



Revising Scotland's National Performance Framework

September 2011

A briefing from Friends of the Earth Scotland, Oxfam Scotland and WWF Scotland supported by:



Introduction

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).

The SNP manifesto promised 'a broader assessment of national wellbeing and success'. Our recommendations for both elected representatives and policy makers would make this promise a reality, and ensure that Scotland takes the lead once again by putting in place a truly forward-thinking and innovative framework for guiding and evaluating public policy.

The Government adopted the NPF as part of the spending review in 2007 to indicate a move towards a more outcomes-focused approach to performance. The NPF set out a single 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'. This Purpose was supported by 9 Purpose Targets, with a further 45 lower level National Indicators identified. The Government's 'Scotland Performs' website measures and reports on the progress of government based on the priorities set out in the NPF.

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’ⁱ 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.
2. Rewrite the Purpose Targets to reflect the range of **social** and **environmental** factors that underpin our long-term prosperity and flourishing. We recommend:
 - **A headline indicator of ‘Flourishing’**ⁱⁱ, 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’). In particular, we ask that this dashboard include subjective measures of **wellbeing** (e.g. Warwick-Edinburgh Measure of Mental Wellbeing), and a measure of **wealth and income distribution**, in light of mounting evidence that unequal societies generate a loss of welfare, hurting poor and rich alike.
 - **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.
3. Report on **wellbeing, equality and environmental quality** at the same time as Gross Domestic Product (GDP), 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.
4. Amend policy guidance documents so that national **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.

Measuring What Matters

Since the NPF was initially published there have been several major initiatives, in Scotlandⁱⁱⁱ and around the world^{iv}, 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, and 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) even when these things result from or impact upon economic activity. An increasingly large and robust body of research confirms that, beyond a certain threshold, further increases in material wealth as measured by GDP do not translate into increased wellbeing.
- While a growing economy may help with the goal of flourishing, 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 can cause policy makers to neglect and sometimes even undermine these other vital components of flourishing.
- Indicators of material living standards need to be improved^v 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”^{vi}.

Improving the Purpose Targets

The Purpose Targets (the high-level indicators and targets which track Scotland’s performance) are dominated by narrow economic considerations. There are currently seven Indicators:

1. economic growth (measured by GDP),
2. productivity (whereby increased productivity is considered a good regardless of its implications for labour conditions or the environment),
3. participation (measured by participation in the labour market, with no measure of job quality or security),
4. population growth (a goal which is explicitly pursued in order to boost GDP),
5. solidarity (measured by income in the lowest three income deciles, with no regard to the top income deciles),
6. cohesion (measured by labour market participation, again without regard for job satisfaction or security) and
7. sustainability (measured only by carbon emissions).

In the recent survey by the Office of National Statistics^{vii}, people identified ten things that mattered more to them in life than income and wealth (see box). And yet none of these – including economic security^{viii} - are measured satisfactorily by the Purpose Targets.

We therefore recommend that the Purpose Targets are revised to better reflect the things that matter to Scottish people and which are known to influence our collective **wellbeing**^{ix,x,xi}.

The research underpinning the Oxfam Humankind Index is a useful distillation of the priorities, concerns and ambitions of the Scottish people, and should also be used to inform the content of this indicator set^{xii}.

One key determinant of social wellbeing which deserves more attention in the revised NPF is **inequality**.

What things in life matter to you?

Please choose all that apply.

Percentages¹

Having good connections with friends and relatives	85
Health	83
Job satisfaction	73
Having a good relationship with a spouse or partner	72
Economic security	68
Present and future conditions of the environment	66
Education and training	56
Personal and cultural activities, including volunteering	56
Ability to have a say on local and national issues	47
Cultural activities	46
Income and wealth	45
Unpaid caring, such as for children or other family members	41
Crime	30
Spirituality or religion	29
Other – please specify	16

¹ Percentages will not add up to 100 per cent as this is a multi-code question

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 (see Annex)^{xiii}.

The recent Commission on the Future Delivery of Public Services^{xiv} also presented evidence of how inequalities in Scotland drive demand for many public services, and that by tackling

inequalities we can prevent many of the socio-economic problems that deleteriously impact our communities. We recommend therefore, that the government include an ambitious target for reducing wealth and income inequalities in Scotland.

Finally, the Purpose Targets ought to give us more information about where Scotland sits in relation to its **environmental limits** – information which is vital if we are to ensure that we do not undermine the ability of future generations (or those beyond our own borders) to also flourish.

Measuring Our Ecological Impact

In a resource- and carbon-constrained world, where conflicts over key resources are likely to increase, it is both a strategic priority and moral duty to ensure that Scotland does not exceed its fair share of the earth's ecological resources.

A comprehensive and independent set of environmental indicators to assess the physical throughput of Scotland's economy - the rate at which we are consuming resources, appropriating biospace, outputting pollutants etc – will enable us to track where Scotland sits in relation to its environmental limits.

It will ensure that our own economic activity does not undermine the ability of future generations or people beyond our own borders to flourish.

The NPF contained two Purpose Targets that were referred to as Sustainability Targets. They tracked short-term (to 2011) and long-term (to 2050) delivery against Scotland's climate change targets. These need to be strengthened to reflect the fact that;

“The Scottish Government must dust off Scotland's mothballed sustainable development indicator set, review it and re-establish it alongside and as part of any performance framework that measures current economic performance.”

The Carnegie Roundtable, 2010

- Scotland's Climate Change Act now sets more detailed targets in statute.
- As well as tracking emissions from our own production, Scotland should be tracking the emissions attributable to the goods and services we consume, regardless of where they are produced.
- A benign climate is only one environmental factor underpinning our long-term wellbeing. Other important issues include the state of biodiversity, the depletion of non-renewable resources and the build up of toxic chemicals.

We recommend a high level environmental indicator such as **ecological footprint** to act as a proxy for our overall environmental impact, supported by a subset which reflect a more detailed account of progress in reducing the scale of **materials**, **water** and **land use**^{xv}, tackling **climate emissions** and halting **biodiversity loss**.

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 facilitate integrated and progressive policy-making, and to assist citizens in holding their representatives to account.

However, this potential will only be realised 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. To that end we ask the Scottish Government to:

- Report on wellbeing, equality and environmental impact at the same time as GDP, presenting the data in engaging, interactive and widely accessible formats.

- Amend policy guidance documents so that 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.
- Set aside dedicated time in Parliament to scrutinise progress against the revised Purpose Targets.

We hope that these recommendations will be used to support a forward-thinking and innovative National Performance Framework, 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.

Signed:

This briefing has been prepared by Friends of the Earth Scotland, WWF Scotland and Oxfam Scotland, and is supported by:

Association for the Protection of Rural Scotland
 Buglife Scotland
 Butterfly Conservation
 Carnegie UK Trust
 Centre for Confidence and Wellbeing
 Child Poverty Action Group in Scotland
 Christian Aid Scotland
 Church of Scotland
 Community Development Alliance Scotland
 Froglife
 Hebridean Whale and Dolphin Trust
 International Futures Forum
 LINK Local Government Taskforce
 Living Streets Scotland
 Long Term Conditions Alliance Scotland
 Marine Conservation Society
 National Union of Students
 One Parent Families Scotland
 Plantlife

Poverty Alliance
 Ramblers Scotland
 Refugee Survival Trust
 Royal College of Nursing
 Royal Scottish Geographical Society
 RSPB Scotland
 Scottish Allotments and Gardens Society
 Scottish Council of Voluntary Organisations
 Scottish Countryside Rangers Association
 Scottish League of Credit Unions
 Scottish Trade Union Congress
 Scottish Wildlife Trust
 Shelter
 Stop Climate Chaos Scotland
 Sustrans
 UK Youth Climate Coalition
 UNISON
 Volunteer Development Scotland
 Woodland Trust Scotland
 World Development Movement

Contact:

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

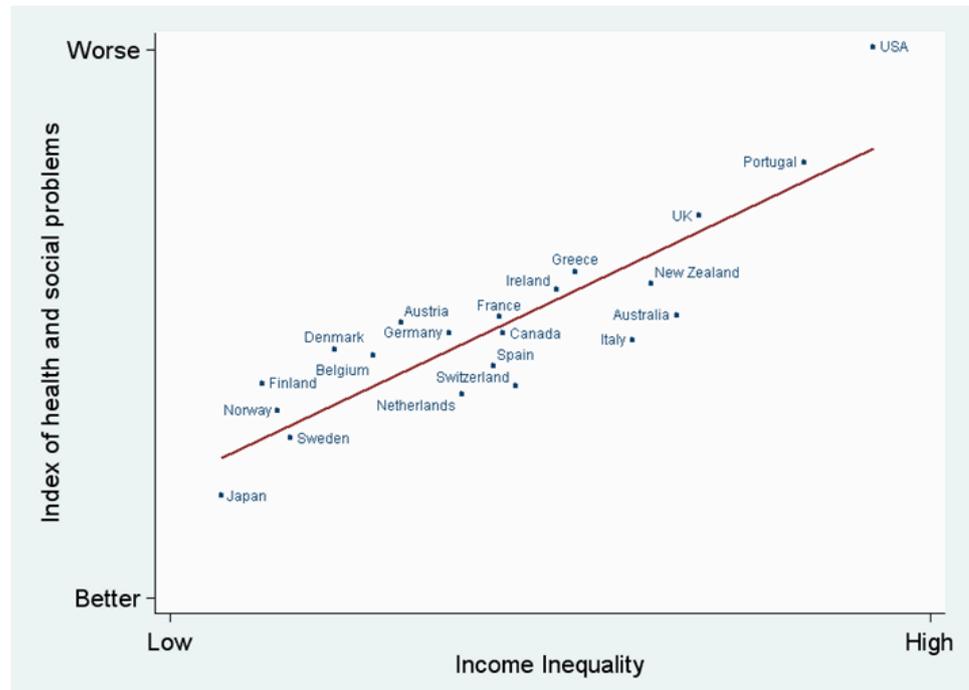
Dr Dan Barlow WWF Scotland Little Dunkeld Perthshire PH8 0AD 01350 728200 DBarlow@wwfscotland.org.uk	Beth Stratford Friends of the Earth Scotland 5 Rose Street Edinburgh EH2 2PR 0131 243 2702 BStratford@foe-scotland.org.uk	Dr Katherine Trebeck Oxfam Scotland 207 Bath Street Glasgow G2 4HZ 0141 285 8881 Ktrebeck@oxfam.org.uk
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Annex

Health and Social Problems are Worse in More Unequal Countries

Index of:

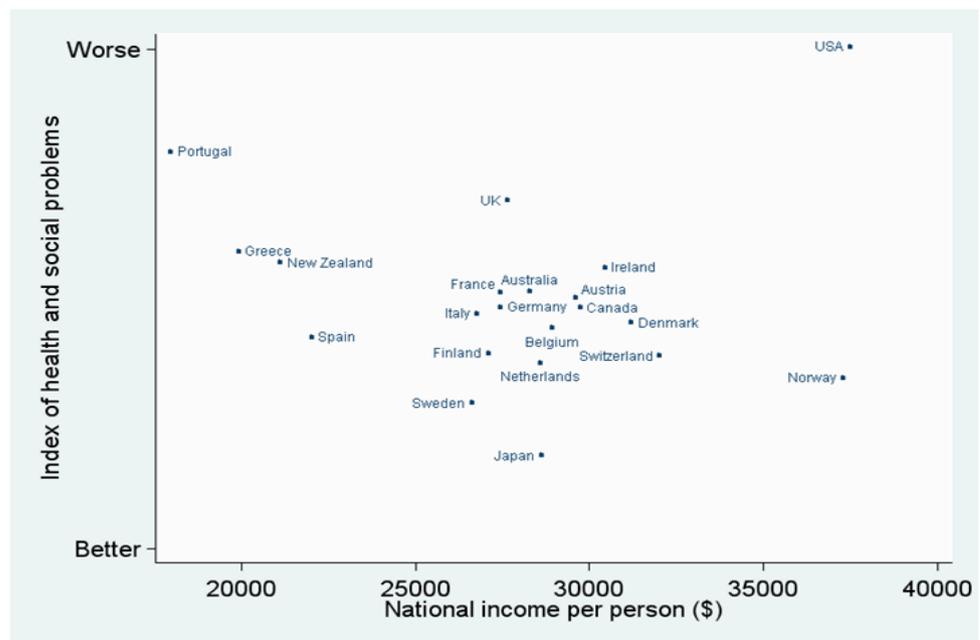
- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility



Health and Social Problems are not Related to Average Income in Rich Countries

Index of:

- Life expectancy
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- Homicides
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- Mental illness – incl. drug & alcohol addiction
- Social mobility



Source: Wilkinson & Pickett, *The Spirit Level* (2009)

www.equalitytrust.org.uk

The Equality Trust

Notes and References

- ⁱ 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.
- ⁱⁱ There are a couple of different approaches to developing such an indicator. We recommend that the Scottish Government consider the models developed by both the New Economics Foundation (www.neweconomics.org/publications/measuring-our-progress) and Oxfam Scotland (www.oxfam.org.uk/humankindindex)
- ⁱⁱⁱ See the report of the Carnegie Round Table on Measuring Economic Performance and Social Progress in Scotland (at www.carnegieuktrust.org.uk/publications/2011/more-than-gdp--measuring-what-matters) and the Oxfam Scotland HumanKind Index (www.oxfam.org.uk/humankindindex)
- ^{iv} See the European Commission's Beyond GDP initiative (www.beyond-gdp.eu/); the OECD's Better Life Initiative (www.oecd.org/progress/); the Report by the Commission on the Measurement of Economic Performance and Social Progress launched by French president Nicolas Sarkozy (available at www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf); and the Office of National Statistics's programme to measure national wellbeing, which published the results of the initial debate in July 2011 (www.ons.gov.uk/well-being)
- ^v 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)
- ^{vi} Alex Salmond, Speech to Parliament, 26.5.2011
http://www2.snp.org/alex_salmond_taking_scotland_forward
- ^{vii} ONS (2011). *From the National Wellbeing Debate* www.statistics.gov.uk/articles/nojournal/sp-debate.pdf
- ^{viii} Economic security should be seen as distinct from economic growth. As the current financial crisis demonstrates, policies aimed explicitly at promoting economic growth – expanding credit as a way of stimulating demand, de-regulating financial markets and promoting the securitisation of debts through complex financial derivatives - can have disastrous consequences for our economic security. See George Soros (2008), *The New Paradigm for Financial Markets*
- ^{ix} Dolan, P., Peasgood, T. & White, M. (2006). *Review of research on the influences on personal well-being and application to policy making. Final report for Defra*. London: Defra
- ^x Foresight Mental Capital and Wellbeing Project. (2008). *Final Project Report*. London: The Government Office for Science www.bis.gov.uk/assets/biscore/corporate/migratedD/ec_group/116-08-FO_b
- ^{xi} Bok, D. (2010). *The Politics of Happiness: what government can learn from the new research on well-being*. <http://press.princeton.edu/titles/9107.html>
- ^{xii} See Oxfam Scotland's forthcoming research on HumanKind Index (www.oxfam.org.uk/humankindindex)
- ^{xiii} Wilkinson & Pickett (2009), *The Spirit Level*. See also www.equalitytrust.org.uk
- ^{xiv} www.scotland.gov.uk/Resource/Doc/352649/0118638.pdf
- ^{xv} 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_foee_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).