

February 2011

## A FRAMEWORK FOR UNDERSTANDING THE SOCIAL IMPACTS OF POLICY AND THEIR EFFECTS ON WELLBEING

The UK's Social Impacts Taskforce<sup>1</sup> has developed a conceptual framework to guide our work on understanding the relationships between the social impacts of policies, their effects on the UK's underlying produced, human, social and natural capital, and implications for wellbeing.<sup>2</sup>

This is an analytical framework designed to improve our understanding of the relationships between different measures of policy impacts; and to help us interpret the policy implications of the aggregate measures of wellbeing being developed by the UK's National Statistician. It will help us to develop the best advice for Ministers at the point at which policy choices are made. Setting out the framework will also help to resolve some of the debates about terminology which beset this field, so that we can focus on the substantive issue of understanding how best to use analysis of social impacts in developing advice for policymakers. The framework is intended to be consistent with, and to complement, our existing framework<sup>3</sup> for developing advice to Ministers on the broad social costs and benefits of alternative policy and investment options.

We have adopted a 'capitals approach' to assess sustainability in terms of whether the stock of assets we pass on to future generations is better or worse than what is available to us today, which is an important analytical component of mainstreaming sustainable development. This is reflected in the 'stocks' component in the framework shown overleaf.

The diagram summarises the relationship between these capitals, the 'flows' of goods and services derived from them, consumption of which can lead to the depletion of the quantity or condition of the asset base. In combination, the 'flows' of

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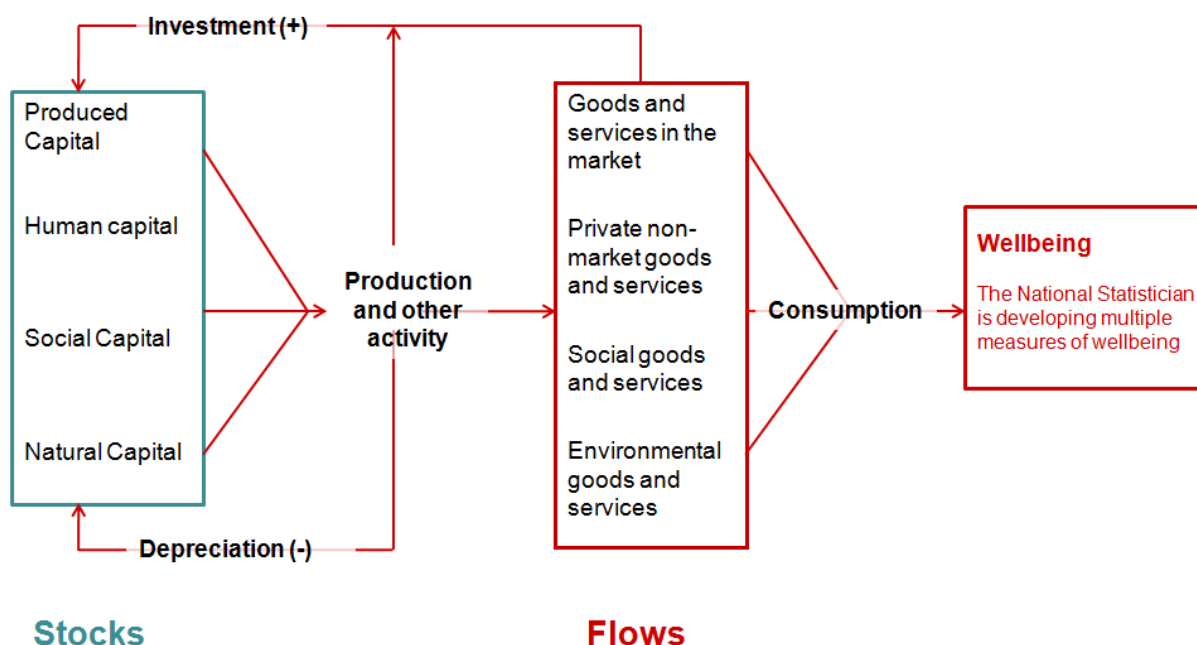
<sup>1</sup> The Social Impacts Taskforce is tasked with developing better assessments of the social impacts of policy in appraisal and evaluation. It is chaired by Amanda Rowlatt (Department for Work and Pensions) and Richard Price (Department for Environment, Food and Rural Affairs)

<sup>2</sup> This note summarises Gemma Harper and Richard Price (2011): *A framework for understanding the social impacts of policy and their effects on wellbeing – a discussion document*. Contact [richard.price@defra.gsi.gov.uk](mailto:richard.price@defra.gsi.gov.uk) and [gemma.harper@defra.gsi.gov.uk](mailto:gemma.harper@defra.gsi.gov.uk)

<sup>3</sup> HM Treasury: *The Green Book: Appraisal and Evaluation in Central Government*, Treasury Guidance. (London, 2003)

goods and services in the market, social and environmental goods and services contribute to overall wellbeing.

**Figure 1: A framework for identifying, understanding and capturing social impacts**



Parts of this framework are already well quantified – particularly impacts which work through the market for which prices are observable. There are also established methodologies for understanding and sometimes valuing social and environmental impacts outside the market. Existing research is already widely used in UK government. The Taskforce’s work will focus on gaps in our knowledge, and will identify priorities for addressing these, and for improving the consistency with which social impacts are assessed across government, in order to improve the quality of policy development and advice given to decision-makers.

In November 2010, the Prime Minister asked the UK’s National Statistician Jil Matheson to lead a national debate on measuring the nation’s wellbeing.<sup>4</sup> The National Wellbeing Project aims to provide a fuller picture of ‘how society is doing’ than is given by economic indicators such as GDP. The work of the Social Impacts taskforce will help to inform decision-makers on how individual policy choices might affect the measures of wellbeing developed by the National Statistician.

<sup>4</sup> See: [www.ons.gov.uk/well-being](http://www.ons.gov.uk/well-being)