

## Measurement and Trends in Inclusive Growth in the UK

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What this paper will discuss:

- The link between ONS Measuring National Well-being Programme and inclusive Growth.
- The equity of GDP growth across sectors of the UK economy.
- The distribution of household income between regions of the UK.
- Trends in inequalities during different phases of growth and for different subgroups, and regions of the UK.

The UK Office for National Statistics (ONS) launched its Measuring National Well-being programme in 2010, with the aim to “develop and publish an accepted and trusted set of National Statistics which help people understand and monitor well-being”. Since then, the ONS have monitored UK progress against a wide set of indicators, including economic and personal well-being, social and human capital, and the environment. Many of these indicators complement National Accounts, providing statistics that are more informative about the progress of UK citizens and households, than GDP alone.

Whilst these indicators have been successful at regularly reporting on the progress of households and citizens in general, they do less to inform on the distribution of growth, namely inclusive growth. More emphasis is being placed on developing statistics that inform on inclusive growth, that go beyond average per head measures, placing more focus on the equity of overall progress. The OECD’s Inclusive Growth Framework (OECD, 2014) recommends translating measures of growth into improvements across the range of outcomes that matter most for people’s lives. The Scottish Government (Scotland’s Economic Strategy, 2015) supports economic growth through “a fair and inclusive jobs market and regional cohesion”. More recently, the Inclusive Growth Commission (RSA, 2016) promotes a strategy that is national in scale, but local in delivery. It emphasises poor productivity – due to skills shortages of workers, but also the proliferation of low-skilled jobs – as the main barrier to improving low-pay, and emphasises the need for more sophisticated statistics that inform on these issues.

This paper aims to adapt the well-established Measuring National Well being Framework, developing the indicators to provide more insight into inclusive growth. It will be split into 3 main sections. The first will introduce ONS’s Measuring National Well-being programme, presenting the range of indicators that ONS

uses to report on the progress of UK's citizens. The second section will investigate the relationship between GDP and household income, describing how economic growth is distributed throughout the economy. Following this, it will examine the regional dimension of the well-being indicators including household income, expenditure, and personal well-being. It will identify areas that have benefitted during periods of growth, and those that have been left behind.

The third and final section will discuss trends across a range of inequalities, drawing on the work of the soon-to-be-established ONS Centre of Expertise on Inequalities. The analysis will focus on economic and social inequalities, ranging from income, wealth and employment, to health, education and housing. It will explore disparities within regions, identifying areas with skills shortages, poor health or limited access to work for young people. Finally, it will identify which opportunities are opened or closed to different types of households during phases of economic growth and contraction.