



APPG Wellbeing Economics meeting

Tuesday 5th March 2019, 10am – 11:30am,

Committee room 3A: “Wellbeing and the Spending Review”

Welcome and introductions: Chris Ruane

1. Introduction to wellbeing in the spending review 2019, Baroness Claire Tyler

Reflections on past spending reviews – Process starts with laudable objectives, but by the end it’s an unseemly scramble...an iterative process, with heated discussions between secretaries of state and HMT guarding their budgets. It’s been hard to do justice to big cross cutting concepts. A fundamental problem is how to deal with policies where the costs are spent by one department, but the benefits or savings are received by different departments.

Existing work to build on - This APPG produced a report in 2014 – [Wellbeing in 4 policy areas](#). This included recommendations on how wellbeing should be an integral part of SR process. [Intergenerational fairness committee](#) are also formulating recommendations, on how a long term issues such as intergenerational fairness into the thoughts of spending review process.

Current context/climate – Current state of uncertainty, poor fiscal space, living standards in decline, austerity. The spending review presents a chance to allocate resources to better address these challenges. Departmental [spending forecast to be up 1.2%](#) in real terms 2019-20. But after £20bil for the NHS, no real increase in spending for other departments.

Opportunities/challenges – Improving wellbeing very important consideration. Greenbook updated to include wellbeing as a goal for policy. It can be a difficult debate and we need to carry on talking about it and how to use wellbeing in practice. For example – the recent Resolution Foundation report ‘[Happy Now](#)’ argued SWB should be a complement to – not replacement for - GDP. The report also drew attention to the diminishing marginal returns from income, which puts a greater focus on inequalities. Wellbeing helps focus attention on prevention and mental health in particular.

2. Presentation of: “A SPENDING REVIEW TO INCREASE WELLBEING”, Lord Richard Layard

The [draft report](#) focuses on a number of key policy areas:

Health: Under the concept of parity of esteem, people with a mental health problem should be just as likely to receive treatment to physical health. Wellbeing draws attention to the relative deficit in spending on mental health treatment. E.g. Improving access to psychological therapy, known to have important wellbeing impacts. This would need a separate budget – separating out physical and mental health, so that mental health spending is protected – and increased over time as a share of total health spending.

Children: Focus on the wellbeing of children is important - particularly those with mental health problems. Interventions that can improve children’s wellbeing include wellbeing codes and encouraging schools to measure wellbeing. PSHE really important, teachers need to be trained in PSHE and in mental health.

Further education: Our system laid out for young people going to university. Different for other 50%, who should have a similar investment in their skills and future. Proposals for this include: automatic



finance system for non-academic stream and organisations drumming up apprenticeship places. Currently no one championing/defending the sector.

Community: Restore the cuts in social care and child protection.

Other issues include the important of investing in prisons and family conflict, as well as benefits and the services provided for people on benefits.

Machinery of government – need wellbeing to be a goal of the spending review – and have departments to justify their spending in terms of wellbeing. Will take time – could start now. Need more funding for research.

3. Discussant, Lord Gus O Donnell

Why should the spending review focus on wellbeing? Because govts should be trying to improve wellbeing and reduce inequalities between people. We have put GDP on a pedestal – no one really believes it is the best measure – even Simon Kuznets said it's a measure of activity – [not how well we're doing](#). If you take money from the poorest and give it to the richest, GDP doesn't change. It's not a measure of success. So you do not want to maximise GDP in the spending review – you want to maximise SWB.

We now have data on SWB – and we'll get better at this as we work through the cycle.

Brexit has dominated thinking beforehand. Emphasis on social cohesion – bringing people back together. So what are the reasons why things have grown apart? There have been gainers and losers – this will happen more and more, with AI, moving away from EU trading relationship etc. So how does government help?

Intergenerational developments – growing trend of people renting longer, ownership rates for younger people declining. Age is a big determinant outcomes. Wellbeing mobility is low - if you start off with low wellbeing – your chances of improving are low, therefore you need to get to people with low wellbeing at the start. Kinds of things that will make a difference – eg attention in schools in measuring wellbeing, not obsession with exams.

We're spending more money on [failure](#) versus prevention

Funding wellbeing expenditure could come from reforms to tax relief and tax expenditures. These are huge numbers, e.g. Incentives to get people to save money for retirement. But switching from the default – Impact and deadweight costs of this are large. We can get the net gain. A lot of money thrown away at lollipops. Look for the lollipops to find the savings.

Cost effectiveness analysis – green book changes are fundamentally important – you can now analyse with respect to wellbeing rather than just income. Standard cost benefit analysis – doesn't do distributional analysis – you can, but it's rare. We would need wellbeing weights, and WELLBYS to fully account for the winners and losers.

In comprehensive spending reviews – Chancellor will give spending limits and HMT rank capital bids based on their Rate Of Return (ROR). What different would it make if you did a wellbeing ROR? How to value environmental returns, stable electricity...versus where that capital could be used elsewhere, such as for preventative projects. We now have data to start to analyse these things and monitor as we go along. We need to get the conversation away from BEXIT – divisive – towards a political agenda that brings people together.



4. Discussion, Chaired by Chris Ruane, MP

Nancy Hey, What Works Centre for Wellbeing – Mental health budget gets tangled up in protection for people with severe mental illness. This should not be at the cost of prevention. Even with a protected budget for mental health – how to recognise its not either/or treatment and prevention.

- Baroness Claire Tyler – Agree the need to do both – and separate budget so important. Also - much of the resilience building happens in communities – risk that additional focus on mental health - £ will go the NHS, rather than wider community issues.

It's not just the role of schools to improve wellbeing of children – if the measure is in schools, how to engage others?

- Lord Gus O Donnell – Govt requirements measurement of exams. If you have some equivalent measurement of wellbeing – you get a dataset that is useful. Parents can then decide on schools based not just on exam results – but potentially league tables of the wellbeing of kids.
- Chris Ruane, MP – Primary schools – happiness and wellbeing better catered for than in secondary schools
- Baroness Claire Tyler – When Ofsted focus on wellbeing things will change

Role of businesses – people are miserable in their 40's. The working life is important. BEIS and DWP are interested in it – but what can be done to shift businesses to care more about the wellbeing of their staff?

Professor Paul Frijters, LSE – The state is a joint collective project – and benefits the population. Danger to the state is that the tax base slips away – eg need to look at taxing the internet, tourists taxing superstar firms in the Cayman islands - but that get a lot of the economy. No.1 priority to guard the state.

- Chris Ruane, MP - Facebook agrees their product can adversely affect the wellbeing of people. Pharma companies fined in the US and China, from opioids. Economy geared around making people unhappy. Pumping fat and sugar into people. Industries that are undermining the wellbeing of people. At least tax them to compensate for this negative impact on wellbeing.
- Lord Gus O Donnell – the principle of taxing bads is well established and popular – smoking tax had an enormous impact. It's a good source of revenue to take account of externalities that are having damaging effects.

The analysis by departments is orientated to maximising economic surplus – as a measure of welfare. Changing this would radically change the way departments argue for things.

We need to guard the story of who we are. Inclusive and positive story of what it means to be British.

Professor Steve Haake, Chair of the parkrun Research Board – Business and workplace wellbeing – certain companies embrace it (advocates), others are 'tick box' (feel like they ought to), and then there are those that don't know/understand the importance of wellbeing. Consider tax breaks for workplace wellness initiatives – thing could make SMES jump – infrastructure in smaller buildings. How to wrap incentives around evidence of what is working?



Park run mission – is healthier happier planet – looking at deprived communities – funding from sport England – but looking for research to back this up. Survey this year got 100,000 survey returns.

Jenny Edwards – Digital interventions – what actually makes a difference. Parity of esteem in health is supported by the equality act, whereby mental health describes a disability. The legal obligation helps all services to take mental health seriously. Anticipatory reasonable adjustments – to ensure a good service and doesn't make things worse, including in the workplace.

Mapping of inequalities – often based on settled populations...1.5mil destitute people get missed from this. Need to see where these groups are

Mindfulness – and skills in understanding how minds and emotions work – is something we need to have – in schools – and for govt to invest in this for adults too. Universally – or through and inequality lens. Identify where it's a priority – change can be significant for people with most complex needs.

- [Chris Ruane, MP - Myriad](#) – Research into 28k 11-18 year olds working with mindfulness interventions – will be out later this year. Mark Williams introduced his to the NHS, if the research bears fruit could add resilience to the mainstream education curriculum.

Helen Goodman, MP: Can we get to where we need to without more money? How do you choose between different areas - Prisons are important – but so is social care. In the North East, children going into social care up 30%. Put this into the language of small children – play. Think about the good childhood including play.

On distribution – As well as income and wealth distribution – geographical distribution is important. We spend 14x as much on arts in London versus rest of country. In Lincolnshire it was 50p pp for the year. Problem not so much the lollipops, but more the big projects. Bus services would be better than the HS2.

David Finch, Health Foundation – Look at working age benefits – discretionary spend at local level – focus on the benefits system and how it treats people and access – wouldn't cost much but could go a long way.

Phil Ball, DCMS – Wellbeing cost effectiveness programme – difficult to introduce a step change. Making sure people are thinking about this in options appraisal – considering impact on wellbeing. See – [Dieter Helm](#) on natural capital stuff. Proposal for a universal service obligation to be mandated – ensuring a minimum level of wellbeing for all.

Distributional impacts inevitable – we shouldn't shy away from these moral obligations to consider the distribution. Mapping areas of really low wellbeing is a good start – what is it about those areas? A lot to be said about what it is that is driving these things. See [Happy Ever After](#). Looking at the bottom 5% - in misery – what is it about them. Should be a priority.

Amy Finch, Spirit of 2012 - Events – grand projects – intentionally need to bake in wellbeing. For example - funding city of culture in Coventry, [a Marmot city](#), with wellbeing outcomes baked in.



5. Summary and next steps, Chris Ruane, MP

- The draft minutes from this meeting will be available on the Wellbeing Economics APPG website in the coming weeks
- The draft report will be revised with insights drawn from this meeting and with contributions from ProBono Economics who are supporting the economic analysis of the impact of different policies on wellbeing. A revised report will be published later in Spring/early summer to inform the spending review process expected for the autumn, potentially with a high profile press event to launch the report
- The next meeting will look at developments in Scotland, Wales and Northern Ireland.
- Please contact the secretariat if you are interested in attending future events and they will add you to the invitation list.

Supplementary contributions sent after the meeting:

Amy Finch, Spirit of 2012: A lot of the activities in the paper – and areas we focused on in the discussion – are based on improving individual wellbeing, rather than looking at the relational aspects of it – important given the need to bring people in the UK together. We have been doing quite a lot of thinking about this internally considering when is it appropriate to bring people together who have low wellbeing specifically, and when might you need to bring people together from all walks of life to build that sense of shared belonging. The role of arts and sports came up a little bit in the discussion but not in the context of bringing people together.

On the schools front – whilst I can see how powerful being able to reach all young people will be. Yesterday I was at evaluation focus groups for the first cohort of our EmpowHER programme, working with girls with low wellbeing. Hearing the girls' testimony was profoundly moving, and demonstrated the impact of high-quality youth work creating with groups of vulnerable young people. I wonder about the dangers of having schools on the hook for the wellbeing of the pupils when the places that can make the biggest difference on their wellbeing could be elsewhere.

Professor Pauline Leonard, University of Southampton

Measurement of Wellbeing - I agree that this would be really useful tool to map regions with low levels of wellbeing but would be wary of looking at this in isolation from other social factors. Measurement of wellbeing is likely to be just another measure of social class and other indicators of multiple deprivation, and subjecting schools to Ofsted style league tables of WB may be a further means by which to rank schools' relationship with social class-the more middle class the school the higher the levels of WB. Further those schools with higher levels of resources will be more able to do something about lower levels of WB- while others will need to spend far more on basic needs such as breakfasts and lunches, after school care etc. in order to reach a level playing field. However, this may be an important point for the spending review-to put more resources in place to those schools which would benefit from them the most in order to enhance levels of wellbeing. Another point on measurement is that a long term rather than short term approach would need to be taken to measuring the impact of the WB of 'grand projects' such as HS2. For example, the aim of this is to increase social mobility in the long term, but this may take a decade or so to have an impact-so that while improving bus services may appear to have greater impact on WB in the short term, it may have less of an impact in addressing social inequalities in the long term. However, to ensure clients and contractors take this on board, measuring wellbeing outcomes could be built into the bidding stage and awarding of contracts.



Education to Work Transitions- there is no mention in the draft report of reinstating funding for a Careers Service and work experience for schoolchildren, both of which would seem to be essential for aiding sustainable education to work transitions. In addition, recognition needs to be given to service provision for the 18-24 age group who often ‘fall off a cliff’ once formal education ceases and can enter a period of vulnerability and poor mental health due to lack of support. Mentoring and services aimed at this age group have been found to be very effective for senses of support and community.

Work Futures and the impact of AI. Some futures thinking is necessary to safeguard the impact of technological developments on jobs and occupations at all levels, and consequent impact on WB. This may not only affect routine and manual occupations but professions for which decision-making also has the potential for automation. An example of the recognition of reskilling and retraining over the life course is Finland, which has a lifelong careers service and citizens are entitled to careers guidance every few years. As I state above, spending on a forward thinking careers service may not only foster WB but ensure that the workforce remains happy and productive over the life course.



Attendees:

APPG Members:

Chris Ruane, MP
Lord Gus O Donnell
Lord Richard Layard
Baroness Claire Tyler
Helen Goodman, MP

Secretariat:

Nancy Hey, What Works Centre for Wellbeing
Deborah Hardoon, What Works Centre for Wellbeing
Andrea Edwards, What Works Centre for Wellbeing
Tricia Curmi, What Works Centre for Wellbeing

Participants:

Professor Steve Haake, parkrun and Sheffield Hallam University
Silvia Brunetti, What Works Centre for Wellbeing
Amy Finch, Spirit of 2012
Ben Cook, Southbank Centre
David Finch, Health Foundation
Katie Green, DCMS
Professor Paul Frijters, LSE
Professor Pauline Leonard, Southampton University
Philip Ball, DCMS
Hannah Small, Children's Society
Jenny Edwards
Nadia Ashrafi, HMT