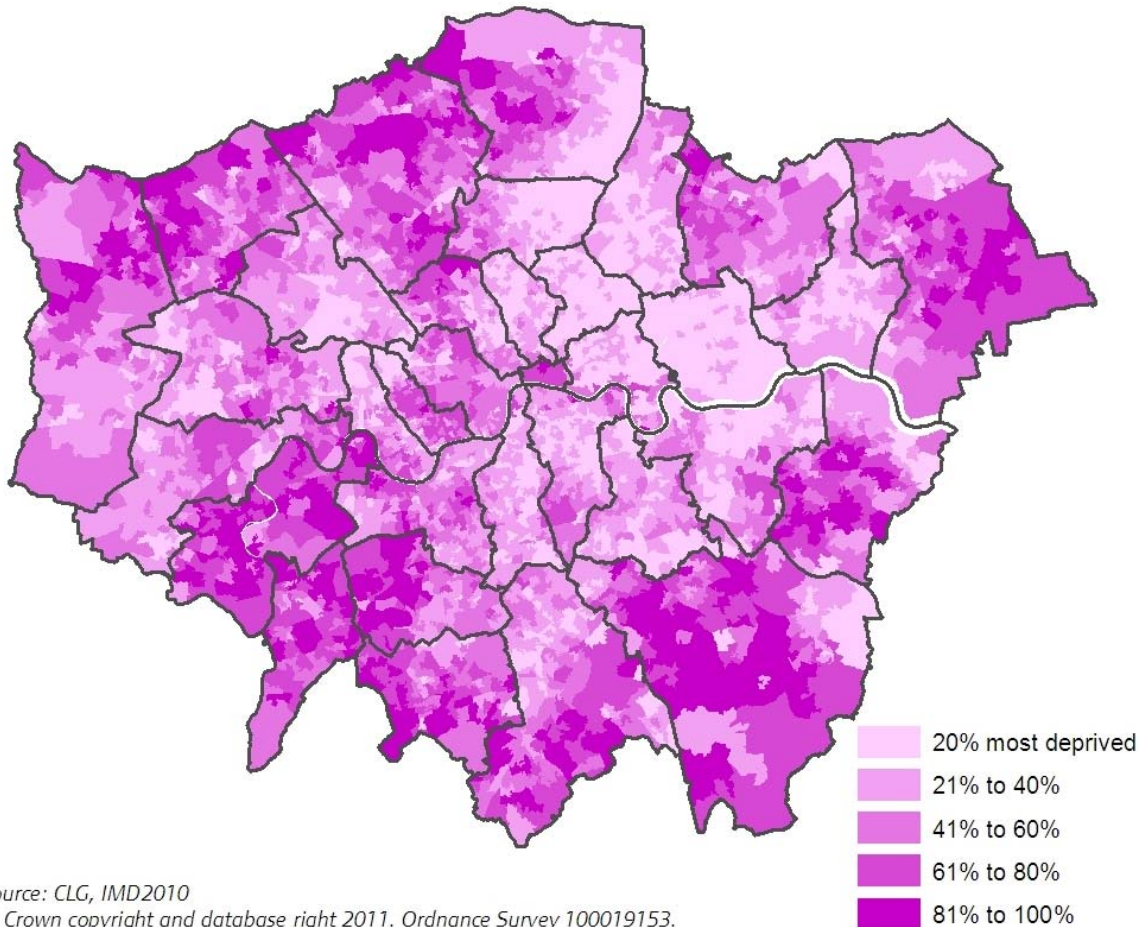
²⁷ A LSOA contains around 1500 people.

²⁸ Using IMD 2010.

²⁹ <http://www.london.gov.uk/sites/default/files/evidence-base-2010-final-low.pdf> (see page 175)

³⁰ The Mayor of London, Boris Johnson, is the Patron of the Fund.

Figure 12: Index of Multiple Deprivation 2010, London



Source: CLG, IMD2010

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Two thirds of London LSOAs have above average levels of deprivation, the highest of any region, with by far the smallest proportion of LSOAs among the least deprived quintile. This is obviously contrary to some of the more macro measures of London which see London very favourably (e.g. GVA or GDHI even at NUTS3 level). IMD reveals disparity at the lowest (neighbourhood) level, which suggests the need for local or neighbourhood measures of well-being also.

GLA ward level well-being tool

A tool has been developed within the GLA to measure well-being at ward level, and which overcomes some of the problems associated with IMDs. It uses the ward profiles produced by the GLA Intelligence Unit (London is made up of 625 wards). Ward profiles are important in order to provide a picture of what local areas are like because policymakers often study boroughs without taking account of the huge differences within boroughs. Wards are also important as noted above because councillors are elected by ward.

This tool is based on 'objective' measures of well-being since none of the surveys of 'subjective' well-being are large enough to allow analysis at this level of geography. At this level options for data/measures are reduced by the geographic need. At a London level, options would be broader.

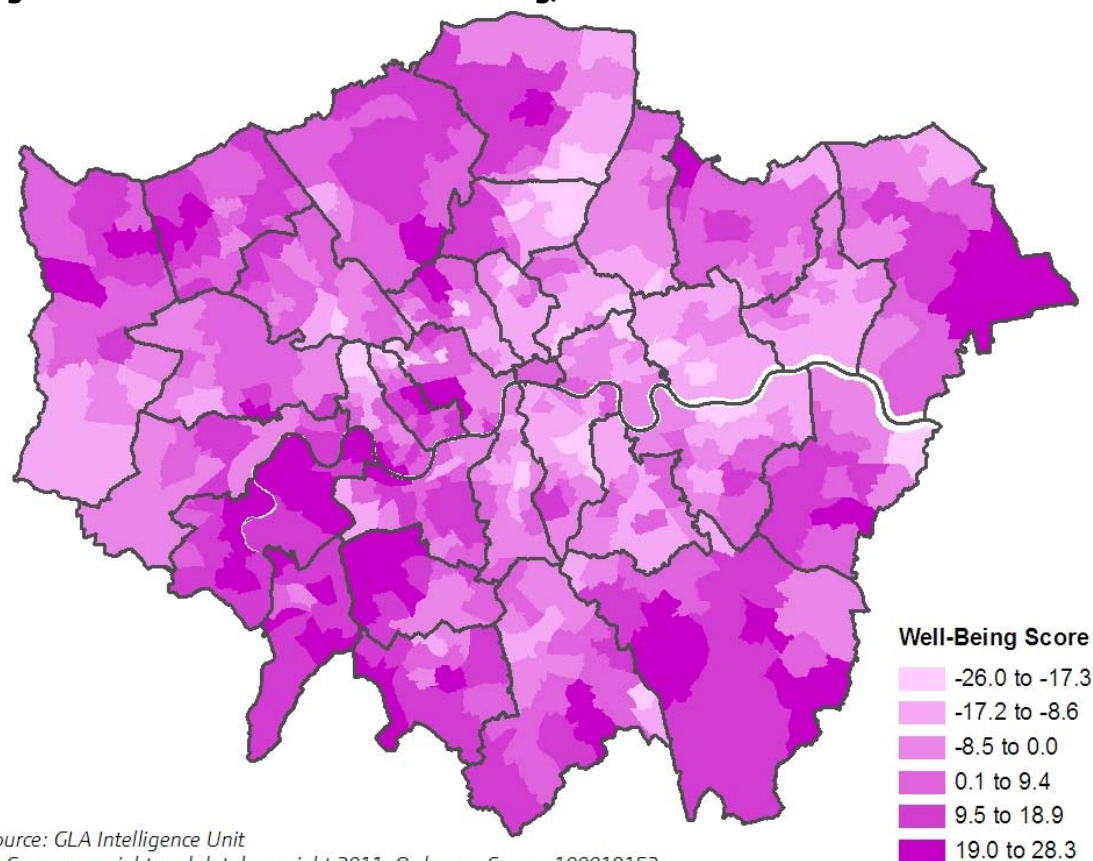
The tool is set up with 12 of the most relevant indicators used (see Table 2) to calculate a single well-being score at ward level. Importantly, the weightings on each indicator can be adjusted by the user. The indicators chosen were based on the issues identified by the ONS consultation as being important to well-being, along with the additional themes which emerged for the Annual London survey 2010; Crime (safety), Housing and Transport (access).

Table 2: Relevant indicators to calculate a well-being score at ward level

Theme	Indicators
Health	Standardised mortality ratio
	Incapacity benefits claimant rate
Economic security	Income support claimant rate
Safety	Crime rate
Education	GCSE point scores
Children	Unauthorised pupil absence
Families	Children in lone parent families
	Children in out-of-work families
Environment	Air emissions
Housing	Average house prices
Access	Access to food store by public transport or walk
Community	Elections turnout

Figure 13 shows the results for 2009.

Figure 13: London’s ward level well-being, 2009



Source: GLA Intelligence Unit
 © Crown copyright and database right 2011. Ordnance Survey 100019153.

Each of the measures is turned into an index score where zero is the London average and scores below zero are considered to have poorer well-being. Currently it uses five years of data from 2005-2009, and wards with increasing or decreasing well-being can clearly be identified. Figure 13 shows well-being in London's wards in 2009. The lowest well-being (lighter shaded areas) are mainly in inner London, but as can be seen many boroughs show a very mixed picture, including both wards with high and low well-being.

It is a powerful tool for policy makers in identifying relative areas of need, in order to direct funding more efficiently and it will be interesting to see how its use develops.

Policy uses

It may seem obvious that an understanding of what factors promote well-being and protect people from unhappiness is important to policy making, yet it is only relatively recently that this has come into focus.

Increasing both economic growth and well-being may in some cases be achieved by the same policies, but this will not always be the case. For example, a policy that fosters economic growth but which reduces well being in other ways (e.g. by boosting crime, damaging the environment or increasing inequality) may not be well-being enhancing overall.³¹ London may be a good demonstration of this point, having the highest per capita income, yet seemingly the lowest happiness of the regions. This could be related to one or more of a number of factors including the quality of housing, access to green spaces, commuting, or the extent of inequality. In macro economic terms this leads us towards looking beyond GDP growth for monitoring economic progress. In microeconomics terms this could mean adding measure of happiness to cost benefit analysis and the evaluation of policy, and it can also be used to inform policy design.

In July 2011 HM Treasury and the Department for Work and Pensions published a discussion paper on valuing social impacts in the Green Book. The "Green Book" is HM Treasury guidance for Central Government, setting out a framework for the appraisal and evaluation of all policies, programmes and projects. In this it recognises that the valuation of non-market impact is an important area of economic appraisal. For the first time an approach involving the measurement of subjective well-being is introduced which would then be included in the Social Cost and Benefit Analysis³² alongside the two 'market based approaches' (revealed preference and stated preference), which have been referenced in the Green Book for some time.

It is recognised that the subjective well-being technique is not yet sufficiently accepted as robust enough for *direct* use in Social Cost Benefits Analysis, but that it may still be useful in challenging decision makers to think more carefully about the full range of impacts of

³¹ Literature shows general agreement about a correlation between income inequality and health/social problems though there is less agreement about the causality. For a review of evidence see <http://www.jrf.org.uk/sites/files/jrf/inequality-income-social-problems-summary.pdf>

³² Social Cost Benefit Analysis seeks to assess the net value of a policy or project to society as a whole.

proposed policies. If well-being analysis becomes part of the Green Book, it seems logical that it would also become part of the “Magenta book”, HM Treasury’s guidance on evaluation.

Another example of the influence of well-being on policy making is the Government’s mental health strategy which was strongly informed by the Foresight report on Mental Capital and Wellbeing.³³ As a result the strategy has a much stronger focus on public health and prevention rather than treatment. Well-being is also influencing local government policy and spending with examples ranging from gardening support schemes for the elderly to resilience training for 11-13 year olds.³⁴ The aim of these policies is to reduce the likelihood of more intensive intervention (and spending) at a later date.

Turning to specific London examples where the concept of well-being is relevant, an example is the Mayor’s volunteer strategy, “Team London” – a city-wide initiative aimed at increasing volunteering and the engagement of Londoners in big charitable projects. This does not change London’s GVA but clearly has an impact on well-being – both for the volunteers themselves (volunteering has been shown to improve well-being) and for those on the receiving end of volunteering. Changes to subjective well-being could be a valuable part of an evaluation of this policy.

Cost benefit analysis of regeneration projects for example that take account of impacts on well-being may look very different if subjective well-being analysis is incorporated in the social cost benefit analysis.

The appraisal of transport projects may change once account is taken of the impact on subjective well-being of over-crowding and poor commuting conditions. Such impacts may not be completely captured by current transport appraisal techniques.

ONS research³⁵ finds that people care more about reducing suffering and misery than improving happiness and more about reducing inequality than increasing efficiency.

Subjective well-being questions are likely to be more useful to policy makers when broken down according to social, economic and other factors.

Conclusions

London is the driving-force of the UK economy accounting for over one fifth of GDP. Londoners enjoy the highest median incomes and report better health than other parts of the country. Nonetheless surveys of subjective happiness/well-being suggest that the well-being of Londoners is below that of people living elsewhere in the UK. In some cases these differences are statistically small, yet they are consistent across surveys. It would seem to be important for policy makers therefore to explore the reasons behind this. As noted earlier it

³³ Mental Capital and Wellbeing: Making the most of ourselves in the 21 Century, Foresight, 2008.

³⁴ See “The role of local government in Promoting Wellbeing, Health Communities Programme”, New Economics Foundation.

³⁵ Comparing measures of subjective well-being and views about the role they should play in policy, ONS, July 2011, Paul Dolan, London School of Economics and Robert Metcalfe University of Oxford.

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would be worth adjusting for the differing age structure of London's population, which could explain some of the difference. We know the link between income and happiness is not clear, but further analysis by income groups would be useful.

The picture we see in London of higher incomes, better health yet lower happiness may be replicated across other cities both within the UK or further afield. This issue is worth exploring further.

The GLA ward level well-being tool is one example of how a well-being measure could be used in practice. With growing interest in this area and an increasing appetite for international comparisons of nations and of cities this is certainly a developing area, and one which will depend on our ability to collect sufficient subjective data combined with objective data that together encompasses the most important aspects of well-being.

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