

Consultation response

## **Office for National Statistics**

# **Proposed Domains and Headline Indicators for Measuring National Well- being**

January 2012

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## Introduction

When the Office of National statistics launched its national debate on measuring well-being on 26 November 2011, Shelter responded by setting out the rationale for the inclusion of housing indicators in a measure of national well-being. We still believe this is the case.

Housing is a key component of well-being. Analysis undertaken by the new economics foundation (nef) found that 9.7% of all the variation in satisfaction with life that could be explained (by their regression model) was explained by housing factors<sup>1</sup>. Of all the housing and non-housing factors included in the regression model not having enough money to keep the home in a decent state of repair was the third strongest factor associated with well-being<sup>2</sup>. The only stronger associations found with well-being in the model were self-rated health and sense of belonging to a neighbourhood.

## 'Where we live' domain

Shelter would like to make comment on the 'where we live' domain, we feel this is the most appropriate domain to include housing indicators. We agree that more objective measures are needed for the 'where we live' domain. However, we feel that rather than the suggestion of house price indices which has been made in the consultation document, a more appropriate measure is housing costs as proportion of income. Three million people are driven into poverty because of the high relative cost of their housing<sup>3</sup>. House prices on their own do little to reflect the impact on an individual's well-being. For example, two properties could be worth the same in value but one person could be living mortgage free. House price indices also do not take into account rental outgoings. For many households rental costs can represent a significant proportion of their expenditure, especially in the private rented sector where rents are higher. A recent report by Shelter<sup>4</sup> found that for over half (55%) of local authorities in England the median private rent for a two bedroom home costs more than 35% of median take home pay in that area, a level considered likely to be unaffordable in previous studies<sup>5</sup>. In 8% of local authorities the median rent for a two bedroom house was even higher at 50% or more of median full-time take-home pay.

We therefore suggest that housing costs as a proportion of household income is included instead. Some assessment of affordability could be for example:

- % of households that spend more than specified percentage thresholds (i.e. 20%, 30%, 40%) of their income on their housing costs and link this to well-being

The consultation sets out that the headline set of national well-being measures should be relatively limited in number while extensive enough in coverage to provide a good picture of 'how the UK is doing'. In keeping with this objective, Shelter's priority is for the 'where we live' domain is inclusion of housing costs to income ratio. However, if other indicators are considered we also think that the following areas impact on an individual's well-being:

- Housing conditions – measured by either: i) % of households who are overcrowded by the bedroom standard or ii) proportion of non-decent homes<sup>6</sup>. Both measures are recorded in the CLG English Housing Survey, for example.

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<sup>1</sup> New economics foundation (nef) *A Shelter housing well-being index: a feasibility study*, November 2011 [unpublished]

<sup>2</sup> Ibid.

<sup>3</sup> Source: National Statistics (2011) *Households Below Average Income: an analysis of the income distribution 1994/5-2009/10*, DWP

<sup>4</sup> Shelter, Research report: *Shelter Private Rent Watch - Report one: Analysis of local rent levels and affordability*, October 2011 [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0008/386828/Private\\_Rent\\_Watch\\_Report\\_1.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0008/386828/Private_Rent_Watch_Report_1.pdf)

<sup>5</sup> Whitehead, C., Monk, S., Clarke, A., Holmans, A., and Markkanen, S. *Measuring Housing Affordability: A Review of Data Sources*. Cambridge Centre for Housing and Planning Research, University of Cambridge, April 2009.

<sup>6</sup> In order to be decent a home must meet four criteria: it must meet the statutory minimum standard for housing (be free of Category 1 hazards under the Housing Health and Safety Rating System); be in a reasonable state of repair; have reasonable

- Housing stability – measured through i) length of residence and ii) % of households with an expectation to move. Both measures are recorded in the CLG English Housing Survey, for example.

We understand that from April 2011 the English Housing Survey will no longer form part of the Integrated Household Survey and will therefore not be linked to the ONS's subjective well-being questions. We would like to see this decision reversed. This would allow further analysis and enable the links between housing and well-being outcomes to be further analysed and included in the ONS national well-being measure.

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### **Until there's a home for everyone**

In our affluent nation, tens of thousands of people wake up every day in housing that is run-down, overcrowded, or dangerous. Many others have lost their home altogether. The desperate lack of decent, affordable housing is robbing us of security, health, and a fair chance in life.

Shelter believes everyone should have a home.

More than one million people a year come to us for advice and support via our website, helplines and national network of services. We help people to find and keep a home in a place where they can thrive, and tackle the root causes of bad housing by campaigning for new laws, policies, and solutions.

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modern facilities and services; and provide a reasonable degree of thermal comfort. The detailed definition of the criteria is provided by A Decent Home: Definition and Guidance for implementation (CLG, June 2006).