

SUBMISSION FROM CARNEGIE UK TO THE ENVIRONMENTAL AUDIT COMMITTEE CALL FOR EVIDENCE ON ALIGNING THE UK'S ECONOMIC GOALS WITH ENVIRONMENTAL SUSTAINABILITY

February 2022

Carnegie UK welcomes the opportunity to respond to the EAC Inquiry. The following response details how we believe a wellbeing approach could support the UK Government to align the UK's economic goals with environmental sustainability.

Summary

- Looking after the wellbeing of all citizens – our collective wellbeing – is a powerful way of creating a society where everyone can live well together.
- Collective wellbeing can also be called sustainable development, quality of life, happiness, wellbeing economics, donut economics or going 'beyond GDP'.
- The Wellbeing Economy Alliance (WeALL) defines a wellbeing economy as an economy that is designed with the purpose of serving the wellbeing of people and the planet first and foremost; in doing so, it delivers social justice on a healthy planet.^[1]

What is collective wellbeing?

At Carnegie UK we believe that collective wellbeing happens when social, economic, environmental and democratic wellbeing outcomes are seen as being equally important and are given equal weight. Taking a wellbeing approach puts this holistic understanding of wellbeing at the heart of decision-making.

Social wellbeing: We all have our basic needs met.

Economic wellbeing: We all have a decent minimum living standard.

Environmental wellbeing: We all live within the planet's natural resources.

Democratic wellbeing: We all have a voice in decisions that affect us.

Why take a wellbeing approach to government?

A wellbeing approach to government puts collective wellbeing at the centre of the Government's mission. It offers a more rounded understanding of social progress that goes beyond economic considerations. We outline four ways the UK Government could put a wellbeing approach into action below.

1. Carnegie UK has developed **Gross Domestic Wellbeing (GDWe)**[™] as a way of measuring social progress in this way, as an alternative to the narrow parameters of GDP. A focus on economic measures does not – and cannot – tell an accurate story of whether life is improving, where the gaps are, or who is being left behind. By using GDWe as a measure of social progress, the UK Government would place collective wellbeing at the centre of decision making - balancing economic outcomes with social, environmental and democratic outcomes.
2. To align environmental sustainability with economic goals, we need more timely data. During the development of GDWe, Carnegie UK found many gaps in wellbeing data, and notably in environmental data and the indicators that measure environmental wellbeing. In the face of the climate crisis, these data gaps are inexcusable. **What gets measured is what matters.**
3. The **Wellbeing of Future Generations Bill** [currently](#) in the House of Lords aims to take a wellbeing approach, by putting long term, strategic thinking at the heart of UK policy making to protect the wellbeing of people and communities now, and in the future. Introducing such legislation would identify the wellbeing of current and future generations as the goal of government.
4. **Aligning budgets with outcomes:** The budget is the mechanism through which the intentions of the government are given form. As such, connecting the budget with longer-term wellbeing outcomes could seek to rebalance the economic dominance of decision making. The [New Zealand Treasury](#) have already innovated in this area.

Wellbeing legislation would require the UK Government to identify and consider a set of National Outcomes that contribute to the wellbeing of current and future generations, in the same way as the Scottish National Performance Framework and Wales' Well-being of Future Generations (Wales) Act.

This would mean that actions or policies that we take to improve one particular domain of wellbeing should not come to the detriment of another domain. For example, the pursuit of fossil fuel extraction: although that might create jobs and wealth, it comes at a cost in terms of climate, biodiversity and future generations that makes it unsustainable.

Wellbeing legislation would also place a duty on the UK Government to consult on the National Outcomes at regular intervals to ensure the Outcomes are relevant and reflect people's priorities, such as in the example of [Iceland's](#) wellbeing framework.

Wellbeing legislation would require the UK Government to monitor progress towards the National Outcomes through National Indicators. A focus on outcomes, rather than inputs, processes or targets, is an essential component of a wellbeing approach.

Introducing a Wellbeing of Future Generations Bill to the UK would also establish a new approach to policy making by outlining the statutory ways of working required of all public services, and develop a framework for assessing policy against wellbeing Outcomes and Indicators during policy appraisal, budget and evaluation phases.

How the UK Government could use a wellbeing approach to incorporate environmental sustainability into its leading measures of UK economic success

Taking a wellbeing approach shifts away from the idea of social progress being measured solely by economic growth and takes into account the range of outcomes needed for true social progress, such as environmental wellbeing. The economy should be seen as part of, and not distinct from, society and the environment.

Using measures such as GDP to measure social progress does not recognise the negative impact of certain actions on the environment (such as fossil fuel extraction and prioritising road building over public transport investment). Considering environmental wellbeing alongside social, economic and democratic wellbeing will ensure that decisions are taken in a holistic way, aiming for collective wellbeing rather than simply economic growth.

A wellbeing approach balances short-term needs with the need to safeguard the collective wellbeing of future generations – ensuring that taking actions now will not have negative effects in the long term, particularly important when considering meeting climate goals.

[1] https://wellbeingeconomy.org/wp-content/uploads/Wellbeing-Economy-Policy-Design-Guide_Mar17_FINAL.pdf