Revising Scotland’s National Performance Framework

February 2014

Introduction

Wellbeing and prosperity are about more than just money. To know Scotland’s success we need to measure our social, environmental and economic prosperity.

This briefing – a collaboration between some of Scotland’s leading civil society organisations – is offered as a contribution to the current review of the National Performance Framework (NPF) and of the Scotland Performs’ process (and website), through which the Framework is linked to indicators and progress is reported. This paper updates the briefing published in September 2011 in the light of progress and developments in the intervening two years.

It is supported by:

“My aspiration for the national performance framework is that it aims to do what the index of humankind is trying to do. I do not make that remark from the point of view of a defensive Government minister. Through the national performance framework, we have tried to construct an analysis of national performance that is not just a report card about the Government. It is about all sorts of things, such as how people live their lives, how they want to live their lives, their aspirations, and their hopes in our society. It is also about testing whether our country is making progress year on year, month by month, towards achieving that picture. That is at the heart of the thinking behind the national performance framework.” John Swinney, parliamentary debate, 5 September 2012.

The Scottish Government continues to support ‘a broader assessment of national wellbeing and success’ (SNP manifesto 2011, p 37). The following recommendations would strengthen the potential of this commitment through the National Performance Framework and Scotland Performs process, and enhance the delivery of this forward-thinking and innovative framework for guiding and evaluating public policy.

The operation of the National Performance Framework since 2007 has been dominated by the global economic crisis. This has distorted the purpose - ‘to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth’ – and the consequence has been a narrow focus on traditional economics. We believe that, if Scotland is to flourish, a far greater emphasis must be given to sustainability – and we define this within the internationally recognised terms of the original Brundtland Report.

In the intervening years, civic organisations in Scotland have contributed significantly to the discussions in Scotland aimed at improving the Framework and its reporting process, and Scotland’s approach to development. Progress has been achieved, especially with the recent use of the NPF by the Scottish Parliament’s Committees in the context of budgetary scrutiny. We hope to continue to assist this trend.

“…what we measure affects what we do. If we use the wrong measures, we will strive for the wrong things.” Joseph Stiglitz

Key Recommendations

The signatories to this briefing support the aspiration to create opportunities for all to flourish, but we call on the Scottish Government to:

1. Remove the reference to ‘increasing sustainable economic growth’ from the Single Purpose in recognition that economic growth is one of many means to the goal of flourishing, and not an end in itself. Economic health is only one element of sustainable development.

2. Replace the Purpose Targets to reflect the range of social, environmental and economic factors that underpin our long-term prosperity and flourishing and are commonly known as the three pillars of sustainable development. We recommend:

- **A headline indicator for Social Impact** - supported by a dashboard of indicators measuring the things that matter to Scottish people, and which are known to influence our collective wellbeing (the ‘Drivers of Wellbeing’).
- **A headline indicator for our Environmental Impact** - such as the Ecological Footprint, supported by a dashboard of indicators to track our resource, land and water use, carbon emissions and biodiversity loss. These will provide better understanding of where Scotland sits in relation to its environmental limits, and ensure that our own economic activity does not undermine the wellbeing of future generations or people beyond our own borders.
- **A headline indicator for Economic Impact** - This would include a measure of wealth and income distribution, in light of mounting evidence that unequal societies generate a
loss of welfare, hurting poor and rich. It would also encompass key macro-economic factors (the state of infrastructure for example) that are conducive to a socially and environmentally flourishing Scotland.

3. Report annually on these social, environmental and economic indicators, presenting the data in engaging, interactive and widely accessible formats, and setting aside dedicated time in Parliament to scrutinise our progress against the revised Purpose Targets. The Scottish Government ‘scorecards’ produced to assist Committee scrutiny of the Budget are helpful. Quarterly GDP figures need to be supported by a wider array of contextual factors that encompass social and environmental factors.

4. Amend policy guidance documents so that all policy appraisal and decision making is informed by the NPF, particularly to facilitate work across departments and areas, and to manage trade-offs between competing internal objectives. Scottish Government should urge the Scottish Parliament to use the NPF as a central part of all policy scrutiny.

Measuring What Matters

Since the NPF was initially published there have been several major initiatives, in Scotland and around the world, investigating ways of measuring social progress and national wellbeing. Each has stressed that:

- GDP is not a measure of societal progress, and was never designed to be so. It counts economic activity which diminishes wellbeing in the same way as activity which enhances wellbeing. It does not address anything which happens outside of the market, whether positive (e.g. caring and voluntary work) or negative (e.g. ecological and social damage); and it does not consider the distribution of economic benefit across the economy. It is consumption-orientated and distribution-blind. Research suggests that, beyond a certain threshold, further increases in material wealth, as measured by GDP do not necessarily translate into increased well being.

- Our long term wellbeing and prosperity is underpinned by a broad range of factors, such as the quality and security of employment, levels of inequality and indebtedness, mental and physical health, time for family, friends and neighbours, opportunities to contribute meaningfully to community and political life, access to nature, a healthy ecosystem and a benign climate. A narrow focus on GDP growth and other economic indicators has contributed to policy makers neglecting and sometimes even undermining these other vital components of flourishing.

- Indicators of material living standards need to be improved and placed in the broader context of human flourishing and not be the main focus of any framework of national performance. Although the national outcomes and strategic objectives contained within the NPF demonstrate an awareness that Scotland’s health and wellbeing is underpinned by a broad range of factors, the usual economic indicators still take centre stage in both the overall statement of purpose and the high-level targets and indicators.

It is time, as the Carnegie Roundtable put it, to “break our focus on economic growth and instead focus our effort on delivering wellbeing, now and into the future”. We think this ambition chimes well with Alex Salmond’s own call for “a truly equal, fair and kind society … built on good education and good health, [which] values happiness higher than money, and sees people share a bond to each other”. We much appreciate movement in this direction, with the mechanism of outcome-based performance measurements now included within the draft Community Empowerment Bill. We need to agree what really matters: economic growth has been too prominent and economics now need to be re-calibrated within society and the natural environment. This requires a change to the paradigm.
Reframing the purpose & the high level targets

The stated government purpose should be to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish through sustainable development. A flourishing Scotland cannot be achieved by focusing on sustainable economic growth, alone.

This can be achieved through a focus on 3 headline purpose targets (the pillars of sustainable development) which should be adopted:

- Social wellbeing
- Ecological wellbeing
- Economic wellbeing

These purpose targets need to be measured through a suite of relevant indicators (see Annex 1).

Measuring our Social wellbeing

The purpose of ‘Scotland Performs’ should be to measure and improve the things that really matter to the people of the country. To do this we need to know what people value as important.

The Oxfam Humankind Index was launched in 2012 and is about valuing the things that really matter to the people of Scotland.

We believe the Humankind Index could inform the National Performance Framework for the following reasons:

- The Index highlights various ‘gaps’ in Scotland Performs – for example job quality and social capital measures.
- It is important to ask people what matters to them and to reach out to the most deprived communities and seldom-heard groups, for example disabled people, when doing so.
- When assessing progress against the National Performance Framework, using averages alone is insufficient. There should be some differential analysis. It would be extremely useful to have a comparative analysis between deprived communities and the rest of Scotland, and between men and women, for example.
Measuring Our Ecological wellbeing

In a resource- and carbon-constrained world, where conflicts over key resources are likely to increase, it is both a strategic priority and ethical duty to ensure that Scotland does not exceed its fair share of the earth’s ecological resources. While the current NPF already contains purpose targets on ‘sustainability’, these are limited to one target, to reduce carbon emissions. This does not reflect the bigger ecological picture.

A comprehensive and independent set of environmental indicators to assess the physical throughput of Scotland’s economy will enable us to track where Scotland sits in relation to its environmental limits. The indicator set would include the rate at which we are consuming resources (materials, land and water); appropriating bio-space (and causing biodiversity loss); and emitting pollutants. It will clarify performance towards ensuring that our own economic activity does not undermine the ability of future generations or people beyond our own borders to flourish.

We recommend a headline environmental purpose to measure ecological impact. This should take the form of an indicator such as ecological footprint to act as a proxy for our overall environmental impact, supported by a subset which reflects a more detailed account of progress in reducing the scale of materials, water and land and sea use, tackling climate emissions and reversing biodiversity loss.

Progress towards meeting this purpose target would be measured by a headline measure of Scotland’s ecological footprint, underpinned by a series of environmental indicators, some examples of which are given in Annex 1.

Measuring our Economic wellbeing

Measurement of economic success should recognise that GDP is not even an adequate descriptor of economic performance and prosperity. For example we have seen that economic growth fuelled by debt is not sustainable although GDP measures do not reflect this. Measurement should also build on the acceptance that the performance of our economy should not be an end in itself, but a means to other ends - principally the wellbeing of the people of Scotland and environmental sustainability.

Recent jobs growth has been accompanied by labour market polarisation with large rises in low-paid, part-time and insecure jobs. We should distinguish clearly between a path which increases inequality, insecurity and concentrations of wealth, and one which increases wellbeing of poor households and enhances job security and job quality. There should be, therefore, a focus on the outcomes of economic activity. A key determinant of social wellbeing which deserves specific attention in the revised NPF is inequality.

We recommend therefore that the Government include an ambitious target for reducing wealth and income inequalities in Scotland.

Consumption-driven growth has not served Scotland or its environment well. The long-term wellbeing of the people of Scotland depends on investment in a sustainable economic infrastructure which will generate good quality jobs, while reducing our load on our environment. Scotland’s performance framework should be able to assess whether we are moving along that path.
Accountability

By clarifying long term goals, and identifying key indicators by which to measure the nation’s performance, the National Performance Framework has the potential to inform government spending allocation, facilitate integrated and progressive policy-making, and to assist citizens in holding their representatives to account.

This potential will only be realised, however, if the framework is used by policy makers to orientate and guide the design of policy - and if citizens and the media can call government to account for failure or success in meeting the objectives and targets contained within it. We propose a number of potential mechanisms for embedding the NPF in policy development:

- We have identified the ‘Humankind Index’, ecological foot-printing, and improved and more sensitive economic indicators, as methods of measuring success. They can be adapted also to become policy assessment tools.
- Strategic Environmental Assessment, when it is implemented properly, might be used as a model for simultaneous social and economic assessments of policy proposals.
- A ‘green book’ approach which advises civil servants on appraising proposals before committing funds might be introduced. This could embed the NPF indicators into policy appraisal and prevent policy assessment tools becoming tick-box exercises.
- Clearer and more explicit links made to other key policy documents such as the National Planning Framework.

We recognise that there is a limit to the extent Scottish Governments can or should be held accountable in areas where the Scottish Government has little or limited influence.

We also recognise it remains inherently difficult to assess the impact of the NPF on policy development. Yet, the view of civil society is that economic growth remains the only visible measure upon which government is focussing. To that end we ask the Scottish Government to:

- Report annually to Parliament on social wellbeing, ecosystem wellbeing and economic wellbeing, presenting the data in engaging, interactive and widely accessible formats
- Continue to support Parliamentary Committees to assess progress against NPF with regard to the budget process and encourage government departments to do the same using the Scotland Performs scorecards
- Set aside dedicated time in Parliament to scrutinise progress against the revised Purpose
- Report against Scotland Performs in an annual Debate, timed to coincide with the draft Budget
- Embed National Performance Framework and Scotland Performs in legislation to build and protect its momentum
- Ensure that there is a binary link between the process described here for the settlement of the National Performance Framework and the Single Outcome Agreements with local councils and that the same principles, with regard to social and ecological wellbeing, are included in both.

We hope that these recommendations will be used to support a forward-thinking and innovative National Performance Framework and Scotland Performs process, and help to guide public policy towards its ultimate goal, of delivering opportunities for all in Scotland to flourish, both now and into the future.
Contacts for further information

We would be pleased to elaborate on any of the points raised in this briefing.

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References

\[x\]
Scottish Government’s process (http://www.scotland.gov.uk/About/Performance/scotPerforms) for measuring and reporting on progress of government in Scotland in creating a more successful country.

\[x\]

\[x\]
The phrase ‘sustainable economic growth’ has nowhere been adequately defined. As such, it has become analogous with standard economic growth, and therefore measured by GDP alone.

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Consumption, income and wealth relate far more closely to well-being than production; not least because they are better able to address issues such as distribution, public services and non-market services. See Report by Commission on Measurement of Economic Performance and Social Progress launched by French president Nicolas Sarkozy (available at www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf).

\[x\]
Alex Salmond, Speech to Parliament, 26.5.2011 http://www2.snp.org/alex_salmond_taking_scotland_forward.

\[x\]
There are a number of different approaches to developing such an indicator. We recommend that the Scottish Government consider the models developed by the New Economics Foundation (www.neweconomics.org/publications/measuring-our-progress), Oxfam Scotland (www.oxfam.org.uk/humankindindex) and ONS http://www.ons.gov.uk/ons/guide-method/user-guidance/well-being/index.html.

\[x\]
This has been done for the latest Humankind Index assessments and allows us to see if progress is being shared across society and where effort is required. (http://policy-practice.oxfam.org.uk/publications/oxfam-humankind-index-the-new-measure-of-scottlands-prosperity-second-results-293743)

\[x\]
A 2009 Study, How to measure Europe’s resource use by Friends of the Earth Europe and Sustainable Europe Research Institute (SERI) looked at how to measure Europe’s use of resources in a way that is achievable and comprehensive (www.foeeurope.org/publications/2009/seri_foe_e measuring Eu_resource_use_final.pdf). We follow their conclusions in asking for the following three indicators:

- Land (in hectares), including land used outside Scotland (for example to grow crops for food or energy sources).
- Material (in tonnes), including those used to make products that are imported into Scotland (sometimes called the material rucksack of products). Data sources allow this figure to be broken down into different forms of materials, for example biological and mineral resources.
- Water (in litres), including water used outside the Scotland to produce imported products (e.g. cotton)

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Wilkinson, R. G. and Pickett, K. (2009). The Spirit Level: Why More Equal Societies Almost Always Do Better Wilkinson and Pickett’s analysis of internationally comparable data on health and social problems – including levels of trust, mental illness, life expectancy, obesity, educational failure, teenage birth rates, homicides, imprisonment rates and social mobility – has shown that, among rich nations, such social problems have little or no relation to levels of average income in a society, but an extraordinarily close relationship with levels of inequality. They also show that more equal societies are more prepared to deal with sustainability issues.

\[x\]
www.scotland.gov.uk/topics/environment/environment-assessment This is legislation designed to gauge the likely impact and the pressures on the environment from any plans, programmes or projects which are likely to affect it.

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PROPOSED GOVERNMENT PURPOSE

To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish through improving economic, social and ecological well being.

HIGH LEVEL AREAS RELATING TO THE PURPOSE

<table>
<thead>
<tr>
<th>Economic wellbeing</th>
<th>Social wellbeing</th>
<th>Ecological wellbeing</th>
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</thead>
<tbody>
<tr>
<td>Reduce income inequality</td>
<td>Increase healthy life expectancy</td>
<td>Restore biological diversity</td>
</tr>
<tr>
<td>Improve quality of people’s working experience</td>
<td>Improve access to decent quality homes</td>
<td>Reduce Scotland’s ecological footprint</td>
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<tr>
<td>Improve household financial security</td>
<td>Improve the quality of neighbourhoods</td>
<td>Reduce energy demand &amp; increase efficiency of energy use</td>
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STRATEGIC OBJECTIVES & NATIONAL OUTCOMES

WEALTHIER & FAIRER

- We have satisfying, secure and suitable work to do (whether paid or unpaid) and a secure source of money which is enough to pay the bills and buy what we need.
- We all benefit from economic activity so that income for the average household is increasing; wealth is shared; and inequality is decreasing.

SAFER & STRONGER

- We live in affordable, decent and safe homes.
- We live in neighbourhoods where we can enjoy going outside to access green space, and where the facilities we need locally are available (including culture and leisure activities).
- We have good physical and mental health and enough skills and education to live a good life.
- We have good relationships with family and friends and are part of a community where we feel those we care about are safe.
- We have good public transport to get to where we need to go and are able to access high quality services.
- Our environment is robust & provides us with secure ecological services.
- Our biodiversity is diverse & able to adapt to environmental change.
- We can all access green space easily and frequently.

Idea from a consortium of civic society organisations from across Scotland
## National Performance Framework – Measurement Set

### Economic Wellbeing

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
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<tbody>
<tr>
<td>Median Household Income</td>
<td>Median Household Income in Scotland</td>
</tr>
<tr>
<td>Inequality</td>
<td>Scotland’s GINI coefficient - income and wealth</td>
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<tr>
<td>Work Quality Indicator</td>
<td>New composite indicator including % satisfied with their job from the Scottish Social Attitudes Survey; Data on underemployment, job security/contract length; pay rates. Workplace Employment Relations Survey data may help.</td>
</tr>
<tr>
<td>Financial security</td>
<td>% with access to savings of £500/1000 (from Poverty and social exclusion survey)</td>
</tr>
<tr>
<td>Solidarity</td>
<td>Overall income and the % of income earned by the three lowest income deciles as a group by 2017 % of individuals living in poverty</td>
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<tr>
<td>Participation</td>
<td>Scotland’s position on labour market participation within the UK Scotland’s position in relation to the top five OECD economies by 2017</td>
</tr>
<tr>
<td>Cohesion</td>
<td>Gap in participation between Scotland’s best and worst performing regions by 2017</td>
</tr>
<tr>
<td>Productivity</td>
<td>Position for productivity against our key trading partners in the OECD by 2017</td>
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### Social Wellbeing

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
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<tbody>
<tr>
<td>Increase healthy life expectancy</td>
<td>Healthy life expectancy The proportion of adults completing 30 minutes of at least moderate exercise 5 days a week Air quality meets health standards</td>
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<tr>
<td>Increase ‘social capital’</td>
<td>New composite indicator accounting for quality of relationships with family and friends</td>
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<tr>
<td>Increase access to affordable, decent and safe homes</td>
<td>Satisfaction with house + measure of affordability obtained by calculating housing costs as a % of income from the Family Resources Survey Increase the number of good quality new homes Improve access to suitable housing options for those in need</td>
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<tr>
<td>Increase number of neighbourhoods with a clean, healthy environment and access to high quality green space</td>
<td>% who feel they live in a ‘pleasant environment’ % who felt their area had a sense of community/friendly people % who feel that their neighbourhood has good amenities</td>
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<tr>
<td>Increase the skills and educations people need to live a good life</td>
<td>% of young people in learning, training or work % of graduates in positive destinations</td>
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<tr>
<td>Improve public services</td>
<td>Improve people’s perceptions of the quality of public services. Improve the responsiveness of public services</td>
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<tr>
<td>Increase ‘cultural capital’</td>
<td>% who participate in sport or culture from Scottish Household Survey</td>
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<tr>
<td>Human Rights/voice</td>
<td>% who feel that Scotland should get rid of all prejudice from Social Attitudes Survey, % who feel they can influence decisions in their local area from Scottish Household Survey</td>
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### Ecological Wellbeing

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
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<tr>
<td>Reduce Scotland’s Ecological footprint</td>
<td>National Ecological footprint</td>
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<tr>
<td>Reduce Scotland’s carbon footprint</td>
<td>Annual greenhouse gas emissions from consumption and production</td>
</tr>
<tr>
<td>Increase renewable electricity and heat production</td>
<td>% renewable energy produced in Scotland, excluding large scale biomass</td>
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<tr>
<td>Reduce or reverse the rate of biodiversity loss on designated sites</td>
<td>% designated terrestrial and marine sites in favourable condition</td>
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<tr>
<td>Reduce or reverse the rate of biodiversity loss across land and sea</td>
<td>Plant diversity in key habitats; farmland &amp; woodland birds; butterfly index; environmental status in Scotland’s Marine Atlas</td>
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<tr>
<td>Increase active ecological restoration work</td>
<td>Number of projects delivering large scale ecological restoration across land and sea</td>
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<tr>
<td>Increase the proportion of adults making outdoor visits</td>
<td>% adults making outdoor visits: Scottish recreation survey</td>
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<tr>
<td>Reduce the depletion of non-renewable resources</td>
<td>Annual tonnage of waste sent to landfill or incineration</td>
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<tr>
<td>Reduce the build up of toxic chemicals</td>
<td>Levels of Persistent Organic Pollutants in fish</td>
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