

FINANCE COMMITTEE

DRAFT BUDGET 2014-15

SUBMISSION FROM SCOTTISH NATURAL HERITAGE

Key points

1. SNH finds the outcomes-based approach set out in the Scottish Government's National Performance Framework an invaluable keystone to our strategy setting and engagement with others in the public sector and beyond. By providing a common frame of reference, this makes it much easier to place our work in its wider context, and to forge effective joint working arrangements with our key partners in the delivery of public services.

2. The full expression of the Scottish Government's 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" aligns with our statutory purposes and rests easily with us. However, we regret that, too often, this purpose is shortened to the last 4 words because that is too easily interpreted as an exclusive focus on short-term economic growth regardless of consequence: sometimes reference to sustainable is dropped completely. In his evidence to the Economy, Energy and Tourism Committee (27 February 2013), Professor Stiglitz commended the NPF and cautioned against an over-emphasis on GDP in favour of an array of measures, of the kind represented by the 16 National Outcomes.

3. In our Corporate Strategy, we have highlighted the value of Scotland's natural assets, and set out how their management in the wider public interest directly helps to deliver several of these Outcomes. Our ambition is that natural assets are managed so that they sustain and improve our health, wealth, lifestyles and culture.

4. These general remarks set the scene for our more specific comments on the points listed in your call for evidence:

5. the progress being made by the Scottish Government in meeting its 16 national outcomes as demonstrated by the 50 national indicators, and its 11 purpose targets;

6. Taken as a whole, the 50 indicators give a good feel for progress on the single purpose across a broad front – the outcomes are dimensions of this purpose. As far as we are aware the National Performance Framework is among the best of its kind.

7. The National Performance Framework marks a step forward in measuring performance across Government. We welcome the shift to outcomes. The presentation of the NPF implicitly recognises that the relationships between its various tiers are many-to-many rather than one-to-one. This emphasises that outcomes are emergent features of complex systems.

8. In practice, this means that outcomes must be shared endeavours across Government and the public services based on partnership approaches. By 'public services' we include wider public interest and the benefits that people derive from high quality local environments in addition to the focus on transactional services (e.g. as delivered by NHS and local authorities). In practice there is still a strong tendency to compartmentalise outcomes along conventional lines (e.g. 'economy' outcomes for enterprise networks etc; 'health' outcomes for NHS etc; 'environment' outcomes for SNH, SEPA, FCS etc). This is unlikely to bring fresh approaches and thinking to complex problems, such as health inequalities, climate change and halting the loss of biodiversity.

9. **the progress being made in relation to any specific indicator or target;**

10. SNH has a lead role for 3 indicators in the NPF:

- Increase people's visits to the outdoors – this is a proxy for the health and wellbeing derived from Scotland's natural assets
- Improve the condition of protected nature sites – this is a measure of the extent to which Scotland is meeting its international obligations to protect high quality natural environments
- Increase the abundance of terrestrial breeding birds: biodiversity – this is an index informing our understanding of the general health of Scotland's natural assets beyond protected areas. There are options for a more comprehensive alternative indicator discussed below.

11. The 'visits to the outdoors' indicator is based on survey data. The measure has fluctuated around 42-48% over the last 6 years with no statistically significant change. From 2014 onward data will be collected on a 3-yearly cycle via the Scottish Household Survey, giving better coverage across Scotland.

12. A number of factors may influence visits to the outdoors in any one year (e.g. the Olympic Games, pressures on household incomes, or the weather). It is also important to disentangle national patterns from local ones – e.g. the proportion of visits made within 2 miles of home remains high and appears to be increasing.

13. People accessing the outdoors is important for health inequalities and wellbeing, and for valuing and enjoying the natural environment (and other outcomes such as supportive communities). It therefore captures a potentially important aspect of prevention as opposed to treatment in terms of health and wellbeing.

14. Although responsibility for coordinating indicators tends to lie with a particular organisation, the action required to address the issues associated with it may lie elsewhere or with a number of Departments and partners (e.g. planning and development and health for visits to the outdoors). These roles are likely to be more fully explored through approaches based on outcomes rather than portfolios, as discussed below.

15. **whether the national indicators and purpose targets are an effective means of measuring the performance of government;**

16. Yes, but are designed to be considered in the round, for example using the dashboard approach proposed by Stiglitz et al¹.

17. Indicators and targets are, and should remain, distinct. Outcomes cannot be reduced to simple one-dimensional measures, but indicators are a useful 'way-in' to a more complete narrative about the state and issues associated with delivering outcomes. This narrative will be a mix of quantitative and qualitative elements. Indicators must not be treated as targets, because this approach will distort the priorities of public services away from outcome delivery.

18. whether there are additional indicators or targets which should be included to measure performance;

19. We think it is important not to have too many and fifty is probably about the right number. There are of course options to refine the suite of indicators, some of which we mention below. The number of indicators needs to be sufficient to express the range of the 16 National Outcomes.

20. The key issue here is the scope and quality of the narrative opened up by the indicators and targets in relation to the overall purpose of Government. While the current NPF provides a strong basis for exploring the dimensions of the Government's purpose, it could relate more clearly with key issues for us such as resource efficiency (including land use) and ecosystem resilience (including soil, air and water quality), which relate directly to vital components of wellbeing especially the provision of food, water and energy.

21. One way to keep the number of indicators manageable is to strengthen and to clarify the links between NPF indicators and other indicators that are used to inform policies and resource use in relevant sectors (e.g. Marine Strategy Directive, Water Framework Directive). Thus, the NPF could provide 'apex indicators' which sit atop other indicators that describe the outcome and interdependencies more fully than can any one indicator – so e.g. the NPF 'biodiversity' indicator would link directly to the indicators for the Scottish Biodiversity Strategy.

22. We have developed a Natural Capital Asset Index². This index combines a number of broad habitats (taking account of both area and the value of their ecosystem services) to give an overall index of Scotland's natural capital. A decline in the quality of our natural assets can be associated with unsustainable growth. The Index suggests that the quality of Scotland's natural capital fell significantly from the 1950s to the 1990s, but has seen a slow partial recovery since then, marking a shift towards sustainability for woodland, freshwater, coast and urban greenspace but with continued declines for moorland, grassland and cropland. The Natural Capital Asset Index sits at a higher level and therefore facilitates a more complete discussion of resource efficiency and ecosystem resilience than do other biodiversity indicators.

¹ Stiglitz, J., A. Sen and J-P. Fitoussi. (2009) [Report by the Commission on the Measurement of Economic Performance and Social Progress](#), p. 62 (www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf, accessed 16 July 2013)

² SNH (2012) Natural Capital Asset Index (www.snh.gov.uk/docs/B814140.pdf, accessed 12 July 2013)

23. This measure could replace the abundance of terrestrial breeding birds as an apex indicator linking to the Scottish Biodiversity Strategy. The Natural Capital Asset Index itself includes the terrestrial bird index.

24. We would welcome the incorporation of indicators for air, water and soil quality as these are essential to biodiversity and ecosystem resilience (and hence goods and services such as food, water and energy).

25. **the data used to measure any of these indicators or targets;**

26. In addition to our comments (above) on the visits to the outdoors indicator, further details on the calculations behind the Natural Capital Asset Index can be found [here](#)³. Indicators associated with the Water Framework Directive include water quality. SEPA may be better placed to advise on a suitable indicator for air quality. We would be happy to work with colleagues in SEPA and others on a suitable indicator for soil quality. The data supporting the indicator on the condition of protected nature sites are drawn from SNH's core work on site condition monitoring.

27. **the linkage between performance information and the Scottish Government's spending priorities;
whether there is evidence of specific spending decisions resulting from changes to the performance information within Scotland Performs;**

28. Relevant indicators are certainly used to guide the way in which we spend resources through our Budget Allocation and Monitoring (formerly Grant-in-Aid) letter. We are also required to show how activities in our Corporate Strategy, Corporate Plan and annual Business Plans contribute to outcomes in the NPF. Similarly, our activities need to align with the Joint Improvement Plan and other strategic planning initiatives. They help to sustain the focus on preventative spend.

29. There is an important question about the scale at which supporting data and indicators is presented. National indicators and data paint a national picture. It is often difficult to translate that into a local response and hence spending priorities to bridge the National Performance Framework and Single Outcome Agreements. Many national issues are only apparent at a very fine scale of detail, such as loss of biodiversity or clustering of indices of multiple deprivation which are often only evident at the neighbourhood level⁴. We are working with [Scotland's Environment Web](#) to present relevant environmental data at relevant scales e.g. for Community Planning Partners to inform their Single Outcome Agreements and for partnerships involved in River Basin Management Plans.

30. **how should Scotland Performs be utilised to inform policy development and spending decisions;**

³ SNH (2012) www.snh.gov.uk/docs/A698120.pdf (accessed 12 July 2013)

⁴ Improvement Service (2012) [Making Better Places; Making Places Better](#). (, accessed 12 July 2013)

31. The strength of the NPF lies in its focus on outcomes and using that to look at problems in new ways and to develop new partnerships to help solve them.

32. Some work was conducted through a 'contribution analysis' for outcome 12 (valuing and enjoying the built and natural environment), which helped, for example, to strengthen links between that outcome and our role in the [Good Places, Better Health](#) partnership.

33. The contribution analysis was a pilot led by Scottish Government and involved national bodies with a shared interest in the outcome. Participants were asked to show the various ways in which their activities contributed to the outcome in 5 yearly intervals up to 25+ years. The analysis revealed where activities needed to be strengthened (including the more people-oriented aspects of the outcome such as raising awareness and behaviour change) and raised questions about how process-oriented activities in the short term (e.g. land use strategy, understanding climate impacts, Marine Plan) supported longer term delivery of the outcome. In some cases it is difficult to identify robust evidence to show how activities contribute to particular outcomes on the ground. Strong interdependencies to other outcomes were identified - especially to outcomes 2 (economic potential), 6 (longer, healthier lives) and 14 (sustainable production and consumption). The pilot was only conducted for outcome 12, so we cannot judge to what extent those connections or the strength of them would be reciprocated in similar work carried out for other outcomes.

34. The potential of this approach has been developed for example through work on the Early Years Collaborative (for outcome 5 – early years) and Good Places Better Health. The latter focuses on outcome 6 (longer, healthier lives) with very strong links to outcomes 5 (early years), 7 (health inequalities) and 10 (sustainable places) and draws strongly on other outcomes, including 12 (built and natural environment).

35. These outcome-based approaches in general lead to wider dependencies and partnerships than approaches based on portfolios. The latter tend to shift more frequently in response to the changing political landscape, and to foster partnerships *within* portfolios which may constrain efforts towards outcomes.

36. **is there a need for Scotland Performs to have a statutory basis;**

37. SNH does not have a view on this.

38. **is there a need for wider public consultation in setting performance outcomes and indicators;**

39. There is clearly a balance to be struck between an elected Government setting out its priorities and agenda and engendering public ownership and support for all the outcomes.

40. **whether future spending decisions should continue to be shaped by the NPF, and if so how that should happen within government.**

41. One of the main challenges and opportunities presented by the NPF is for new forms of joint working to address issues which otherwise appear intractable. This facilitates looking at these problems in new ways, bringing new partnerships together and emphasises the value of more integrated planning across portfolios including multi-year interventions. Our comments on this question therefore refer back to our answer to the first question. The NPF is the business of all the public services rather than parts of them (e.g. certain outcomes) being more narrowly owned (business as usual).

42. Perhaps similar considerations apply to the Parliamentary Committees which in structuring themselves around Ministerial portfolios tend, individually, to focus on some parts of the NPF more than others. This weakens the potential of the NPF to hold Government to account. A stronger cross-cutting approach is likely to secure the investment in assets to support wealth creation and wellbeing required for a successful, flourishing country.