

# Measuring human capital in UK official statistics: now and into the future

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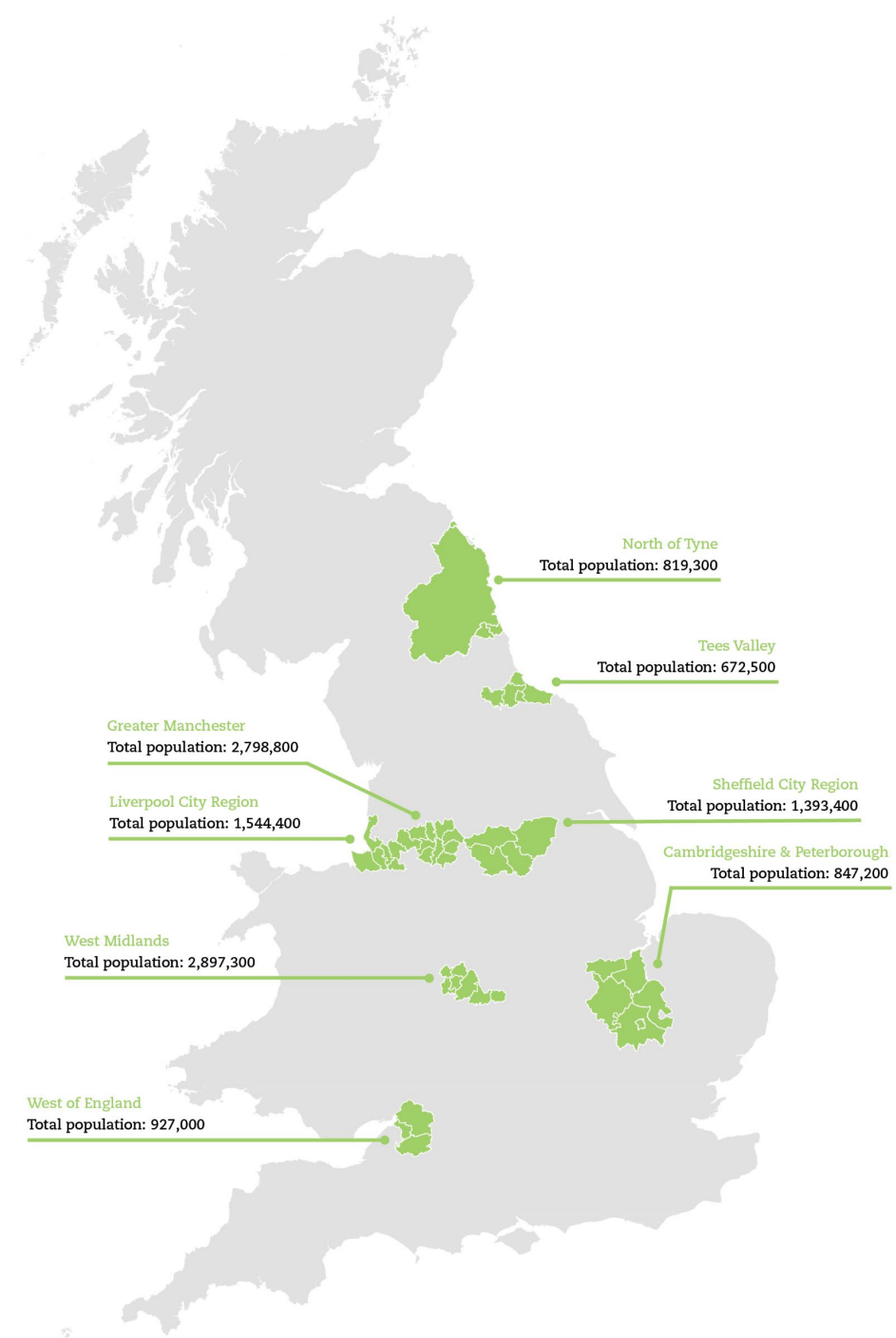
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# Agenda

1. Recent experience measuring and developing human capital statistics
2. Intentions of future statistical production and analysis
3. UK focus

# Motivating factors

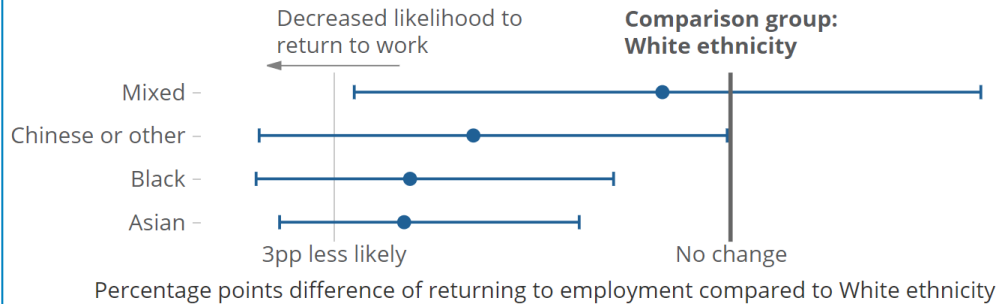
1. Devolved political policy-setting
2. Considering investment in the UK's workforce
3. Interaction between human capital and other policies



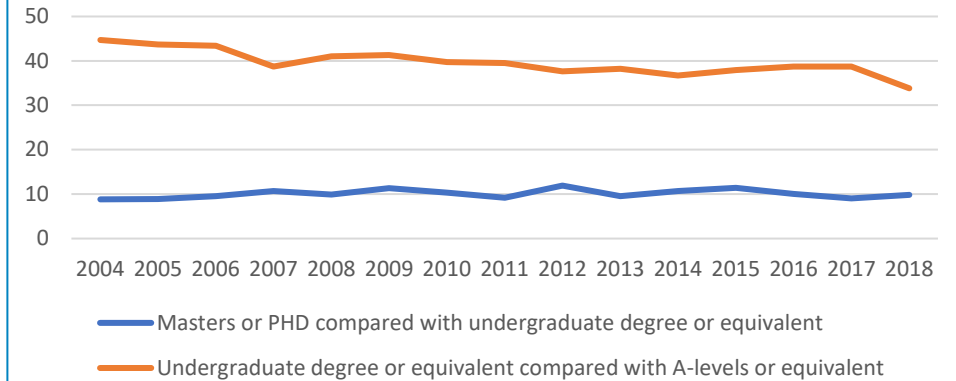
# Recent experience

## Black, Asian and Chinese or other ethnicities were less likely to return to employment compared to White ethnicity

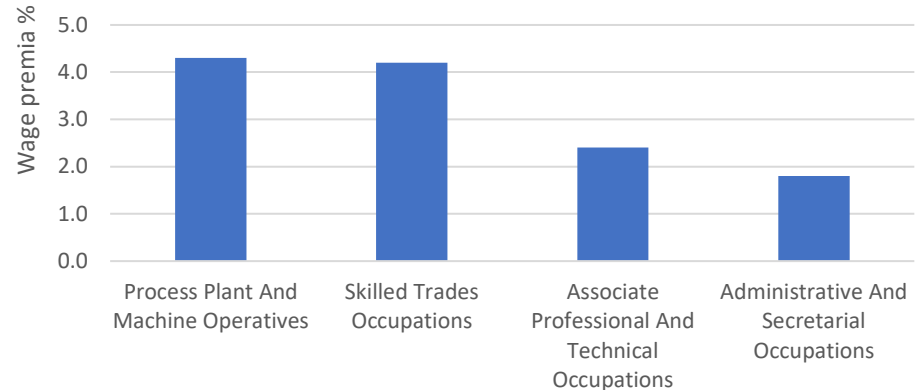
Percentage point difference in likelihood of returning to work in the next quarter, by ethnicity, 2007 - 2020



Individuals with a Master's or PhD degree had a higher human capital in 2018 than those with an undergraduate degree or equivalent



Individuals in mid-skilled occupations tend to see the highest wage benefit from participating in in-work training



# Producing human capital stocks

Sources: Labour Force Survey (s) , life expectancy tables

Methods: Fraumeni framework – discounted adult lifetime earnings

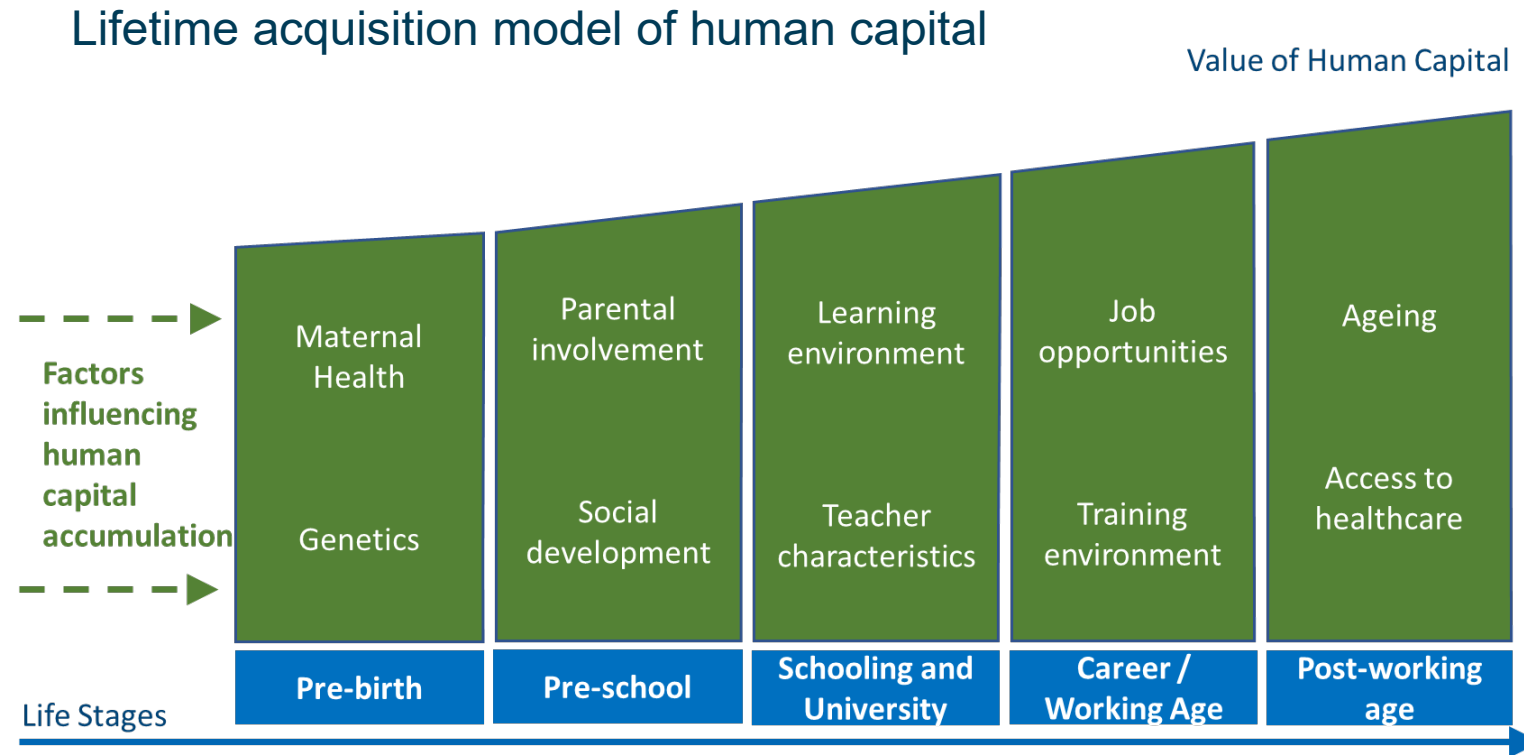
Data requirements – earnings (all employee jobs) and education transitions by age, sex, qualifications (others for developments)

Main assumptions:

1. Lifetime earnings at age  $X$  calculated based on current earnings for those at age above  $X$ , up to age 65
2. Earnings measure one year's marginal product
3. Future earnings discounted at 3.5%, annual nominal growth of 2%
4. Real stocks calculated with Tornqvist index

# Future statistical needs

Lifetime acquisition model of human capital



1. Consider wider scope of human capital factors
2. New data requirements e.g. commercial job adverts
3. Links to National Accounts

# Bringing back to a coherent framework - questions

1. If human capital is an asset, what is investment? Are some elements current spending?
2. What would be the scope?
3. If there is investment, what are the products?
4. If there's an asset, who owns it?
5. Where is the new production boundary?
6. What is the price/deflator?

# Bringing back to a coherent framework – answers?

1. Investment = increase in skills or knowledge; Valuation?  
current spending = 'maintenance' of human capital
2. Scope = Education, Family, Health, Work, Life experience
3. Products = skills + knowledge, not education levels
4. Ownership = All + further distributive transactions?
5. Boundary = unpaid work, independent learning
6. Deflators = marginal skills prices



# Questions

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