

Housing, Homelessness and Fair Work Committee

10:00am, Thursday 19 March 2020

Measuring wellbeing for economic success

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 The Housing, Homelessness and Fair Work Committee are asked to:
 - 1.1.1 Note the current framework used by the Council in reporting progress for the Edinburgh Economy Strategy.
 - 1.1.2 Note that the next update on the Strategy is due to be reported to the Policy and Sustainability Committee in June 2020 and will include a revision to the good growth monitoring framework to incorporate broader measures of economic wellbeing.
 - 1.1.3 Agree that any wellbeing measures reported to Committee should be informed by available best practice on measuring wellbeing and agree the proposed approach to developing this work.

Paul Lawrence

Director of Place

Contact: Gareth Dixon, Senior Policy and Insight Officer

E-mail: Gareth.Dixon@edinburgh.gov.uk | Tel: 0131 529 3044

Wellbeing measures for economic success

2. Executive Summary

- 2.1 This report outlines a broad definition of wellbeing, a summary of best practice in reporting wellbeing measures and consideration of data quality and availability issues. The paper also outlines the current reporting to Policy and Sustainability Committee on the broad economic performance of the city as part of the Edinburgh Economic Strategy.
- 2.2 The report proposes that a workshop for elected members is arranged to help develop further thinking on measuring wellbeing. A further update on progress will be reported to the Policy and Sustainability Committee in June 2020.

3. Background

- 3.1 In June 2018 City of Edinburgh Council approved the Edinburgh Economy Strategy and a five-year programme of work to enable good growth for Edinburgh's economy. The aim of the strategy is to provide a framework within which the Council and its partners can work to create the conditions necessary for Edinburgh to be a city that takes a lead in ensuring our economy's success is sustainable and benefits all our citizens.
- 3.2 Within this strategy the council also adopted a monitoring approach that was built on good practice examples from other strategies and research, including the Scottish Government Inclusive Growth Toolkit, the Joseph Rowntree Inclusive Growth Monitoring toolkit, and the PWC Good Growth for Cities Index. This was called the Good Growth Monitoring Framework, and the first update on the baseline was reported to the Housing and Economy in June 2019.
- 3.3 A motion was agreed at the Housing and Economy Committee on the 6 June 2019 that called on officers to identify ways in which wellbeing measures can be incorporated into and strengthen the economic aims of this Council.

4. Main report

- 4.1 Before considering indicators that would measure wellbeing it is important to first consider a number of key factors, including:
 - 4.1.1 An agreed definition of economic wellbeing
 - 4.1.2 Recognition of current best practice in measuring economic wellbeing, and
 - 4.1.3 Understanding of data quality and availability issues.

Definition of wellbeing

4.2 In the UK the What Works Centre for Wellbeing aims to develop and drive the generation of evidence on well-being. It explains wellbeing as being something more than a measurement of a subjective condition or inequality of opportunity, but factors in the importance of environment, and personal relationships:

4.3

“Wellbeing encompasses the environmental factors that affect us, and the experiences we have throughout our lives. These can fall into traditional policy areas of economy, health, education and so on. But wellbeing also crucially recognises the aspects of our lives that we determine ourselves: through our own capabilities as individuals; how we feel about ourselves; the quality of the relationships that we have with other people; and our sense of purpose.”

Source: [What works Wellbeing](#)

Best practice

4.4 A wide range of work has been carried out on the measurement of wellbeing in the UK, Europe and World economies. This includes work undertaken by agencies such as the ONS, the World Bank, the Wellbeing Economy Alliance, the Wellbeing Economy Governments Initiative, and many others. From an initial review of this range of work, a number of insights emerge.

4.5 The OECD report '[Beyond GDP](#)' in 2018 looked at some of the challenges and issues around measuring wellbeing. It reported that the challenge to make the dashboard, or any list of indicators, small enough to be easily comprehensible, but large enough to summarise what matters the most. This is an important conclusion as it recognises that there is no single measure of representing every aspect of well-being and that is unrealistic and practical barriers to having many measures on wellbeing.

4.6 In 2018 [New Economics Foundation](#) carried out work to further inform discussion about the adoption of indicators on wellbeing to be used in wider policy and research. The report highlighted the importance of ensuring that selected indicators aim to capture a number of elements of wellbeing and inequality, including:

4.6.1 Evidence of large differences in life experience between different areas or citizen groups

4.6.2 Evidence of citizens experience levels of wellbeing well below accepted thresholds

4.6.3 Evidence of changes in wellbeing across everyone in a society, but with particular emphasis on capturing changes for those at the bottom of any wellbeing distribution.

- 4.7 The Scottish Government [National Performance Framework](#) (NPF) sets out the overall purpose and vision for Scotland and is one example of a framework which aims to capture some of these ideas in a single set of quantified indicators. It highlights 11 broad National Outcomes that support the purpose and provides 81 measures that are designed to show how well Scotland is progressing towards delivery of the National Outcomes. The Government uses the NPF as a wellbeing framework.
- 4.8 The NPF combines measures on the economic progress with a broader range of measures from social attitudes and perceptions to economic and environmental statistics, in line with many of the considerations outline above. The list of indicators that are currently monitored are too extensive to list but are reported under the [NPF measuring indicators performance](#). These indicators measure Scotland's performance on issues as varied as income inequality; the wellbeing and happiness of children; people's access to green spaces; and their satisfaction with housing.
- 4.9 In adapting such advice and example frameworks for use in city context, however, it is important to consider a number of issues relating to data quality, and availability.

Data availability and quality

- 4.10 It is proposed that any measures of wellbeing for economic success should build on existing good practice examples from other strategies and research. A best practice approach used by New Economic Forum is that the indicator must be a good measure of what matters in relation to wellbeing inequality. The definition of wellbeing most commonly used refers to a subjective measure of happiness. Currently the ONS provide a specific measure of wellbeing using an eleven-point life satisfaction scale.
- 4.11 Careful selection of high-level indicators should be made with an emphasis on those that are relevance, representation and reliability. Indicators as well as being meaningful need to also be representative of the area under examination. It is also important that a wellbeing indicator passes certain tests such as it is easy to understand and explain, and changes enough over time that it can feasibly be influenced by policy.
- 4.12 It is therefore proposed that the criteria for assessing wellbeing indicators include:
- 4.12.1 the wellbeing indicator must be meaningful and relevant
 - 4.12.2 the wellbeing indicator is representative of the area under examination
 - 4.12.3 the wellbeing indicators is easy to understand and explain
 - 4.12.4 the wellbeing indicator must show sufficient variation or change enough over time and can be feasibly influenced by policy.

Current work

- 4.13 The Edinburgh Economy strategy agreed in June 2018 described the steps and actions needed to enable good growth for Edinburgh's economy. That means delivering actions which encourage an economy that is fair in terms of opportunity, job security and fulfilment, an economy that respects and listens to the voice of its workforce and communities.
- 4.14 The current good growth framework uses the twelve indicators which are tracked annually. A dashboard of these indicators summarising the update provided to the Housing and Committee in June 2019 is provided in Appendix 1.
- 4.15 At present the majority of the indicators included are consistent with and included in other best practice wellbeing frameworks. Work is underway to compare and identify gaps in the current framework, and to identify potential sources of data to fill these gaps.
- 4.16 To support this work, it is proposed that a workshop is held with elected members to discuss a proposed definition of wellbeing, and help develop a revised Good Growth Framework for scrutiny at the Policy and Sustainability Committee in June 2020.

5. Next Steps

- 5.1 A workshop is to be arranged for members to help develop further thinking on measuring wellbeing. This will include exploring the extent to which the current list of indicators could be adjusted and augmented to include a better consideration of measuring wellbeing. A further update on progress will be reported to the Policy and Sustainability Committee in June 2020.

6. Financial impact

- 6.1 All recommendations included in this report can be carried out within existing agreed workplans and budgets.

7. Stakeholder/Community Impact

- 7.1 No stakeholder and community impacts are expected as a result of decisions taken as a result of the work programme identified.

8. Background reading/external references

- 8.1 [Edinburgh Economy Strategy](#), Housing and Economy Committee, City of Edinburgh Council, June 2018
- 8.2 [Edinburgh Economy Strategy – annual progress report](#), Housing and Economy Committee, City of Edinburgh Council, June 2019
- 8.3 [New Economics Foundation](#), Measuring Wellbeing inequality, 2018
- 8.4 Scottish Government, [National Performance Framework](#), 2019
- 8.5 Scottish Government, [NPF measuring indicators performance](#), 2019
- 8.6 OECD, [Beyond GDP](#), Measuring What Counts for Economic and Social Performance, 2018

9. Appendices

Appendix 1 – Good Growth Monitoring Framework of the Edinburgh Economy Strategy.

Appendix 1 – Good Growth Monitoring Framework of the Edinburgh Economy Strategy

The table below refers to the information presented to the Housing and Economy Committee on 6 June 2019.

		<i>Baseline Data</i>	<i>Latest Data</i>	<i>Suggested target by 2023</i>	<i>What this tells us?</i>
Jobs	Employees in employment	255,900 (2017)	264,900 (2018)	Up to 269,000 (2022)	Edinburgh's economy is continuing to create more new jobs year on year
Poverty	% of children living in a low income household	22% (2015)	23% (2017/18)	18% (2020)	Child poverty rates remain high.
Poverty Gap	Gap - highest to lowest ward (percentage points)	25.0 (2015)	28.1 (2017/18)	18 (2020)	Poverty rates in the poorest wards rose more quickly than in the most affluent wards in the past year.
Earnings	Median gross weekly earnings (full time, gross pay, resident based, 2017 prices)*	£584* (2017)	£586 (2018)	£665* (2022)	Wages for the average worker are rising in real terms...
Earnings gap	Gender gap in median earnings (%-point difference male to female full time hourly pay, excl. overtime)	9.5 (2017)	12.5 (2018)	5.0 (2022)	...but the gender pay gap remains stubbornly high.
Participation	Economically active residents as a % of all residents aged 16-64	76.6% (2017)	78.9% (2018)	78.0% (2022)	Edinburgh is maintaining high and rising levels of labour market participation...
Participation gap	Participation rate - gender gap	5 (2014-17)	7 (2015-18)	3.8% (2020-22)	...but the gender gap in labour market participation remains stubbornly high
Skills	% of workers in managerial, professional and technical/scientific occupations (SOC 1, 2 & 3)	56% (2017)	57% (2018)	56% (2022)	Edinburgh is maintaining its position as a high skilled economy.
Job market polarisation	Ratio of workers in high skilled occupations to all occupations	2.5 (2017)	2.4 (2018)	2.1 (2022)	Labour market polarisation is high, but improved slightly in the past year
Productivity	GVA per capita	£43,671* (2016)	£44,228 (2017)	£47,000* (2022)	Edinburgh is maintaining its position as a high productivity economy, with GDP/capita rising year on year
Job security	% of residents who feel confident about their job prospects	63% (2014-16)	65% (2016-18)	70% (2019-21 average)	The past year saw an overall improvement in citizens job security..
Financial wellbeing	% of residents who say their financial position has improved in the past 12 months	20% (2014-16)	18% (2016-18)	20% (2019-21 average)	...but no improvement in perceptions of financial position.
Carbon Emissions	% reduction in carbon emissions from 2005 levels	26% (2014)	33% (2016)	42% (2019)	Aim is for Edinburgh to transform its energy use by reducing demand and more efficient transmission of use.

* GVA per capita data revised following ONS methodology change affecting estimates at local authority level. Previous GVA per capita reported in June 2018 was £38,396, with a suggested target by 2023 of £41,000 (up c.7% on 2016 GVA per capita). To maintain proportional increase, new suggested target by 2023 is £47,000 (up c.7% on 2016 GVA per capita). Earnings growth baseline data revised, previously reported total was £623. Additional detail on indicator provided to track over time, will be full time, gross pay, and resident based estimate kept at 2017 prices, suggested target maintains the same 14% uplift over 5 years, changing from £710 to £665. The change from £623 to £710 represents +14%, the change from £584 to £664 represents +14%. To note this is a real terms/above inflation change in wages.