

FINANCE COMMITTEE

DRAFT BUDGET 2014-15

SUBMISSION FROM SCOTTISH ENVIRONMENT LINK

NPF Introduction - 2007

1. The 2007 SNP manifesto promised “a broader assessment of national wellbeing and success”. It stated the intention to “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 new Government adopted the National Performance Framework (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.

LINK supported Key Recommendations - 2011

2. In 2011, with the support of LINK and a large group of leading players in civic Scotland, WWF Scotland, Friends of the Earth Scotland (both LINK members) and Oxfam Scotland published a briefing supporting the NPF approach and the aspiration to create opportunities for all to flourish, but added a variety of recommendations for its improvement.

- We suggested the removal of 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.
- We recommended that the Purpose Targets be rewritten to reflect the range of social and environmental factors that underpin our long-term prosperity and proposed a headline indicator of ‘Flourishing’. This would be 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 asked 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.
- We suggested the addition of a headline indicator for our “Environmental Impact”, such as the Ecological Footprint, to be supported by a dashboard of indicators to track our resource, land and water use, carbon emissions and biodiversity loss. These were to 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.

- We recommended the addition of a 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.
 - We suggested amending 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.
3. We continue to fully support the recommendations made in the joint briefing.

Measuring What Matters

4. 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 the following core ideas.

- 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 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 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.

5. We believe 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”.

Improving the Purpose Targets

6. The Purpose Targets in the NPF (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).

7. In a survey by the Office of National Statistics, people identified ten things that mattered more to them in life than income and wealth – as follows.

8. What things in life matter to you? - Please choose all that apply.

| | Percentage |
|---|------------|
| • 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 |

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

9. And yet none of these – including economic security - 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.

10. 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.

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

12. The (Christie) Commission on the Future Delivery of Public Services 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. We recommend, also, that the preventive spending at the heart of the Christie report be concentrated on environmental issues – as the basis of our health and wellbeing.

13. 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

14. 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 and impacting ecosystems – 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.

15. The first 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 needed, and still need, to be strengthened to reflect the fact that;

- 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.

16. 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 will reflect a more detailed account of progress in reducing the scale of materials, water and land use, tackling climate emissions and halting biodiversity loss.

Accountability

17. 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.

18. We believe, furthermore, 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.

19. As per the Carnegie Roundtable, 2010, 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.

Scotland Performs Roundtable – 2013

20. This year, LINK has been represented by our Chair, Deborah Long, at the roundtable review of the National Performance Framework and Scotland Performs established by John Swinney MSP, Cabinet Secretary for Finance, Employment and Sustainable Growth. In this forum LINK has argued for the recommendations as presented above,

21. In particular we have supported proposals to improve the integration of the NPF and the Scottish budget discussions in Parliament by ensuring:

- an annual debate on progress on the NPF in Parliament at the start of the budget round;
- greater use of the NPF by the Committees of the Parliament in planning their work programmes; and
- in particular, the Committees using the NPF as the basis for their scrutiny of each budget (in conjunction with scrutiny of the RPP arising from the Climate Change Act).

22. The review process has been accompanied by a debate in Parliament on the Section 4 of the Regulatory Reform Bill, proposing that all regulatory bodies have a

general duty to promote “sustainable economic development”. LINK has strongly opposed this Section during the Stage 1 debates. We have asserted our view that the proposed duty can only be confused with the existing duties of public bodies to promote “sustainable development”, and will lead to legal conflicts.