

## Economic and social well-being in the UK: how living standards should be measured

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### About the research

Living standards in the United Kingdom are typically measured using income or expenditure as a proxy. Past research into living standards focuses on how living standards have changed over time, the extent to which there are inequalities in living standards for different groups, and the impact of the recession on living standards. To date, little research has combined economic and non-economic indicators to inform living standards research.

Multidimensional indicators of living standards can be measured in eleven key dimensions of individual and family welfare, which fall under three overarching domains: [What we have](#), [What we do](#), and [Where we live](#).

This research provides greater understanding of the relationship between objective and subjective indicators of living standards and how this changed over the course of the recession for families at different stages in life. The research used data from three UK national surveys:

- Poverty and Social Exclusion Survey (PSE) 2012
- Family Resources Survey (FRS) 2006/07 - 2015/16
- UK Household Longitudinal Study - "Understanding Society" (USoc) 2009-11 - 2014-16.

This briefing calls for changes to the type of data collected and the approach to analysing the data, with a view to providing a more accurate indicator of living standards. This, in turn, will provide a clearer picture of economic and social well-being in the UK.

### Policy recommendations

Single adults below retirement age and single parents are two groups that require further policy attention, particularly during periods of economic downturn.

The Government Statistical Service (GSS) should consider carrying out a review of subjective indicators of living standards (e.g. satisfaction with income, housing, local area) aiming to harmonise the question content and wording of subjective indicators found in different UK national surveys.

*Data collection and measurement:*

**Material Deprivation.** The UK Government should collect consistent information on material deprivation, review the current suite of questions in national surveys, and ensure questions are asked of all adults regardless of age (currently, some questions are only asked of those 65+ years of age).

**Financial situation.** National surveys should collect (where feasible) information about savings and debt, and economising activities, so that trends and patterns in financial fluidity can be determined.

**Mental Health.** Given the current drive to measure personal/national wellbeing, national surveys (e.g. FRS) should include a measure of mental health (e.g. General Health Questionnaire (GHQ)).

**Subjective Relative Income.** Surveys that aim to measure living standards and inequality should include questions about how respondents perceive the adequacy of their income.

**Satisfaction with Income/Financial situation.** Large annual surveys (e.g. FRS) should collect information on satisfaction with income and financial situation.

## Key findings

- The research confirms that certain family life-course types (e.g. single adults of working age and single parents) had been affected most by the economic downturn and subsequent recovery.
- The same family life-course type differences and trends across the recessionary period are found in both objective and subjective indicators of resources (e.g. income, financial situation and mental health).
- The analysis showed the importance of the nature of the measures and indicators used, when trying to establish changes in trends in both objective and subjective indicators and the relationship between them over time.
- The associations between objective and subjective indicators of economic resources are most closely aligned when individual measures or indicators of living standards share many similarities in how they are defined, operationalised and measured in surveys.
- The findings confirm the importance of income as a key resource in living standards and the scientific validity of material deprivation items



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used in the three surveys in question (PSE, FRS and USoc).

- Satisfaction with income, satisfaction with financial situation, and satisfaction with life can be used as valid and reliable subjective indicators of living standards and how they change over time.

## Further information

Institute for Fiscal Studies, [Living standards, poverty and inequality in the UK, Annual reports](#)

London School of Economics, [Centre for Analysis of Social Exclusion \(CASE\)](#), [Social Policy in a Cold Climate \(SPCC\)](#)

Office for National Statistics, [Economic well-being, UK Statistical bulletins](#)

Office for National Statistics, [Measuring National Well-being, Personal well-being in the UK](#)

Poverty and Social Exclusion (PSE), [PSE Research](#)

Resolution Foundation, [Incomes and Inequality, Housing, Wealth and Debt](#)

## Contact the researchers

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Nuffield Foundation project website: <http://www.nuffieldfoundation.org/distribution-and-dynamics-economic-and-social-well-being-uk>

