

Statistical bulletin

Personal and economic well-being in the UK: August 2019

Estimates looking across both personal well-being (April 2018 to March 2019) and economic well-being (January to March 2019) in the UK. This bulletin is part of a new series on "people and prosperity" introduced in February 2019.

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1 . Main points

- While all economic well-being measures improved in the latest quarter ending March 2019, people's personal well-being showed very little change in the UK in the year ending March 2019; however, people's expectations for the economy for the year ahead are that it will worsen.
- While people in the UK reported slightly higher happiness ratings on average, about 4.2 million people continued to report "low" levels of happiness in the year ending March 2019.
- Net financial wealth per head increased by 3.0% for the quarter ending March 2019 compared to the same quarter a year ago, led by increases in equity and investment fund shares.
- Anxiety in the UK remained stable in the year ending March 2019, with no significant decrease in the proportion of people who reported the highest anxiety ratings.
- Expectations for higher unemployment for the year ahead have been climbing and are now higher than at any point for the past five and a half years.

2 . Dashboard of well-being indicators

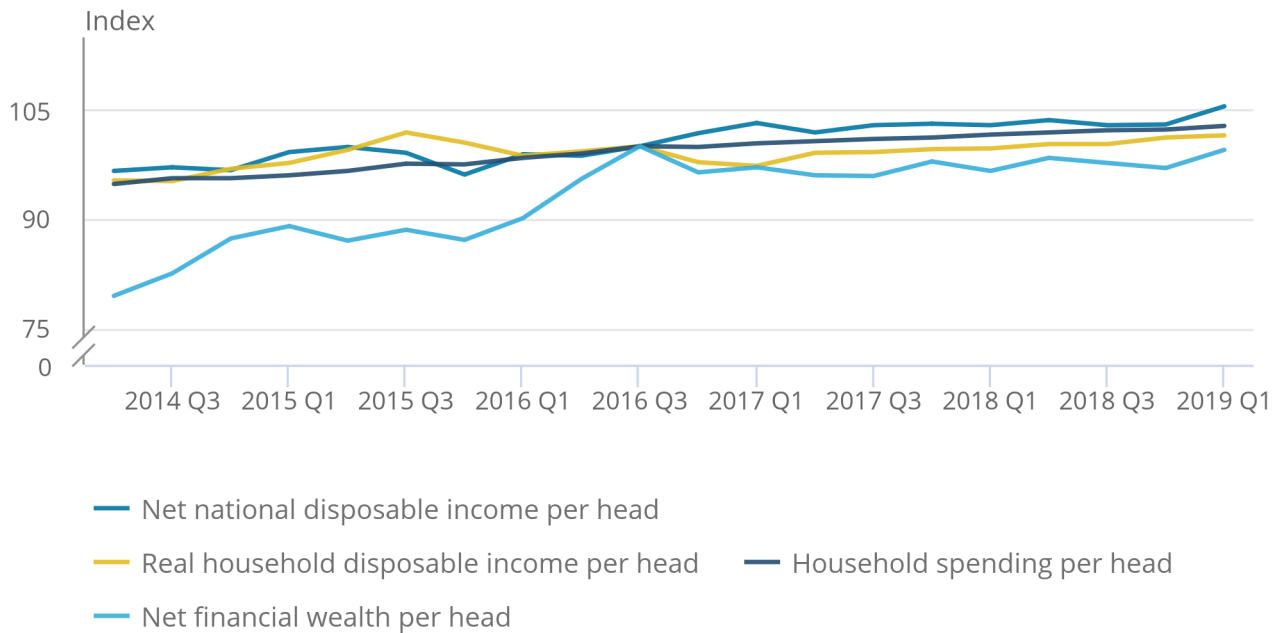
3 . Overall, objective economic well-being has increased

Figure 1: All measures of economic well-being have increased in the latest period up to March 2019

UK, Quarter 2 (Apr to June) 2014 to Quarter 1 (Jan to Mar) 2019, index, 2016 Quarter 3 = 100

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UK, Quarter 2 (Apr to June) 2014 to Quarter 1 (Jan to Mar) 2019, index, 2016 Quarter 3 = 100



Source: Office for National Statistics – UK National Accounts

Notes:

1. Quarter 3 (July to Sep) 2016 = 100.
2. Real net national disposable income per head adjusts total domestic output (GDP per head) to account for monetary flows in and out of the country, as well as removing wear and tear in the nation's capital used up in production.
3. Real household disposable income is the money households have, which they can spend on consumption, or to save and invest after taxes, National Insurance, pension contributions and interest have been paid.
4. Real household spending per head is the amount of expenditure by households to meet their everyday needs, adjusted for the prices of goods and services.
5. Net financial wealth per head is the financial assets people hold (such as current and savings accounts and investments) less the liabilities they owe (for example, loans and mortgages) per average person in the UK.
6. Chart axis has a break in it.

As shown in Figure 1, all main measures of economic well-being increased in the latest quarter. Net financial wealth per head increased the most, at 3.0% compared to the same quarter a year ago. This was mostly driven by an increase in the value of equity and investment fund shares and pension schemes. It is worth noting that net financial wealth is more disproportionately spread out than income and other types of wealth. For the period between April 2014 and March 2016, for example, 61.4% of the total financial wealth of households was owned by the top 10%, according to the latest [Wealth in Great Britain](#) release.

Household spending per head also continued to increase – it grew consecutively for nine quarters and is at an all-time high. It should be noted that 43% of the latest quarter's growth was driven by an increase in real terms spending on life insurance. However, it is unclear what drove this increased spending and whether it was linked to changes in mandatory cover requirements (such as cover for larger mortgages).

This was offset by a decrease in spending on restaurants and cafés, 1.7% per head less than for the last quarter. [Our previous analysis](#) looked at the relationship between household finances and personal well-being, and showed that expenditure on restaurants and cafés was related to higher life satisfaction. At the same time, spending on other services (such as life insurance) was associated with lower life satisfaction. Because of the potential impact on personal well-being, this change in expenditure patterns is something important to track in future well-being releases.

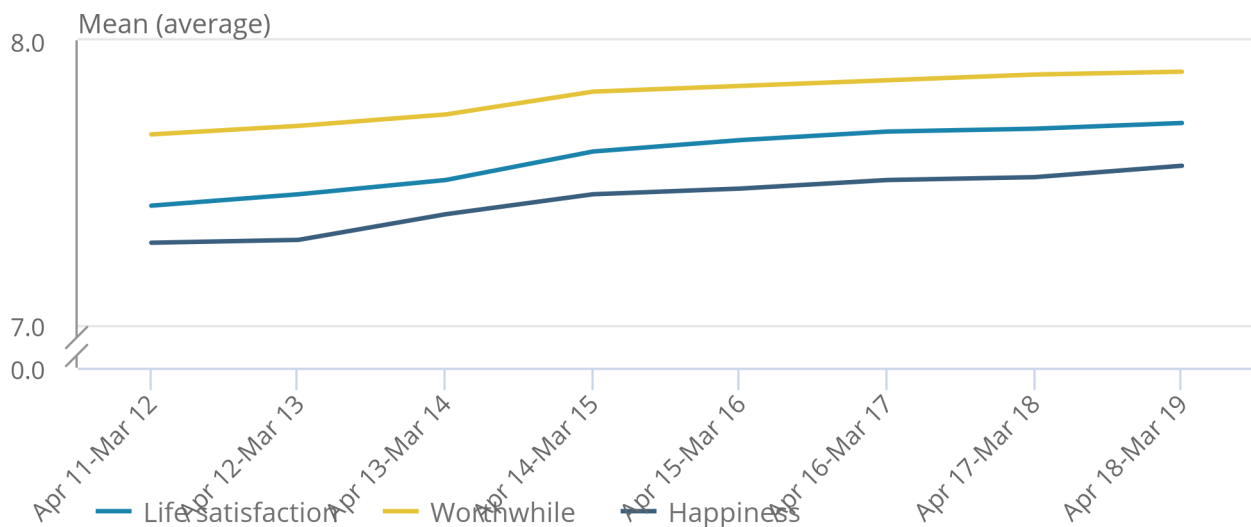
4 . Overall, people’s personal well-being shows very little change in the UK

Figure 2: People in the UK report a slightly higher average happiness rating than a year ago

UK, average ratings of life satisfaction, feeling that the things done in life are worthwhile, and happiness for the years ending March 2012 to March 2019

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UK, average ratings of life satisfaction, feeling that the things done in life are worthwhile, and happiness for the years ending March 2012 to March 2019



Source: Office for National Statistics - Annual Population Survey

Notes:

1. Chart axis has a break in it.

Although there were improvements in all measures of economic well-being, there was very little change in ratings of personal well-being. The only slight improvement in the year to March 2019 was in the average rating of happiness. Between the years ending March 2018 and March 2019, happiness scores increased slightly across the UK from 7.52 to 7.56, measured on a scale from 0 to 10 (Figure 2). This represents an increase of 0.53% in the average reported happiness across the UK.

Happiness is the only measure of personal well-being to show any significant change in the year ending March 2019. For the other measures of personal well-being – life satisfaction, feeling that the things done in life are worthwhile (Figure 2), and anxiety (Figure 4) – average ratings remained level with no significant changes over this period.

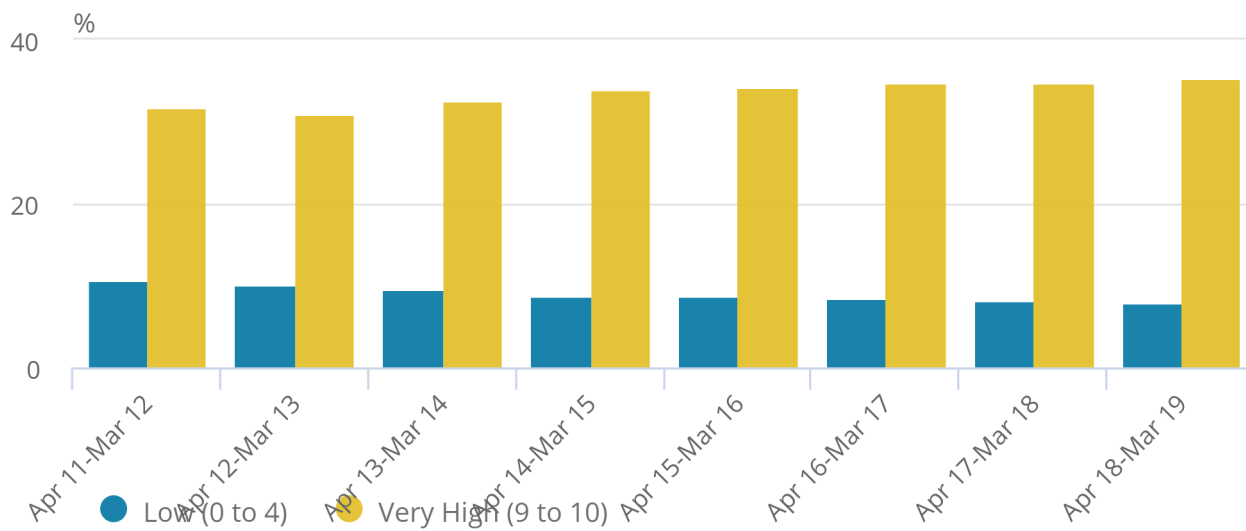
In addition to looking at average ratings, we also monitor potential inequalities in personal well-being by comparing those rating each aspect of their well-being either at a “very high” or “low” level (Figure 3).

Figure 3: About 4.2 million people continue to report “low” levels of happiness in the year ending March 2019

UK, proportion of people reporting “low” and “very high” ratings of happiness since the year ending March 2012

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Source: Office for National Statistics – Annual Population Survey

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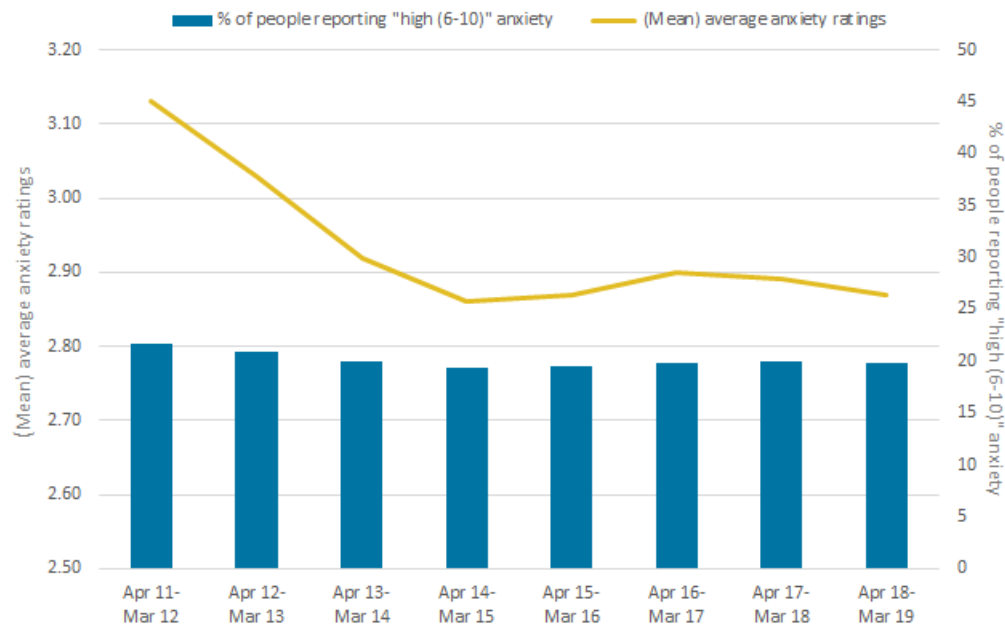
1. “low” happiness refers to those reporting a rating of 0 to 4 and “very high” happiness refers to those reporting a score of 9 to 10 (on an 11-point scale from 0 to 10).

Between the years ending March 2012 and March 2019, the proportion of people reporting “low” happiness ratings decreased by 2.8 percentage points and the proportion of those reporting “very high” ratings increased by 3.5 percentage points. Since the proportion of people reporting “very good” ratings rose slightly faster than the one reporting “low” ratings, the improvement for those people struggling the most has been slower over time.

Over the short-term, there were no changes in the proportions of people reporting either the highest or the lowest levels of happiness between the years ending March 2018 and March 2019. The slight improvement in the average happiness rating was driven by people reporting marginally higher scores in the middle range of the scale. Approximately 7.9%, or about 4.2 million people (out of a population aged 16 and over of nearly 53.1 million), continued to report low levels of happiness in the year ending March 2019.

Figure 4: The average anxiety in the UK remains flat in the year ending March 2019 with no significant decrease in the proportion of people reporting the highest anxiety ratings

UK, average anxiety ratings and proportions of people reporting "high (6-10)" anxiety for the years ending March 2012 to March 2019



Source: Office for National Statistics - Annual Population Survey

Looking at the long-term trend, average anxiety ratings continued to improve in the UK up to the year ending March 2015. After this period, anxiety ratings reached a plateau, with a small fluctuation year on year and no significant changes for the latest year up to March 2019.

Similarly to people's happiness levels, also for this measure, there was no significant decrease in the proportion of people who reported the highest anxiety ratings and who might be struggling the most. As highlighted in our [last release](#), about 19.8% or 10.4 million (out of a population aged 16 and over of nearly 53.1 million) people continued to report high levels of anxiety.

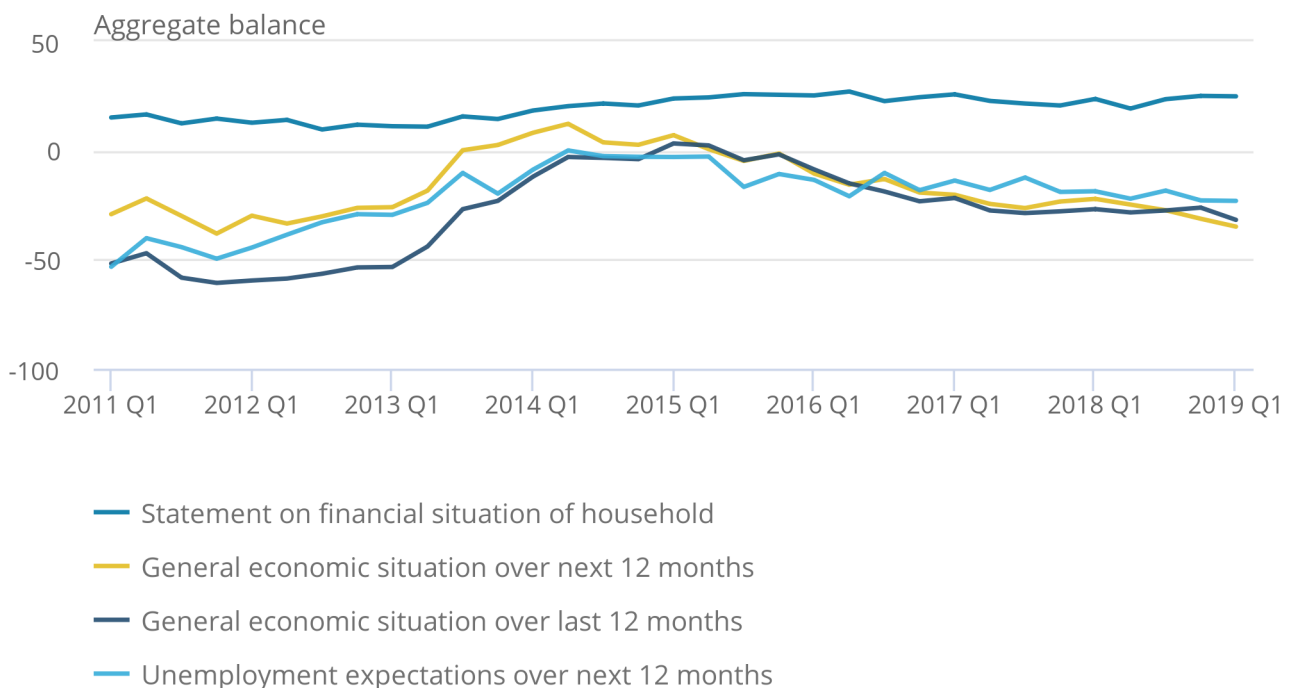
5 . Looking ahead, economic expectations about the next 12 months continue to decline

Figure 5: Expectations for the year ahead for unemployment trends and the general economic situation continue to decline

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 1 (Jan to Mar) 2019, aggregate balance

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UK, Quarter 1 (Jan to Mar) 2011 to Quarter 1 (Jan to Mar) 2019, aggregate balance



Source: European Commission – Eurobarometer Consumer Survey

Notes:

1. The source is the Eurobarometer Consumer Survey, which is collected by GFK for the European Commission.
2. A negative balance means that, on average, respondents reported the general economic situation worsened. A positive balance means they reported it improved and a zero balance indicates no change.

As discussed in section 3, objective household finance measures have improved. This is reflected in people's perception of their personal financial situation remaining positive. However, subjective expectations about the general economy continue to be negative:

- expected general economic situation for the year ahead is worse than at any point since the last quarter of 2011
- expectations for higher unemployment for the year ahead have been climbing, and are now higher than at any point since the quarter ending June 2013, despite [record-low unemployment rates](#)

6 . Next steps

Our users have expressed strong interest in additional analysis of well-being at local level. In the Autumn, we are planning to present estimates for the UK countries, regions and local authorities and to provide insights into how local circumstances might affect well-being, to enable better decision-making at local level. In November, we will be releasing the estimates looking across personal well-being and economic well-being in the UK for the period April to June 2019.

We also intend to focus more on the environmental aspects of well-being, both in terms of how the environment affects our living standards now and the extent to which growth is environmentally sustainable. In doing this, we will move a step closer to looking holistically at [“people, prosperity and planet”](#).

7 . Quality and methodology

The [Personal well-being in the UK Quality and Methodology Information](#) report contains important information on the strengths and limitations and uses of the data as well as how outputs are created and the quality and accuracy of those outputs. For more information on personal well-being, please see the [Personal well-being user guidance](#) and [Harmonised principles of personal well-being](#).

The framework and indicators for economic well-being used in this release were outlined in [Economic Well-being, Framework and Indicators](#), published in November 2014. Basic quality and methodology information for all economic well-being indicators included in this statistical bulletin is available from:

- the [Gross domestic product \(GDP\) Quality and Methodology Information](#) report
- [Consumer Price Indices Quality and Methodology Information](#) report
- [Wealth and Assets Survey Quality and Methodology Information](#) report
- [Effects of taxes and benefits on household income Quality and Methodology information](#) report
- [Labour Force Survey \(LFS\) Quality and Methodology Information](#) reports

Measuring “people and prosperity”

In November 2010, we set up the [Measuring National Well-being programme](#) to monitor and report UK progress by producing accepted and trusted measures of the well-being of the nation. We have pioneered the measurement of well-being in the UK in addition to traditional measures of prosperity, enabling policy-makers to make better, more well-informed decisions. We have also been monitoring economic well-being by assessing how households are faring, using measures of household wealth and disposable income.

Traditionally, we reported our quarterly updates on personal well-being and economic well-being in separate publications; however, [a recent user feedback survey](#) suggested the need for more in-depth analysis on the relationship between personal and economic well-being. In February 2019, we introduced [a new series on “people and prosperity”](#) as part of our [“Beyond GDP” initiative](#), bringing together personal and economic well-being for the first time. The aim is to provide timely, quarterly indicators and analysis of household financial health as well as personal well-being. In measuring economic growth, we want to know the extent to which it affects different groups in society. This will make it easier for policy-makers and other users to consider questions such as whether changes in the size of the economy, and the distribution of that income, are reflected in our personal well-being.

Data quality

This release is based on the most recent data available as of August 2019. It is important to note that the data underpinning the personal and economic well-being indicators come from various sources with different timeliness and coverage.

The personal well-being estimates are from the Annual Population Survey (APS), which provides a representative sample of those living in private residential households in the UK. People living in communal establishments (such as care homes) or other non-household situations are not represented in this survey. This may be important in interpreting the findings in relation to those people reporting lower personal well-being. Most of the economic indicators capture the full coverage of the UK regardless of people's economic status.

APS data reweighting

Weighting answers to survey questions ensures that estimates are representative of the target population. Each person in the survey data has a "weight", the number of people that person represents in the population, which is used to produce estimates for the population.

More accurate weighting is based on the latest available population estimates for that time period. When new population estimates become available, data can be reweighted to ensure better representation and so precision of estimates. For greater accuracy, it is common practice to revise previously published estimates when new weights become available.

Based on new population estimates, new well-being weights have been available for the APS data since March 2019. We have used this reweighted data to produce [annual personal well-being estimates](#) for the years ending March 2012 to 2019, as we did for [our previous publication](#) for the years ending December 2012 to 2018. We plan to produce the UK country, regional and local authority level estimates for the years ending March 2012 to 2019 based on the most recent weightings in the Autumn this year. The reweighted data for the years ending June 2012 to 2019 and September 2012 to 2019 will be available in our upcoming publications later this year or early next year.

Your feedback

In February 2019, alongside [our previous publication](#), we launched a survey to gather user feedback about our personal and economic well-being outputs. Users told us that our work fitted their requirements well – the language used, analytical detail and visual analyses met their needs. But the feedback also highlighted ways in which we could improve the quality and usability of our outputs such as by shortening the length of bulletins. Additionally, there were requests to focus on more in-depth analysis, such as more insights into regional data and inequalities and providing more information or explanation of more technical aspects.

Over the coming months, we will continue to address feedback and engage further with our users to improve the usability and usefulness of our work. We also aim to better promote our well-being dashboard and explore opportunities to improve our interactive tools. Your feedback will be very valuable in making our results useful and accessible. If you have any questions, please contact us at PeopleAndProsperity@ons.gov.uk. Thank you!