House of Commons
Environmental Audit Committee


Fifth Special Report of Session 2014–15

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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.

All publications of the Committee (including press notices) and further details can be found on the Committee’s web pages at www.parliament.uk/eacom

Membership at the time of the report

Joan Walley MP  (Labour, Stoke-on-Trent North) (Chair)
Peter Aldous MP  (Conservative, Waveney)
Neil Carmichael MP  (Conservative, Stroud)
Martin Caton MP  (Labour, Gower)
Katy Clark MP  (Labour, North Ayrshire and Arran)
Zac Goldsmith MP  (Conservative, Richmond Park)
Mike Kane MP  (Labour, Wythenshawe and Sale East)
Mark Lazarowicz MP  (Labour/Co-operative, Edinburgh North and Leith)
Caroline Lucas MP  (Green, Brighton Pavilion)
Caroline Nokes MP  (Conservative, Romsey and Southampton North)
Dr Matthew Offord MP  (Conservative, Hendon)
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Rt Hon Mrs Caroline Spelman MP  (Conservative, Meriden)
Dr Alan Whitehead MP  (Labour, Southampton, Test)
Simon Wright MP  (Liberal Democrat, Norwich South)
Fifth Special Report

The Environmental Audit Committee reported to the House on 5 June 2014 (HC 59). The Government response to the Committee’s Report was received on 28 August 2014, and is appended below.

Appendix—Government response

Introduction

1. It is four years in November 2014 since the launch of the Measuring National Well-being programme. During this time much has been achieved with the Office for National Statistics developing a measurement framework following a national debate, the publication of periodic analysis reports relating to important aspects of national life, the release of open data sets, and the development of guidance on analysing this well-being data particularly for valuing social goods and services. The foundations are firmly in place as the measurement programme moves beyond the experimental towards national statistics status.

2. The development of a stable set of well-being measures marks an important punctuation point in the Government’s work in this area, and we have been turning our attention to what it means for policy and decision making. Against this context the Committee’s Inquiry into progress provides a timely and valuable opportunity to listen to a range of views and evidence to inform future work. The Committee’s ongoing interest in well-being is very much welcomed, and HMG is grateful for the report and contribution.

3. The Government provided a comprehensive written submission to the Committee on 14 June 2013 and does not attempt to repeat that in this response. Instead this Memorandum offers some reflections on the Committee’s conclusions and provides responses to the specific recommendations. This has been prepared by the Cabinet Office, Defra and the Office for National Statistics, in consultation with other government departments.

4. Noting that the Committee’s report and its conclusions broadly split into two sections—Natural Capital and Well-being, it is worth starting by emphasising the links between these areas.

National Wealth Accounting—developing Natural Capital and Well-being measurement

5. The ONS well-being programme brings measurement work around Natural Capital, Social Capital and well-being together. Figure 1 presents a simple comprehensive framework for understanding and monitoring national well-being. It highlights the three main pillars of the economy, social and the environment; illustrates the four capital stocks (i.e. Physical (produced), Human, Social and Natural); and the 10 domains currently used to monitor national well-being. The dimensions of sustainability and equity also need to be developed and considered as part of this framework.
6. Measurements of the capital stocks are at different stages. ONS already publishes Produced or Physical capital as part of the National Accounts and is continuing to develop and publish regular Human capital estimates as part of the measuring national well-being programme. Initial estimates of Natural capital were published in May 2014. The balance of depletion and investment determines the extent to which the stocks of Produced, Human, Social and Natural capital are maintained and highlights our ability to sustain the existing pattern of social and economic activity.

7. As measurement of stocks mature it might be possible for them to eventually be combined in the first comprehensive national wealth account for the UK. The concept of comprehensive wealth is important as having a present day estimate of this wealth signals our future prospects for well-being and prosperity. In turn, the way in which this wealth is changing over time indicates how these future prospects are altering. Growth or depletion of comprehensive wealth might therefore in future provide an important headline national well-being metric.

Reflections on the Committee’s Conclusions

8. The following sections provide some reflections on the Committee’s conclusions along with specific responses from the Office for National Statistics.

Well-being and Natural Capital

9. The Government agrees with, and welcomes, the Committee’s conclusion that “The ONS work on ‘subjective well-being’ is producing valuable new insights into people’s satisfaction with society, our environment and our economy”. There are two essential ingredients to ONS’s measurement work which have contributed to this. First, co-
production of the framework with citizens through national debate and consultation. Second, integration of the citizen’s view of progress alongside the policy maker perspective. Both of these ensure that data are shaped around what really matters to people and that it provides new insights into how people’s lives are really progressing. Such insights are valuable to policy but can often remain shrouded when using traditional objective measures of progress alone.

10. The Government agrees with the Committee that it is “too soon to contemplate the case for a Social Capital Committee”, analogous to the Natural Capital Committee. However, it is worth highlighting that measurement work is progressing. At time of writing ONS has launched a consultation on this subject and in July Cabinet Office released the latest results from the Community Life Survey which includes relevant data¹. Specific policies and programmes are also being implemented which, among other outcomes, are focussed on building and strengthening social capital in our most deprived communities.

11. The Committee makes the point that “our ‘quality of life’ is not yet receiving the same attention as economic aspects in ‘measuring our progress as a country’”. While it may be true that the ONS well-being indicators are not receiving the same attention as traditional economic indicators of progress—this is largely a result of the different stage of maturity the well-being indicators are at. As the committee members accept “the data are not yet sufficiently robust to support a single metric that could encompass well-being and which could be set alongside GDP”. Quality of Life and Economic progress are of course not mutually exclusive, a point well made by the Commission on Well-being and Policy in April 2014—including “It is sometimes implied that economic growth and wellbeing are contradictory objectives. We do not take that view. Other things being equal, growth is good for wellbeing”.

12. The Committee’s report highlights evidence that the ONS personal well-being data “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”. While typically we can explain a fifth of the variation in life satisfaction, what we can explain is nonetheless very useful; analysis can reveal the relative influence of many different policy relevant factors on our well-being. Furthermore, government departments are increasingly measuring the impact of interventions on well-being which is contributing to our understanding of ‘cause-and-effect’ links.

13. The Government recognises the important role which natural capital plays in contributing to our well-being. In our White Paper on the natural environment The Natural Choice: securing the value of nature, published in 2011, we set out that a healthy natural environment is the foundation of sustained economic growth, prospering communities and personal wellbeing.

14. The White Paper recognised the need to take better account of the value of nature and set out an ambitious programme of policies. As the Committee’s report highlighted, the White Paper included a number of commitments specifically concerning natural capital and the ecosystem services that our nature provides. This included establishing the Natural Capital Committee (NCC) to advise the Government on the sustainable use of England’s natural capital.

¹ http://www.gov.uk/government/collections/community-life-survey
Specific Responses from the Office for National Statistics

15. ONS welcome the findings of the House of Commons Environmental Audit Committee report on Well-being, fifteenth report of session 2013–14. Measuring national well-being is a long term development programme and the UK is recognised internationally as playing a lead role in its development. The objective is to see the transition of this work into the main-streamed business environment to ensure ongoing delivery of benefits to our key stakeholders. It will continue to aim to establish an accepted and trusted set of National Statistics, which help people to understand and monitor national well-being.

16. During the last three years, ONS has provided information on which to better understand the economy—by identifying measures which highlight individual and household perspectives on the national economy, a better understanding of what affects our quality of life through regression analysis and presenting facts based information alongside how people think and feel. In addition, the ONS has developed measures of human and natural capital, with a discussion paper on social capital published on 18th July, thereby recognising the need to consider the economy, environment and social pillars to gain a better understanding of overall well-being. More work is needed to translate the breadth of evidence into action and ONS will continue to work with and support policy makers on this.

17. The ONS published the Environmental Accounts which measure the impact of the economy on the environment in June. ONS’s development work has included first estimates of the value of Natural Capital, working closely with colleagues in Defra and the Natural Capital Committee, largely based on a ‘top-down’ approach. ONS is using the Roadmap to 2020 that develops estimates of the various natural habitats to improve natural capital estimates, again in collaboration with Defra and the NCC.

18. Since 2011 the four subjective well-being questions covering life satisfaction, worthwhile life, happy and anxious yesterday have been included in ONS’s large scale Annual Population Survey. These questions have also been used in other surveys to allow users to compare and contrast results against national benchmarks. The ONS has published analyses of these data but recognise more work and longer time series are required to fully appreciate and use the information, including a better understanding of causal effects. However, ONS also wish to emphasise the need to look beyond subjective well-being when assessing national well-being. National well-being includes how well individual well-being is distributed across society as well as how factors at the national level, for example, decisions about the economy, the environment or governance, which are important but contribute less directly to individual well-being and relate to society as a whole.

19. ONS is also developing measures of change of national well-being and aims to ensure that information is reported in a consistent framework that recognises the three main pillars of the economy, environment and social; the four capitals (Physical, Natural, Human and Social); and the various domains (e.g. Health, Education, Where we live, Personal finance, etc.), as well as the dimensions of Sustainability and Equity. In recognition of this need for coherence, a machinery of government change has transferred responsibility for publishing the Sustainable Development Indicators from Defra to ONS.
earlier this year. The ONS, acting on behalf of the Government Statistical Service, is supporting the development of the Sustainable Development Goals - Post 2015 by providing statistical advice and comments and will assess the robustness, timeliness and relevance of measures proposed in support of policy departments.

Responses to the Committee’s Recommendations

20. The Government welcomes the Committee’s recommendations and have carefully considered them. The Government’s response to each of the recommendations is outlined below.

Recommendation 1: 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.

21. The Government is working with the NCC on improving natural capital measurement to help improve decision-making around sustainable use of natural capital.

Recommendation 2: 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.

22. The Government plans to respond to the NCC’s March 2014 report. The Government will also consider what steps need to be taken with regard to the long-term future of the NCC.

Recommendation 3: 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.

23. The Natural Capital Committee is developing its third round of advice. We understand it will provide greater detail on the framework that the Committee recommends to ensure the sustainable use of our natural capital assets. The Government will not be taking any decisions on the application of such a framework until we have received and analysed the NCC’s third round of advice.

Recommendation 4: 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.

24. The Government and ONS support the report’s conclusion that a single headline indicator of well-being is not appropriate at this stage. While the ease of a single number is recognised, one number would hide too much detail which is needed to show where
Recommendation 5: 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.

25. The Government accepts the Committee’s conclusion that the current approach for using well-being in policy making is ‘cautious’ and that this has been driven by the experimental nature of the data. It is fair to recognise that the application of well-being science to policy is a relatively new field. The UK is among a vanguard of countries working on this and there is little in the way of existing practice. HMG, and organisations beyond Whitehall, are therefore breaking new ground and developing new, practical and effective ways of applying well-being to decision making. Departments are already using the well-being data in a range of ways as outlined in our written submission to Committee on 14th June 2013 and it is important to recognise the progress being made. These include:

- Implementing policies which are focussed on well-being.
- Adding well-being to existing surveys to generate new evidence across a broad range of policy areas.
- Analysing existing well-being data.
- Commissioning policy relevant research on well-being.
- Valuing social goods and services using subjective well-being.
- Evaluating the impact of interventions on well-being.
- Using well-being data to engage people and organisations and inform their decisions.
- Considering legislation and regulation from a well-being perspective.
- Implementing staff well-being strategies to support productivity and performance.
- Monitoring progress and change to relevant measures.

26. Much of what has been achieved to date has been through a co-operative approach of sharing plans, research and methodologies. It is clear that departments are willing and able to deploy well-being where it is relevant and has the potential to support decision making. Formal structures are in place to enable sharing such as the cross-government Social Impacts Task Force, and training and tools are facilitating adoption. Cabinet Office periodically collates cross-government progress which assists departments in understanding what others are doing. At this stage the focus has therefore been on building capacity and capability around well-being rather than introducing goals, targets and formal screening processes. As the data and methodologies mature (an important foundation to introducing a new business process), and if the current capacity building approach fails to deliver adequate consideration of wellbeing, then a screening process could well be considered.
27. Aside from consideration of the formal screening process the government does agree with the Committee that more could be done to support pro-active consideration in decision making. In this respect it is important to highlight our partnership with Sciencewise to run public dialogues on a number of policy areas framed around well-being. The outputs from this project will be available later this year and will result in a toolkit to enable policy makers to run dialogues themselves to proactively incorporate well-being science into decision making.

28. The Government particularly agrees that we need to do more to understand causality and ‘what works’ to influence and improve well-being. We are currently giving consideration to what more we could do on this and will update the Committee in due course.