



OFFICIAL REPORT
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Finance and Public Administration Committee

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FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
5th Meeting 2021, Session 6

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*Daniel Johnson (Edinburgh Southern) (Lab)

COMMITTEE MEMBERS

*Ross Greer (West Scotland) (Green)

*Douglas Lumsden (North East Scotland) (Con)

*John Mason (Glasgow Shettleston) (SNP)

Liz Smith (Mid Scotland and Fife) (Con)

*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

John Swinney (Deputy First Minister and Cabinet Secretary for Covid Recovery)

Tess White (North East Scotland) (Con) (Committee Substitute)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Finance and Public Administration Committee

Tuesday 21 September 2021

[The Convener opened the meeting at 10:00]

Interests

The Convener (Kenneth Gibson): Good morning, and welcome to the fifth meeting in 2021 of the Finance and Public Administration Committee. We have received apologies from Liz Smith, so Tess White is attending as her substitute for the Conservatives. I welcome Tess to the meeting. As this is the first time that she has joined us, I invite her to declare any relevant interests.

Tess White (North East Scotland) (Con): I have no interests to declare.

The Convener: Thank you.

National Performance Framework

10:00

The Convener: Under item 2, we will take evidence on the national performance framework. We are joined by John Swinney, the Deputy First Minister and Cabinet Secretary for Covid Recovery, who is no stranger to the finance committee, having attended myriad meetings of our predecessor committees over many years. He is accompanied by his officials from the Scottish Government: Barry Stalker, the head of the national performance framework unit; and Tim Ellis, the deputy director of the performance and outcomes division. I welcome our witnesses to the meeting.

Members have received a briefing paper from the clerks. I intend to allow up to 90 minutes for the session. Before we move to questions from the committee, I invite Mr Swinney to make a short opening statement, should he wish to do so.

The Deputy First Minister and Cabinet Secretary for Covid Recovery (John Swinney): Thank you, convener. I welcome the opportunity to appear before the committee today.

The national performance framework is Scotland's wellbeing framework. It explicitly includes increased wellbeing as part of its purpose, and it combines measurement of how well Scotland is doing in economic terms with a broader range of measures. The national performance framework is also the means to localise delivery of the United Nations sustainable development goals in Scotland.

The NPF provides a framework for collaboration and for the planning of policy and services across the spectrum of Scotland's civic society, including the private and public sectors, voluntary organisations, businesses and communities. It is based on achieving outcomes that improve the quality of life of the people of Scotland.

The NPF is also a reporting framework that helps us to understand, publicly and transparently, the progress that we are making as a nation towards realising our long-term vision. Its data helps us to understand the challenges that we all face in achieving better outcomes for the people of Scotland, and to focus policy, services and resources on tackling those challenges.

The NPF promotes partnership working by making organisations jointly responsible for planning and spending to achieve shared outcomes. Although the Scottish ministers are accountable to the Parliament for the NPF's development and delivery, the Community Empowerment (Scotland) Act 2015 places a duty

on public authorities to “have regard to” the national outcomes. To reflect that partnership approach, the current NPF was launched jointly by the Scottish Government and the Convention of Scottish Local Authorities. Local government plays a key role in achieving the national outcomes.

Given my remit, I am keen for the NPF to continue to guide our approach to Covid recovery. During the early stages of the pandemic, the Scottish Government’s approach looked to the national performance framework. The coronavirus framework for decision making explicitly reflected the core values of the national performance framework: kindness, dignity, compassion, respect for the rule of law, openness and transparency.

Analysis has shown that the pandemic has had significant and wide-ranging impacts across the national outcomes. As would be expected, the impacts have been largely negative, particularly in relation to health, the economy, fair work, business and culture. Covid-19 impacts have been, and will continue to be, borne unequally. The impacts are expected to widen many existing inequalities and to be borne disproportionately by some groups, including households on low incomes or in poverty, low-paid workers, children and young people, disabled people, minority groups and women.

However, analysis shows that there might also be positive future developments, including the acceleration of the shift towards digital technologies and services, partnership working between the public sector and other partners to improve outcomes for disadvantaged groups and shifts in the empowerment of communities to make decisions for themselves. Understanding those impacts will be important in driving the recovery and in achieving the national outcomes, as reflected in our recent programme for government.

We are preparing for the next statutory review of the national outcomes, on which we will consult widely across Scotland, including with Parliament. Following the outcome of the 2018 review, when the NPF received cross-party support, we will revisit the round-table approach to further political engagement on Scotland’s future wellbeing, building on the shared policy agreement that the Government has reached with the Scottish Green Party. The review will focus on how we can better achieve impact that is recognised and felt by the people who live in Scotland.

We strongly believe in our duty as a Government to protect the interest of future generations, including by restoring the natural environment and reducing our consumption in line with what the planet can sustain. That duty to future generations is spread across many policies and institutions.

The national performance framework provides for intergenerational wellbeing and improving opportunities for all, and means attending to the conditions that are required to ensure wellbeing into the future and for future generations, and not only for the present.

The Convener: Thank you for that opening statement. In time-honoured fashion, I will ask some opening questions before members of the committee join in with their questions.

You said in your statement that outcome budgeting is about allocating resources based on the outcomes achieved for people. Has the national performance framework helped to deliver that? If so, will you give us a couple of examples?

John Swinney: Your opening words were welcome, convener, when you referred to the fact that I have been a regular attendee at this committee over many years and have great familiarity with the budget process. In any budgeting process, there is always a challenge in ensuring that budget priorities can be realigned to meet changing trends and demands in society, particularly to achieve different outcomes.

An important point of consideration that has gone into budgeting since—in my view—2007, and which is reflected in the national performance framework, helps us in that respect: that is, undertaking budgeting decisions that help us to align more closely with the achievement of national outcomes.

One example in that respect is investment in early learning and childcare. Clearly, a new amount of money has to be found to ensure 1,140 hours of early learning and childcare for three and four-year-olds and eligible two-year-olds. That supports national outcomes whereby we are trying to intervene at the earliest stage to provide the strongest foundations for children to achieve their potential, as is referenced in the national outcome:

“We grow up loved, safe and respected so that we can realise our full potential”.

However, there are financial decisions involved to ensure that we support such objectives, which have to be taken at an operational budget level. The national performance framework provides us with a sense of long-term policy direction and outcomes that we are aiming to achieve. In many respects, those outcomes cannot be achieved without the willing and active participation of local government, which we have been able to rely on in taking forward the example of the early learning and childcare policy objective.

The national performance framework also enables us to take short-term decisions that support the achievement of a long-term outcome, which is its purpose and influence.

The Convener: After the last review in 2018, all the time-limited purpose targets were removed, as continuous improvement is the goal. If we look at the indicators, we can see exactly why that is the case. Do all 81 indicators have milestones to help track improvements?

John Swinney: That will vary from area to area; in some circumstances, that will be the case. In relation to the early learning and childcare example, indicators would be in place to set a timescale for the implementation of such a policy and, as a consequence, to determine the timescale within which decisions were required and practical actions needed to be taken.

In other areas of policy—for example, eradicating child poverty—we will be aiming to achieve particular target dates and plans will be put in place to try to achieve those objectives. That will throw up challenges for the Government and public authorities, because the timescales may well be more demanding than we can achieve. However, milestones to structure the way in which decisions require to be taken will be available where they can be of assistance in achieving those outcomes.

The Convener: Of the 81 indicators, performance is improving in 17, maintaining in 42 and worsening in 11, while there are four in which performance has still to be confirmed and others that are in development. We appreciate that the situation is evolving.

With regard to the indicators in which performance is worsening, some seem fairly obvious, given the effects of Covid, and include places to interact, social capital and economic growth. However, with others, it is hard to see why things are worsening. In the fair work and business section, for example, we see a decline in the number of high-growth and innovative businesses and in the employee voice, although I should say that four of those indicators—economic participation, employees receiving the living wage, the pay gap and gender balance—have improved. Why have three indicators worsened, and how is the Scottish Government responding to that situation?

John Swinney: My assessment of the situation with high-growth and innovative businesses is that it has been affected by two factors, the first of which is the historical trend of economic activity in this area being a challenge for Scotland for many years now. That said, in the aftermath of the financial crash, significant enhancements were made in the development of high-growth businesses, with the Government putting in place a range of different interventions to support that. I am thinking, in particular, of the Scottish EDGE—encouraging dynamic growth entrepreneurs—competition, which was a collaboration with the

Hunter Foundation and other stakeholders; of support for the women in enterprise action group; and of the converge challenge, which encouraged the roll-out of more high-growth companies from the higher education sector. A number of different interventions have been put in place to address areas of poorer performance.

The second factor is the effect of the more general economic conditions in which we have been working as a consequence of Covid, as evidenced by the situation with economic growth. It is therefore a combination of historical and real-time issues.

The employee voice issue is slightly more difficult to nail down. All the policy interventions that we will take as a Government are designed to support the acceleration and intensification of employee contributions to the operation of organisations and businesses. I would argue that, from a business perspective, that is a very sound investment, given the added value that is attracted by capturing the input and contribution of employees in the development and running of organisations. That particular indicator will have been informed substantially by surveys of employees, and if that evidence reflects a lack of such input, the Government's fair work agenda will have to be intensified. We will take that forward in the dialogue that we will have with a range of organisations including the business representative organisations and the Scottish Trades Union Congress, with which we collaborate closely on all aspects of the fair work agenda.

The Convener: I just have a final question, as I know that colleagues are keen to come in.

There are the 81 indicators, but there are also the 11 national outcomes, which are exactly that—national. As a result, when we look at the indicators where performance is improving, maintaining or worsening, we are actually looking at a national picture. How do we assess what is happening in different parts of Scotland through the national performance framework? In some areas where performance is maintaining, there might be parts of the country in which the situation is improving consistently while in others it is deteriorating. If the indicator just says maintaining, that could mask a huge differential across the country. Obviously we cannot have thousands of different indicators, because that would be ridiculous. How does the Government look beyond the figures of worsening, improving or maintaining to find out what is within the body of the kirk?

10:15

John Swinney: On all those different indicators, ministers and officials will be heavily engaged in assessing performance and patterns across the

country. If I go back to the world of education policy that I occupied during the previous parliamentary session, at all times I was looking at differential performance around the country. For example, performance on educational attainment and the progress that I expected to see there was the subject of some frequently pretty robust discussion between me and individual local authorities.

I would not want the committee to consider that this is the only stocktake or the only discussion about performance. A lot of discussion will go on in and around the territory of the national performance framework to make sure that we are doing all that we can to intervene to improve performance.

The national performance framework is designed to be a helpful and useful guide to all public bodies and private organisations about the direction in which Government policy, supported by decisions made in Parliament, is heading, and what organisations can contribute towards the achievement of that vision. Obviously, a number of issues are properly and statutorily the responsibility of other public bodies, particularly local authorities, so local decision making is crucial. We will not get to a strong position on performance at the national level if we do not get to a strong position of local performance. There has to be an interaction and dialogue there.

There are obviously political choices to make here. There could be more directional decisions taken. Parliament has particular views about that; sometimes it is in favour, sometimes it is not. In the current environment, ministers have to operate within the statutory framework and the national performance framework, which is endorsed by our local authority partners, is designed to give a clear and coherent approach to the delivery of policy to shape the decisions that can be made at the local level and then influence the contribution that is made to achievement of the national outcomes.

The Convener: Thank you. I am now going to open up the meeting to colleagues, and the first questions will be from the deputy convener, Daniel Johnson, to be followed by Michelle Thomson.

Daniel Johnson (Edinburgh Southern) (Lab): Whenever I have looked at the national performance framework, I have been struck by how it seems to be strongly influenced by the balanced scorecard approach that we see in a lot of modern management thinking. The Kaplan and Norton paper from back in the early 1990s that instituted that thinking highlights four areas: customer perspective; internal perspective, or looking at what the organisation excels at; innovation and learning; and shareholder return. Not all those areas apply to government, but there are analogues such as the citizen's perspective,

and the last one about how we generate revenue, or the economic perspective.

The other critical thing that Kaplan and Norton say is that those measures have to be explicitly linked to goals. The national performance framework seems to be very broad, and it does not appear to have that level of focus. Certainly, those perspectives do not necessarily seem to be preserved down to the level of the national performance goals. On reflection, as we look to improve the national performance framework, I wonder whether greater focus—so that those measures could drive strategy rather than being a broad basket of measures—would be of some advantage.

John Swinney: There is undoubtedly a debate to be had about that because, as I set out in my opening statement and my responses to the convener so far, the national performance framework is designed to give clarity of purpose and direction to the country, to which all relevant organisations—I use that term in its broadest sense—can look and ask, “How is it relevant to us, and how can we contribute to the journey that the country is on?”

Another purpose of the performance framework is to discipline us to make tangible progress in achieving these objectives over time. The issues that Mr Johnson raises are very relevant there, because there could be greater signposting in that exercise, and there could be more definitive targets about what could or should be achieved over a given period. That is a perfectly legitimate debate. That approach would probably require much greater policy direction of what was expected to happen as a consequence. Undoubtedly, there is a debate to be had, and the review that we undertake in 2023 will provide us with the opportunity to reflect on the genuine approach that was taken in 2018 to engage with a variety of interested parties—not least Parliament—and to design a framework that is relevant and effective for policy making in Scotland.

Daniel Johnson: Thank you for that answer, which I do not disagree with. I must emphasise that, ultimately, the national performance framework is useful. I guess that I am wondering whether it could be made more useful. On the points that you just raised, is there not an alternative approach? It is not necessarily purely about setting targets, but emphasis could be applied to certain measures. With balanced scorecards in particular, that is explicitly what you do—you attach weightings to particular measures. Could that approach be taken to strengthen the strategic value of the measurements that are included within the framework?

John Swinney: Undoubtedly, decisions could be taken to tilt the balance in order to place more emphasis on, for argument's sake, the outcome that

"We live in communities that are inclusive, empowered, resilient and safe"

as opposed to the outcome that

"We are creative and our vibrant and diverse cultures are expressed and enjoyed widely".

We could say that there is much more importance in ensuring that we have greater progress on community empowerment than on cultural appreciation. I extracted those two topics randomly, but of course there is scope for the balance to be tilted. Obviously, we would have to be aware of what the implications of that might well be, because we are trying to achieve an approach that enables us to fulfil the purpose of policy making in Scotland. There is scope for us to reshape the balance of that to address other and particular priorities.

Daniel Johnson: One of my worries with the national performance framework is that it is very broad, in terms of both how the objectives are framed and the number of measures that sit below those. I wonder whether there is a missing layer. For example, the national outcome for children and young people is:

"We grow up loved, safe and respected so that we realise our full potential".

I do not think that anyone anywhere would disagree with that as an objective. When we go through the national framework, we then immediately descend into some quite detailed statistics. I wonder whether an intermediate layer is required, on how the overall objective will be achieved and on what measures will drive that. Ultimately, we have to discriminate between different measures, because some measures will essentially be input measures, while others will be output measures. Some measures will trail, and others will be early indicators. Without that strategic emphasis on what is more important and without differentiating between different types of measures, we just have a sea of data, which does not drive change or orient behaviour across government.

John Swinney: That is a really good example to focus on. When we come down from the national outcomes, believe you me, there is no shortage of data beneath the aspiration of children growing up loved, safe and respected. There is no absence of data. Indeed, that is highlighted in the national indicators, and they are only a snapshot of the data that is available.

As for what is required, as somebody who was immersed in that area of policy for five years, I

would be examining a whole range of data sets to establish trends for whether we are heading in a positive direction or a negative direction as a consequence of the experience of children and young people in our society, and I would be intervening at an operational level to remedy instances where I thought that there was a need for stronger performance.

If we take an indicator such as the quality of children's services, for example, that is an area that I would be examining very closely, looking at the data identified by the Care Inspectorate and Audit Scotland and at some of the wider collection of data on child protection and child wellbeing issues so as to determine—to go back to the convener's point—the degree to which I needed more of a focus on area A versus area B in the country, where very different patterns might be emerging. What was driving good performance in area B versus poorer performance in area A, for instance? What would we need to do as a Government to be confident that we were doing all that we could to ensure that children were growing up loved, safe and respected and to intervene so as to secure better performance where that was required?

The question that Mr Johnson fairly puts to me is whether that can be more visibly set out in the national performance framework, somewhere in the gap between outcome that children and young people

"grow up loved, safe and respected"

and the half a dozen indicators. I think that there is a reasonable point to be considered as to whether the information that we promote to reflect the achievement of the outcomes represents the most effective collection of data, as there is a whole host of data that we could select from to enable that to be the case.

Daniel Johnson: My reflection on what you have just said is that it is about making explicit how you use the data, which I think might be helpful. We all recognise that the measures are important, but I wonder whether there is a need to report against them more explicitly. I cannot recall the last time a minister made a statement explicitly about the national performance framework—not so much about it as a tool but about its outcomes and what it was saying in their portfolio. Do you think there is a need to have more explicit reporting by ministers against the measures in the national performance framework?

John Swinney: Yes. I was at the heart of the creation of the national performance framework back in 2007, and I convened discussions with representatives of all parties to consider how best we should develop some of the thinking. Responsibility then passed to my successors.

10:30

At different times, we considered whether there was a need for an annual statement to Parliament on progress on the NPF. That point must have been considered along with some of the issues around statute, but we do not need statute to require us to provide a statement—we could choose to do so any day of the week. If there was an aspiration for an annual statement, and the committee, in reflecting on these issues, felt that that would be beneficial, the Government would be happy to consider it.

Michelle Thomson (Falkirk East) (SNP): Like you, Mr Swinney, we are all aware of the NPF's history and development; I accord it value in and of itself, while understanding how it started. However, when I went through the NPF, I found that it was incredibly difficult to derive any meaning from an assessment of whether performance was maintaining or worsening.

In reading anything, I look first for an outline of the methodology. You might not want to give a multitude of data sets away, but I had no sense of how you arrived at the conclusions. From an academic perspective, if I read anything with no sense of the methodology that is used, I am inclined to ask, "How do I know that this is true?" That follows on from Daniel Johnson's point. Would you, in considering the NPF's development, be prepared to set out some indication of the methodology as an aid?

John Swinney: On the national performance framework as a proposition, I would say—to be frank—that the more you delve into it, the more you discover. It is all there. In the detailed documents, we set out the rationale for why we have arrived at a particular selection of data sets or information to determine progress. That approach can stand up to scrutiny. Nonetheless, people are free to say that they do not think that we have arrived at the right half a dozen indicators to support a proposition on tackling poverty, for example, and that we are not looking at the right things.

Of course, there is scope for that debate to be had, but the rationale for how we have arrived at the selection of information is all there. It is subject to challenge and debate, and the review that we will undertake in 2023 will give us the opportunity to have that discussion.

Michelle Thomson: Given the undoubted complexities that have been introduced by Covid and Brexit, and the challenging themes around net zero, just transition, human rights, equalities and wellbeing, what plans—if any—are you able to outline today with regard to your thinking about how you might develop the NPF?

John Swinney: I would differentiate between some of the issues that you suggest would drive changes in the national performance framework. For example, I do not think that Covid should be a particular driver of change in the composition of the NPF. Covid has happened, and it challenges us, but it is just another issue for us to wrestle with in addressing the agenda of what the NPF seeks to encourage the Government and other bodies to do.

However, the requirement to achieve net zero might force the substantive reconsideration of the national performance framework because it is a strategic policy imperative that, to go back to the points that Daniel Johnson raised with me, might require us to reshape the balance of the NPF for the policy to be realisable. There is scope to do that—that is what the five-year review is designed to do—but it is more about the aspirational elements of policy direction than addressing the consequences of issues such as those that Covid or Brexit has forced on us.

Michelle Thomson: To evaluate where we are, there has been a lot of debate since the starting point, which you recall, on determining the value that is added by public spend and, therefore, arriving at the national performance framework. I appreciate the complexity, but do you see a further drift towards making the link between public spend and outcomes, or do you largely conclude that that is incredibly complex—a view with which I have a lot of sympathy—and that we will carry on as we are with a broad framework? That relates to a point that Daniel Thomson made.

John Swinney: The link between public spend and outcomes is complex, but it is critical that it be properly understood. The national performance framework helps us in that endeavour, but there are other things that also do so. The process of audit and evaluation, particularly policy audit and evaluation, is critical in that journey.

There are other interventions, such as the independent care review, which took about three years to consider its evidence. I will summarise thousands of hours of research and analysis in the next couple of sentences not to be in any way disrespectful but because we have limited time. In essence, the review said that the money is not spent well on delivering good outcomes for care-experienced young people and, therefore, we should reshape that spend. We are now doing that, which we set out by our acceptance of "The Promise" report and the steps that we announced in the programme for government.

That is a good example of exactly the point that Michelle Thomson puts to me: we are spending our money one way, but it is not delivering good outcomes, so we need to think about shifting how we spend it, which is what we are doing on that

issue. There are other examples that I could cite. In youth justice, over about 10 years, we have substantively realigned the way in which we spend our resources to deliver better outcomes. Many fewer young people have their life chances influenced, affected and undermined by interactions with the criminal justice system because diversionary routes are available to them to enable them to achieve better outcomes when they have faced difficulty in their lives. That involved realignment of spend from how we did it before to how we do it now.

There has to be a willingness to consider some of those questions and we must be prepared to spend the money differently, however complex it might be to decide on the priorities and challenges.

Michelle Thomson: The just transition commission made a statement about moving beyond gross domestic product as a measure of Scotland's progress. We have all wrestled with GDP being a crude but internationally recognised measure. How might you be able to move beyond it and how might that play into the work of other agencies, such as the Scottish Fiscal Commission? At a previous meeting, I asked witnesses from the SFC how they reflected the risks of climate change in doing their forecasts. I appreciate that the matter is complex, but I would also appreciate your latest thinking on that complexity, particularly in regard to GDP and other measures.

John Swinney: The national performance framework tries to put a concept such as GDP, which is important, into a proper and full context. In other words, the framework tries to set out the factors that we as a society and country need to think about, one of which will be GDP. There will be a range of others, but it is about putting them in a proper context.

Daniel Johnson asked about the balanced scorecard; the aim is to have a framework that enables people—and, indeed, parliamentarians—to judge where the balance of our policy making should be struck after seeing the range of different patterns of development in particular policy areas and how we can take decisions that better reflect a more rounded approach to policy making instead of just saying, "I'm only going to look at the GDP indicator at the expense of everything else." That is clearly the antithesis of the NPF, which is our attempt to put concepts such as GDP into their proper context.

Tess White: I have three questions: one is on simplification, one is on accountability and the last is on the impact of Covid-19.

Last week, Ray Perman of the Royal Society of Edinburgh told the committee that he

"was amazed by how many targets and desired outcomes there were"

in the performance framework and that, in his view,

"It could be simplified."—[*Official Report, Finance and Public Administration Committee*, 14 September 2021; c 58.]

He then drew a parallel with the 17 United Nations sustainable development goals, suggesting that they were more straightforward. Do you share Mr Perman's view that the framework could be simplified?

John Swinney: Undoubtedly the framework could be simplified, but the Parliament would have to come to a view on whether, in so doing, it would lose any of the national performance framework's rounded nature. There are fine judgments to be made here, and I am not trying to suggest that there is any perfect science, but the fact is that some citizens will attach a greater priority to the country putting emphasis on a particular policy area rather than another and will want it to be more predominant in shaping our country's future. All such considerations are subjective. It is therefore possible that we would lose some of that rounded nature if we were to simplify the framework. However, the upside of following the route that has just been put to me is that it might provide greater scope for making sharper choices about where we place our emphasis and make our interventions.

Tess White: So you are open to looking at the framework again.

John Swinney: I am very happy to do so.

Tess White: That is great.

Secondly, on accountability, Professor Wehner, associate professor of public policy at the London School of Economics, has commented that the performance outcomes are typically long term—as you yourself have mentioned—and are affected by a variety of factors that often make it very difficult and sometimes nigh on impossible to attribute responsibility to specific Government interventions. How can we know with certainty what is and is not working?

10:45

John Swinney: That is a fascinating and significant question. There are different factors at play. The national performance framework is one example of accountability in our country, but not the only one—there are loads of others. I mentioned audit and parliamentary accountability, but there is also statutory reporting and a whole variety of ways that we can see directly the consequences of an intervention or an item of expenditure on a particular outcome. That will be

demonstrable in some aspects of the national performance framework and various other settings in which the issue is tested.

There must be an acknowledgement and acceptance that the national performance framework will tell us a certain amount about the development of policy in Scotland, but there will be a variety of other areas in which to consider that. For example, we could look at the Audit Scotland annual review of the national health service. That is a sharp piece of accountability in relation to several policy areas.

In contrast, the national performance framework tries to structure the way in which we take forward what will inevitably be a long-term journey. We are tackling poverty, but we will not do that in a year—it will take a longer period to tackle poverty. We are trying to encourage a focus on long-term coherent areas of policy, without losing the sharpness of our day-to-day interventions that may or may not contribute to that journey.

I go back to the example of care-experienced young people that I gave to Michelle Thomson. We have research that tells us that the current method of expenditure is not supporting good outcomes for those young people. Given that we want to support better outcomes for care-experienced young people, the Government has arrived at the conclusion that we had better change how we spend the money. That is a concrete example of how we change course if we are not delivering a satisfactory outcome. That is an example of effective accountability.

Tess White: In summary, you are saying that it is a direction of travel, but there are other mechanisms, such as Audit Scotland, that test whether the Government is hitting those milestones.

My final question is on the identification of continuous improvement in that direction of travel. As we know, Covid-19 has prevented the collection and reporting of data. You talk about young people, but data on the educational attainment indicator for 2019-20 could not be collected for some of the submeasures because of school closures during the pandemic. The indicator states: "Performance to be confirmed". How will that be reconciled with milestone measurement?

John Swinney: The example that Tess White cites is vivid. We have a continuous data set on exam results up to 2019 and then we have two data sets for 2020 and 2021 that are constructed in a fundamentally different fashion. It is a challenge to reconcile one methodology that was used for umpteen years with a different methodology that is used for two years. There will need to be open dialogue on the analysis of the

information to ensure that we have a proper understanding of whether we are making progress towards the long-term objectives or whether there has been a setback as a consequence of Covid.

One data set will not achieve that. It will take a rounded piece of work. The education recovery group looks at what all the information in the round tells us about where young people are and their achievements, given that the data sets that we would normally rely on have been interrupted by Covid. There is no easy answer, but some considered research that we can discuss and debate and that the Parliament's committees can analyse and air would be an effective way to do that.

Douglas Lumsden (North East Scotland) (Con): In 2018, Derek Mackay said that

"A small number of indicators have yet to be developed."

We still have 11 indicators—about 13 per cent of them—to be developed or for which there is limited data. When can we expect those indicators to be put in place?

John Swinney: The work to enable that to happen is an early priority. As I said to Tess White, a lot of stuff has been interrupted as a consequence of Covid. Although the Government has a lot of data, the data sets to enable us to have a complete picture are not all available, so we have to construct new data sets. Obviously, that takes time. Some of the work has been interrupted by Covid, but I am happy to write to the committee about particular points of achievement in relation to data collection.

Douglas Lumsden: That would be helpful.

Four of the missing indicators are in education. The Government said that its top priority was education, so why have those indicators not been prioritised?

John Swinney: That is due to many of the reasons that I have just given. We have had the interruption of Covid.

Douglas Lumsden: That would interrupt the data but, according to the report, the indicators are still "in development".

John Swinney: That is my point. In many respects, we are trying to create new data sets. For obvious reasons, we have been severely restricted in the collection of data during Covid. When I pressed the education system for information on participation, engagement and attendance, there was a fair amount of resistance from a number of public authorities—not least, local authorities—to the data demands that I was placing on them, but I wanted to be satisfied that there was online learning and adequate engagement, and I could collect that information

only from local authorities. We have to strike a balance in relation to what we can reasonably and legitimately demand at any one time during a pandemic.

Douglas Lumsden: Are you confident that the indicators will be ready fairly soon, so that we can look at them?

John Swinney: I am happy to give the committee an update on where we are.

Douglas Lumsden: Thank you. As has been mentioned, indicators show that performance is worsening in relation to work, business and, in particular, economic growth. Last week, the committee heard that economic growth is key for us as a nation. The lack of economic growth will surely have an impact on many of the other indicators, particularly those on poverty. Does that concern you?

John Swinney: I want to see improvements in economic performance and economic growth, which is vital for us as a society. A multitude of factors affect economic performance. We are vividly seeing the effects of Brexit on economic activity, and we are seeing the impact of Covid on the economy. However, the growth figures show that the recovery is improving following the downturn as a consequence of the pandemic. That is welcome.

The Government is focusing on a range of interventions to improve performance. As part of the Covid recovery strategy, it is important to improve families' financial security, which is critical to eradicating child poverty. To strengthen that financial security, we have to have better-paying employment opportunities in our society. Stimulating a higher-quality economic environment is crucial.

Douglas Lumsden: Should the committee expect some of the indicators to show a worsening position because of the economic situation that we are in?

John Swinney: That may well be the case. I am worried about the situation with Brexit and its impact on our society. We are beginning to see the sharp effects of that, and I am worried about what it will do to our economic performance. The data and indicators will speak for themselves in due course. Undoubtedly, when we face economic threats of that magnitude, they will show up in the indicators. We will try our best to withstand the threats, as we always do. We will do our level best to put in place a level of performance in all aspects that will overcome the difficulties, but I have to be candid with the committee that I have my anxieties on those points.

Douglas Lumsden: Of the 70 indicators, only 17, or 24 per cent, show improvement. Because

they are long-term measures, should we be happy with that performance? I know that any Government would like 100 per cent improvement everywhere, but I guess that that is not realistic. Would you say that 24 per cent is a good figure?

John Swinney: I encourage the committee to look at all this in the round. Some of the performance maintaining that is happening is the maintaining of a high level of performance. The level of performance that is being sustained is not pedestrian; it is of a high level. That is no mean feat, given the challenges that we face as a society.

I assure the committee that there is a culture in Government and public authorities that is constantly seeking improvement in the delivery of public services. I refer you to some of the examples that I cited in my discussion with Michelle Thomson, where there is a challenge to existing performance to improve further via a variety of reports and analysis.

Douglas Lumsden: Before I ask my final question, I refer members to my entry in the register of members' interests, which states that I am still a councillor.

On the issue of linking budget to outcomes, there are ring-fenced funds that go to local government to prioritise some of the outcomes in the national planning framework. However, there are other outcomes on culture and economic development where local authorities want to do the right thing but do not feel that there is a budgetary benefit to them in the short term from doing so. Could that be addressed?

John Swinney: I have been around in this area of policy long enough to have just about seen it all, frankly. One of the first things that I did as finance minister in 2007 was to remove hundreds of ring-fenced funds from local authorities to provide them with much greater scope and flexibility in how they could operate. A lot of that ring fencing has not returned, which means that local authorities have a huge amount of scope to act. They also have general powers in relation to wellbeing, which the convener of the committee has championed over the many years of his involvement in Parliament.

There will always be a demand for more money from local authorities—I do not expect that that will ever change—but the Government does all that it can within the resources that are available to it to ensure that local authorities have the funding that they can rely on to support local services. Of course, Parliament has a process by which it can shift that balance, if it chooses to do so.

Douglas Lumsden: Yes, but I suppose that any calls from local government for more money must be tied to the outcomes-based approach.

John Swinney: I am keen to encourage the deployment of public expenditure in a way that is closely aligned to the achievement of outcomes. We should do that at all times. I have cited the example of the policy shift to expand early learning and childcare. That involved a deliberate financial choice to improve an outcome, which was about the quality of the start that children get in their lives. That is a good example of what we do with money to affect an outcome. The response to the care review is another good example. The review pointed out to local authorities, really quite bluntly, that their route for expenditure is not delivering good outcomes, and it presented a different way to do it, which we accept.

11:00

John Mason (Glasgow Shettleston) (SNP): We have covered a lot of ground already. I think that it was Daniel Johnson who made the point that ministers do not often come to Parliament to talk about the national performance framework. It can also be argued that the rest of us in Parliament—back benchers and Opposition members—do not often ask questions about the national performance framework.

Should we all be concerned that it does not have the high profile that numbers of nurses, police officers or ambulances have? We all get excited about those numbers. Should we do more to promote the national performance framework, or is it not a problem?

John Swinney: It is inevitable that there will be much greater focus on shorter-term issues in relation to service performance or configuration. That is essential, but we need to have our eyes on the long term as well as the short term and have greater focus on the national performance framework. Looking at current trends, are we satisfied that we are making enough progress in particular directions? We could do with strengthening that attention.

To take the example of child poverty, my colleague with responsibility for social justice will make statements to Parliament about progress on tackling child poverty, which is a constant and on-going priority. That is an example of a long-term focus that is the subject of updates to Parliament. My colleague who is responsible for net zero has to make climate change statements to Parliament that are about how we are progressing towards our long-term policy direction. There is always scope for more focus on those issues, and the Government would be happy to participate in that scrutiny.

John Mason: So the national performance framework sits in the background, even if it is not always specifically mentioned.

John Swinney: That is correct.

John Mason: The result of that is that a lot of the public do not know what it is.

John Swinney: That is correct, but the audience for the national performance framework is decision-making bodies. If a decision-making body such as a local authority or public body takes decisions that are contrary to the direction of travel of what is hoped for in the national performance framework, that is a problem. The key audience in my view is the organisations that will be part of delivering on that journey and that need to, as statute says, “have due regard to” what is in the national performance framework. A local authority that pays no attention to the national performance framework in its formulation of policy would be an item of concern to me.

John Mason: You talked about whether we are making enough progress on, for example, climate change or child poverty. That brings us back to the question of whether there should be time-limited targets among all this. The convener mentioned that we do not have those so much now, because it is more about continuous improvement, although in relation to climate change, we have a lot of time-limited targets. Are you happy that the switch from time-limited targets to continuous improvement has been the right one, or do we need to shift the approach?

John Swinney: We should always be mindful of that balance, because time-limited targets can provide greater focus and impetus for progress. We just have to be absolutely certain that we are putting them in the right areas to make the greatest possible amount of progress. We have time-limited targets on climate change and child poverty, which are fundamental issues in our society. A lot of activity will be focused on ensuring that we are in a position to achieve those measurable targets.

John Mason: Covid has been mentioned, and I take all the points that have been made on how that has made it more difficult to get the data. However, if something worsens—and my guess is that quite a few indicators will worsen because of Covid—will it be possible to clearly separate how much of that is because of Covid and how much is for other reasons? For example, an indicator might be improving for various reasons, but Covid has dragged it down.

John Swinney: Much of the data analysis is configured around trends, rather than moments in time. Mr Mason’s point is best addressed by looking at the experience over time, because that will highlight whether an underlying, sustained period of improvement might have faltered because of Covid, in which case we might be optimistic about making a return to improved

performance. That will be best detected by looking at the trend performance in the data.

Douglas Lumsden: How do the local outcome improvement plans map to the performance framework? Is a check done to ensure that they are aligned?

John Swinney: That takes us into issues of local discretion and decision making; there certainly is not a check, because that would be an inappropriate level of interference by central Government in the legitimate scope for decision making by local authorities and community planning partnerships. Undoubtedly, there will be dialogue, but a check would be inappropriate, given our current statutory framework.

Given his local authority background, Mr Lumsden will be familiar with the fact that public authorities have a duty to have regard to the way that statute is constructed and to properly and fully consider and reflect that. I could not say that there is a 32-piece jigsaw puzzle that fits together to make a neat picture of each of those indicators of what will happen in each local authority or community planning partnership area, but there is an expectation that those partnerships will have due regard to and follow that direction. The leadership of the Convention of Scottish Local Authorities and, in particular, its president, is very resolute in its support of that direction of policy, and the Government appreciates that.

Ross Greer (West Scotland) (Green): I have a question on the two upcoming processes that will affect the performance framework, one of which is the review of national outcomes. The Government has also confirmed that the proposed wellbeing and sustainable development bill will have some effect on the NPF. Can you explain how those two processes will interact? Will it be sequential, so that drafting of the bill will take place only after the review of national outcomes, or will the processes overlap and interact?

John Swinney: There is a likelihood that they will overlap, but we will have to make sure that there is a clear line of sight between the two. Given the timescale, the preparatory work on the wellbeing bill is likely to be undertaken at the same time as the review of the national outcomes, but I will confirm that to the committee in writing.

Ross Greer: Given that both processes feed into the same framework, how do we prevent them becoming siloed?

John Swinney: I am very happy for the Government to have open dialogue with Parliament and its committees—in particular, this committee—on ensuring that those processes are closely linked. Many of the internal discussions that I have had about the wellbeing bill have involved ministers and officials who are also

involved in the national performance framework, so those are not compartmentalised conversations. However, I am happy to assure the committee that we will have open dialogue around those questions.

Ross Greer: Thank you. I am sure that we will want to revisit that issue.

My next question goes back to Michelle Thomson's initial line of questioning about the top-line measurements of "improving", "maintaining" and "worsening". I accept completely that that is the top line of what is a very detailed process and that there is much more granular data at every level beneath that. However, I am concerned that it might be a touch too simplified even for a top line.

For example, the active travel measurement is classified as "improving", although it is very far from hitting the targets that the Scottish Government has set: 4 per cent of journeys are now made by cycling, whereas the 2020 target was for 10 per cent. Is there a danger that the "improving" classification simplifies some of the measurements slightly too much, in that a whole range of them could be improving only glacially, and not be on a trajectory towards the targets that have been set?

John Swinney: That is an entirely fair challenge. I would not advise that a minister's only interaction with the performance of a policy area should be to look at that chart and say, "Oh, that's improving, I don't need to worry about that". We have to go beneath that and look at the patterns and the trends. I assure Ross Greer that when ministers are briefed about detail and performance—and this relates to my response to John Mason a moment ago and a number of other answers that I have given this morning—the underlying pattern in performance is highlighted, challenged, explored and compared against what might reasonably be expected, so that there is a proper understanding of whether the conclusion that has been arrived at is reasonable.

Ross Greer: Thank you for that answer. I have no doubt that ministers are going into this in a far greater level of detail than just that top-line measurement. However, to go back to John Mason's line of questioning, if we are trying to get wider buy-in from the public, the various levels of the state and the third sector, is there not a question about whether that measurement is a useful presentation for those who are engaging only at a surface level?

John Swinney: The short answer is yes. This is one attempt to show how we assess performance. If we were to look at that in rather a glib way, I could see how we could arrive at the challenge that Mr Greer poses. I remember that back in

2007, as an alternative, we had a variety of coloured arrows that were designed to help, but probably fell victim to exactly the same challenge that Ross Greer has put to me.

The key point is that a whole range of different actions have to be taken to try to improve performance in a particular area. It would be wrong to conclude that an “improving” performance on active travel journeys should determine our next steps on active travel overall. We have to take a whole range of other interventions to improve that performance.

Ross Greer: My final question is on the role of transport in the NPF. The one obvious transport indicator is the active travel one that we have just mentioned. Transport is tangentially related to a couple of others: greenhouse gas emissions and public satisfaction with public services, for which public transport is mentioned. However, it seems to be the one major area of Government responsibility that is not directly addressed. Health education, environment and economy are all categories under which groups of outcomes are measured. Transport is not one of those categories. It has that one specific indicator on active travel but in everything else it is just tangentially related to an indicator.

Given the importance of transport for our net zero ambitions, in particular, and the challenges in reducing emissions from transport compared with all other sectors, do you have any concern that the NPF is perhaps not taking transport into account to the extent that is needed in order to reach those wider outcomes?

11:15

John Swinney: It is a fair observation that transport perhaps does not have the profile and focus that it should have. The description of the transport indicators as partly influencing a range of other factors is a fair assessment. To go back to what I said in response to Tess White, the review in 2023 might reasonably come to the conclusion that, to put it colloquially, the NPF needs to be an awful lot more net zero than it is now. Given the significance of the transport indicators, they might well reflect that change in emphasis. However, I assure Mr Greer that the impact and effect of transport on performance will be reflected in a number of areas. Obviously, there are ways in which we can revise and revisit that material.

The Convener: Well done, cabinet secretary, you have responded to more than 30 questions from the committee. However, we are still within time, so I will ask some short questions to finish off.

Audit Scotland has said that there are inherent challenges in delivering an outcome-based approach. For example, Audit Scotland states:

“It is difficult to separate out what impact public services have on outcomes, as many factors are outside the direct control of the public sector.”

Audit Scotland says that effective joined-up working, early planning and an understanding of the evidence and its gaps could all help to resolve the issue. How can those gaps be closed so that we have a much fairer picture?

John Swinney: Audit Scotland’s observations are reasonable. I hope that the committee has got the sense from my observations this morning that I think that it is important that we look at the information in the round and that we do not just make glib judgments about individual components.

The Audit Scotland comments highlight the difficulty of making a direct connection between every single pound of public expenditure and every outcome that is achieved. That connection is more obvious in some areas than in others, but it can be difficult to make that link. A couple of weeks ago, the Auditor General commented on the ways in which we need to operate to ensure that we improve outcomes. He talked about approaches that are heavily based on collaboration, partnership working, disrespecting organisational boundaries and focusing more on outcomes than on inputs. Those comments help to structure the legitimate discussion on whether public expenditure is being used as effectively as it could be used to achieve the outcomes that are widely shared in our society. The national performance framework helps us in that respect.

The Convener: In response to Tess White, you talked about audit, statutory reporting and parliamentary scrutiny all playing a role along with the national performance framework in assessing the success of Government policies. Where does the NPF fit in that landscape? For example, is it weighted relative to those other areas? How does the Government decide on that?

John Swinney: After extensive stakeholder dialogue and parliamentary engagement, we tried to create a framework that gives the public and public bodies as clear a sense as possible of the direction in which the Government is trying to take the country, the purpose of our policy interventions, the values that underpin them and the outcomes that we are trying to achieve. The framework is a distillation of that journey.

That picture is designed to enable a range of organisations to decide what they will do and where they will spend their resources to contribute to the direction of travel. The approach is designed to influence, not direct, the choices that are made locally about priorities and policy making. Given

our current statutory arrangements as a country, that is the right approach.

Organisations can then look to identify what they can contribute to the process. A series of measures and mechanisms of accountability provides us with assurance about how much progress has been made on the journey. All those measures are publicly available. Some are published under the NPF, some are published more widely and others are the subject of analysis by organisations such as Audit Scotland.

The Convener: How do you weigh the NPF relative to other areas? If indicators are worsening, improving or maintaining their position—whatever it happens to be—how do you decide that additional resource might have to be shifted from A to B to address matters?

John Swinney: A process of reflection goes on in the Cabinet. We look at the issues that the national performance framework identifies in relation to our policy agenda and consider taking different decisions to improve performance.

As the Deputy First Minister, part of my responsibility relates to delivering the Government's agenda. Since the election, I have been looking at the delivery of our commitments that were made in the 100 days programme. I am now focusing my attention on delivering the programme for government and the partnership agreement, to ensure that arrangements are in place that will give us confidence that the programme can be delivered and will help us to achieve the ambitions that are set out in the NPF.

The Convener: The national performance framework has existed for 14 years. When it was created, it was considered to be world leading. Is Scotland a better place because of it and, if so, how? Will you evaluate that?

John Swinney: We are in a better place, because we have a much greater focus today on the achievement of outcomes than was the case in 2007. The substantive policy development over those years has been that we have a much greater focus on the achievement of outcomes. That is a prize that is worth having, because Governments in general can be bedevilled by focusing on short-term and immediate high-profile issues at the expense of taking the necessary steps on the long-term outcome-based journeys.

That does not mean that everything is smooth and lateral—that it all takes a lovely neat course. The road is very bumpy, but focusing on the long-term policy direction and the outcomes that are to be achieved is a significant strength for Scotland today.

The Convener: We shall end on that positive note. I thank the Deputy First Minister and his

officials for coming along and I thank the Deputy First Minister in particular for his expansive contributions and responses to questions.

I am especially pleased to have had the witnesses in the committee room in person. We have found that having witnesses in the room greatly improves our interaction with them. Today's witnesses have greatly improved our understanding of the workings of the national performance framework.

Meeting closed at 11:24.

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