



Five headline indicators of national success

A clearer picture of how the
UK is performing

The UK public is consistent and clear about what the economy should deliver. But these priorities – from high levels of personal wellbeing to effective public services – are not treated as the central focus of UK politics or policy-making. We propose a new set of headline indicators – Good Jobs, Wellbeing, Environment, Fairness and Health – to better measure our national success.

Recent public consultations, carried out by the Office for National Statistics,¹ the OECD,² and Oxfam Scotland,³ have highlighted clear priorities from the UK public: secure, well-paid work; high levels of personal wellbeing; effective public services that guarantee good health and education; low levels of economic inequality, and a healthy environment.

Good economic and social policy would aim to make these priorities a reality. But when it comes to assessing how our nation is performing, such outcomes are not adequately taken into account.

The need to broaden policy priorities

Despite a diversity of interests across government departments, a single measure has come to be treated as shorthand for success across almost all policy activity. Gross Domestic Product (GDP) is a narrow and technical economic measure, but it has come to have an overriding impact on the policy process.

Most would agree that economic growth is an intermediate means towards achieving a range of social and economic ends. But in practice, it has come to be so synonymous with national success that the rationale for pursuing growth in the first place seems long forgotten.⁴⁻⁶

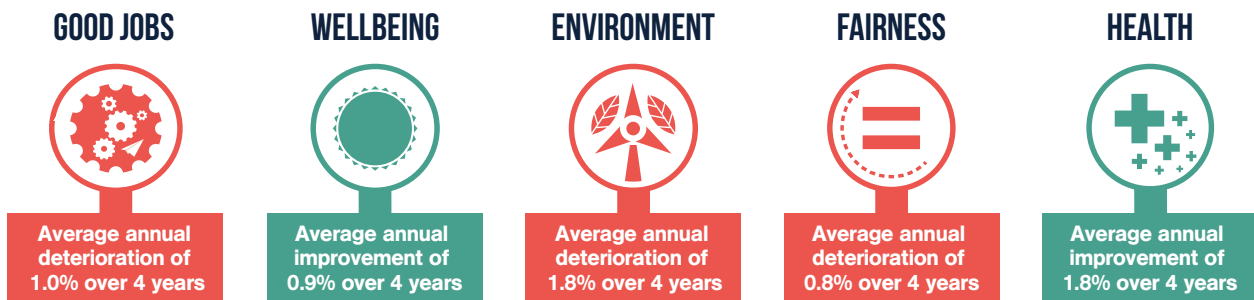
The belief that growth should trump all other policy concerns leads to decisions such as increased tax breaks for fossil fuel exploration and reductions in renewable energy subsidies,⁷ and prioritisation of growth based on debt-fuelled private consumption.⁸

If we want to enable more balanced policy-making, a new set of headline indicators – measures that provide new incentives for political action, and a compelling new vision of national success – is essential.

The headline indicators

We set out to produce a succinct set of memorable indicators which would resonate with everyday concerns, and capture public, media and political attention at headline level.

Figure 1. Five headline indicators of national success.



Note: Indicators are colour-coded green for improvement or red for deterioration, according to the four-year trend.

Drawing on the evidence from the UK public consultations mentioned above, we used a set of evidence-based criteria to select broad indicator topics and headline indicators to represent them. The criteria are shown on page 6 of our full report, available at: www.neweconomics.org/headlineindicators

The resulting headline indicators display trends from the most recent four years of available data (Figure 1).

A return to consistently rising GDP per head since the beginning of 2013 has allowed the Chancellor of the Exchequer to conclude ‘the sun is shining’ on Britain.⁹ But examining the results of these headline indicators reveals a different story.

1. Good Jobs

The indicator shows that 61% of people in the labour force are employed in secure jobs that pay enough to allow for a minimum acceptable standard of living, based on the level of the full, research-based Living Wage. The proportion of people in Good Jobs has declined in recent years, *despite* an increase in the headline employment rate (see Figure 2), suggesting that the majority of new roles are either low-paid, insecure, or both.

As well as increasing the overall number of jobs available, policy prioritising this indicator would require or incentivise businesses to pay higher wages to low earners, and improve job security, for example, through eliminating zero-hours contracts.

2. Wellbeing

The wellbeing indicator shows that on average, wellbeing in the UK has increased by 0.9% per year in the last four years. This is likely to represent a recovery from the extreme economic insecurity experienced at the height of the financial crisis, which we know has a significant impact on wellbeing.

The UK is a world leader in measuring wellbeing, but this data is not yet informing policy in a meaningful way, despite its major implications for economic, labour market, planning, school, health and culture policy.

3. Environment

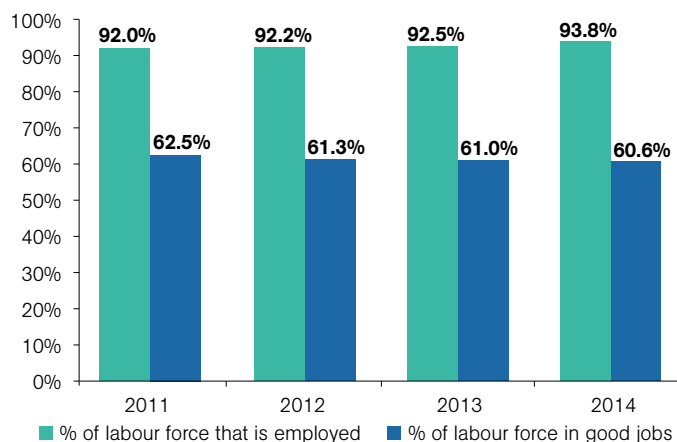
The indicator of environmental impact assesses carbon emissions associated with consumption in the UK in relation to a limit set to avoid dangerous climate change. It shows that carbon emissions are now only 2% below this maximum safe level of emissions, and that we’re on a trajectory that looks likely to put the UK’s long-term interests at risk (Figure 3).

Reducing carbon emissions should be a priority for all major economies. Examples from around the world show the effectiveness of policy measures such as meaningful carbon pricing and support for local energy generation, with measures designed to lessen the demand on energy consumption also likely to be part of the mix.

4. Fairness

The fairness indicator reveals that after tax, the incomes of the richest 10% of households in the UK are 8.7 times higher than those of the poorest 10%. The worsening trend in this

Figure 2. The proportion of the labour force that is employed, compared to the proportion of the labour force that is in good jobs, 2011–2014.



indicator shows that despite headline economic growth, the gap between top and bottom continues to grow – a trend that we know is associated with negative consequences for the economy and society as a whole.

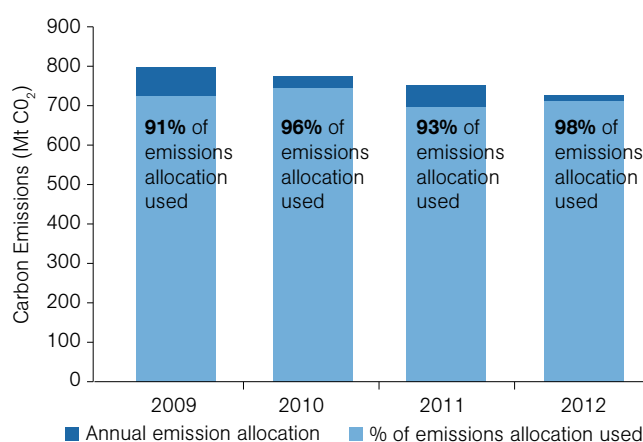
Comparing the UK's performance on income inequality to that of other OECD countries highlights that there is much we could do to ensure fairer economic outcomes. International examples suggest that this is likely to include measures to address equality of earnings, such as maximum pay-ratios within companies, as well as redistributive measures and the provision of high-quality public services, including affordable childcare for all.

5. Health

The health indicator shows that 23% of all deaths in England and Wales could have been avoided through good quality healthcare or public health interventions. This is based on ONS data on avoidable deaths, which classify some causes of death as amenable to or preventable by effective health provision.

While the trend on this indicator is improving, there is considerable room to make improving both health outcomes and health provision a higher policy priority. There are likely win-wins through a focus on each of the other headline indicator areas, and international evidence suggests the effectiveness of policy measures such as anti-obesity taxes on junk food as well as bolstering health spending overall.

Figure 3. Annual UK consumption-based carbon emissions and the annual emissions allocation set to avoid breaching a dangerous threshold.



Towards better headline measurement

For the headline indicators to achieve their aim of improving social and economic policy-making, we will need to see a sustained push for their adoption from across British society.

Fortunately, there is evidence that the movement for a broader vision of success is gaining momentum among governments, statistical offices, civil society organisations, and businesses.

There have been recent government initiatives on measuring progress differently in Scotland, Wales and Northern Ireland.¹⁰ Outside the UK, we've seen a citizens' dialogue in Germany, designed 'to identify yardsticks that can be used to pinpoint the many different facets of the quality of life',¹¹ as well as the European Statistical System's programme of work to 'complement GDP' with broader indicators.¹² Closer to home, there has been a wealth of activity across UK civil society promoting new headline indicators, notably by Oxfam, the Carnegie UK Trust, Action for Happiness, the Fabian Society, the Legatum Institute, the Green Economy Coalition, the Young Foundation, and the Institute of Chartered Accountants in England and Wales. At the same time, businesses such as Aviva have led by example, convening a Corporate Sustainability Reporting Coalition of large financial companies, which highlights the importance of measuring and reporting on non-financial outcomes if they are to be prioritised by businesses.¹³

The British political mainstream's interest in adopting broader measures of success has been mixed, but there are signs that the agenda has laid down important roots within the two biggest parties.

Prime Minister David Cameron showed leadership on the issue in 2010 by launching the ONS Measuring National Well-being programme – though the Conservative Party has shown less interest in the agenda in recent years. And while the Labour Party has not regularly addressed the issue, it is interesting to note that the influential Labour MP, Jon Cruddas, recently became co-chair of the All-Party Parliamentary Group on Wellbeing Economics. In 2014, the Group said that 'Stable and secure employment for all should be the primary objective of economic policy'.¹⁴

What next?

With our proposal for five headline indicators of national success, backed by a range of organisations from across UK civil society and business, we aim to move the debate forward in the UK.

We call on the ONS to make significant revisions to its Measuring National Well-being indicator set, to ensure that it fulfils its intended role of shifting policy focus. The revised set should adopt the five headline indicators of national success described in this briefing as the top layer of headline indicators, supplemented with a secondary layer of supporting indicators, and be re-branded to clearly convey its role to provide overall measures of national success.

Organisations from across British society have endorsed our proposal for the UK to measure its success with five headline indicators of Good Jobs, Wellbeing, Environment, Fairness, and Health, so that policy reflects what really matters to people. These organisations are listed at www.neweconomics.org/headlineindicators

We strongly welcome feedback and discussion on our proposal – email: juliet.michaelson@neweconomics.org

Read the full report at:
www.neweconomics.org/headlineindicators

End Notes

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