

# Response to Scottish Parliament Finance Committee Call for Evidence on Scrutiny of the Draft Budget 2014-15

Written Evidence 2013

The Carnegie UK Trust is pleased to respond to the Finance Committee Call for Evidence on Scrutiny of the Draft Budget 2014-15.

The Trust has been working with stakeholders in Scotland, the UK and internationally on wellbeing measurement for a number of years. Inspired by the Stiglitz-Sen-Fitoussi report on Measuring Economic Performance and Social Progress, we convened a roundtable (in collaboration with the Sustainable Development Commission for Scotland) which reported in 2011 and have carried out international research on putting wellbeing measures into policy practices.

## Introduction

Our view, stated in the Carnegie Roundtable report and in our more recent report *Shifting the Dial in Scotland* is that the National Performance Framework is development of international significance. Professor Stiglitz recently referred to Scotland as one of the international leaders on wellbeing.

While this is positive, our work also shows that the implementation of the NPF is incomplete. To be effective it must be used by Parliament and the public as well as the Government. We very much welcome the Finance Committees interest in the National Performance Framework and its use in the scrutiny of the 2014-15 budget.

We have been pleased to attend Round Table meetings chaired by Mr. Swinney to discuss the future of the National Performance Framework. These have been informal gatherings of interested and relevant individuals and organisations to share views and ideas on Scotland Performs. The Carnegie UK Trust, Oxfam, nef and members from all parties across the

Chamber have been involved. The group will be exploring ways in which the presentation and coverage of Scotland Performs can be improved along with considering how best to engage with both the public and the Parliament. There have been two meetings to date and the next is due to take place in October.

The Finance Committees call for evidence is timely in bringing the debate to a wider set of stakeholders and continuing the cross-party discussions on the role of the National Performance Framework.

CUKTs interest is in the NPF as a whole rather than in the progress of specific indicators and therefore we will be responding only to questions 3 – 11 of the call for evidence.

## **Q3. Whether the national indicators and purpose targets are an effective means of measuring the performance of government?**

Yes. There are two sets of arguments in favour of wellbeing dashboards such as Scotland Performs:

1. They help to rebalance decision-making by ensuring that GDP is not seen as the only, or best, measure of social progress. These arguments are favoured by new economists and environmentalists who draw attention to the limits of GDP as a measure of social progress. If GDP is the only measure valued by decision-makers, or used to hold governments to account, other social and environmental outcomes will be deprioritised. The dashboard approach places economic, social and environmental outcomes on an equal footing in the national indicators ensuring that the government is held to account on a range of measures.
2. They help to focus government activity on improving outcomes for the people of Scotland. A focus on outcomes, as opposed to inputs or outputs, is seen as preferential as it reduces gaming behaviour (where public services act to meet the target in a way which is not beneficial to service users) and more closely aligns assessments on performance to the experiences of the public. Our international research also suggests that wellbeing dashboards support a shift to preventative action and to joined-up working, trends endorsed by the Christie Commission. As public services become more joined up and preventative, outcomes measurement through an integrated wellbeing dashboard will become increasingly useful.

Theory and international evidence suggests that the NPF should be an effective performance management tool for government. However to be successful it must go further, it must be an accountability tool used by Parliament and other stakeholders and it must be used to affect policy change. Both of these issues are discussed further in later questions.

#### **Q4. Whether there are additional indicators or targets which should be included to measure performance?**

Wellbeing dashboards are made up of 'domains' of wellbeing. Regardless of how these are constructed, the domains of wellbeing stay relatively constant across international examples.

Comparisons with other wellbeing dashboards suggest a small number of areas of wellbeing which are not covered in Scotland Performs:

- An indicator for social connections.
- An indicator on voting registration or voting activity to measure civic engagement.
- An indicator on volunteering rates.
- An indicator on work-life balance.
- An indicator on quality of employment.

Each of these are known to impact on wellbeing, Most are direct relationships, voting registration or activity is an indirect measure which attempts to identify trust in government and public institutions.

There are also a number of improvements that could be made to the existing indicator set. The logic of the NPF is to measure outcomes, not inputs or processes. However there are a number of process indicators, for example the proportion of schools and pre-schools achieving positive inspection reports. There are better measures of childhood wellbeing and we are aware of work being carried out by the Scottish Government and other stakeholders to better understand and measure childhood wellbeing. We hope that in time these process indicators can be replaced with outcome indicators.

#### **Q5. The data used to measure any of these indicators or targets?**

Scotland benefits from a wide range of social statistics and most of the identified gaps can be relatively easily filled:

- Social connections - Scottish Household Survey identifies the proportion of people who said they feel their area has a 'Sense of community/friendly people'

- Voter registration – recorded by the National Records of Scotland
- Voter turnout – recorded by the Electoral Commission
- Volunteering rates – Scottish Household Survey

Two gaps appear to require changes to the household surveys:

- Work life balance – The Scottish Household Survey does not appear to collect the statistic used by the ONS to measure work-life balance which asks how satisfied people are with the amount of leisure time they have. This subjective statement is preferable to employment statistics on hours worked (used in the Humankind Index) which does not take into account personal circumstances which can affect satisfaction.
- Quality of employment – The Scottish Household Survey does not appear to collect the statistic used by the ONS to measure quality of employment which asks how satisfied people are with their job. Again, this subjective statement is preferable to making assumptions about objective indicators such as salary or training.

#### **Q6. The linkage between performance information and the Scottish Government's spending priorities? AND**

#### **Q7. Whether there is evidence of specific spending decisions resulting from changes to the performance information within Scotland Performs?**

Our international research suggests that it should help in identifying gaps in activity and supporting joined-up and preventative working. These benefits very much 'go with the grain' of the Scottish approach to public services however there is very little information available about the impact of the NPF and its use in policy

We have called on the Scottish Government to carry out a review of the impact of the dashboard on their own internal policy development. We believe this information is critical in making the case for further development of Scotland Performs.

Scotland is not alone in struggling to understand the impact of wellbeing dashboards on policy. Our international case studies found less evidence than we had hoped for on direct policy changes as a result of using wellbeing measurements. In part, this is a function of a system that works both horizontally and vertically across governments: it can be difficult to trace back the contribution that the wellbeing measurement approach had to the eventual policies that are developed. The lack of current information on impact should not be viewed as evidence of no impact, rather of the complexity involved in understanding how performance information impacts on policy development.

#### **Q8. How should Scotland Performs be utilised to inform policy development and spending decisions?**

As stated above, there are three key benefits for utilising wellbeing dashboards in policy development:

- They help to identify gaps, areas of activity that are not being given the attention they require given their impact on wellbeing. For example, local environmental quality is a common 'gap' identified which impacts on wellbeing directly and through fear of crime.
- They help to move public policy towards prevention. By focusing on outcomes the key accountability measurement is focused on the improvement for individuals decreasing perverse incentives in the system. For example, the NPF focuses on reducing the number of emergency admissions to hospital, rather than reducing ambulance waiting times.

- They help to join up public policy. When New Public Management was common in public services in the 1990s and 2000s it was not uncommon to find examples where focusing on a narrow policy area led to detriment in another area of wellbeing. For example, school meals were giving mixed messages on healthy eating and negatively impacting on obesity levels.

However, at present the information in Scotland Performs is not embedded into policy making processes. Without further investment, there is a risk that it will remain a public performance reporting mechanism with limited impact on policy development. There are a number of potential mechanisms for embedding Scotland Performs in policy development:

- Providing a tool to assess policies across the full range of domains of wellbeing. CUKT has been working with Oxfam Scotland to produce a policy assessment tool. The tool uses the Humankind Index indicators and asks stakeholders to assess the impact of a specific policy on each domain. This approach helps to show where policies are either impacting negatively on a domain or where the policy is neutral. This could be used to encourage mitigating actions or further policy development.
- Introducing a 'wellbeing impact assessment' for policies. This would be a more formal structure which requires civil servants to consider the impact on the full range of indicators. While this would ensure use there are risks that such assessments become tick-box exercises.
- Development of a 'green book' approach which advises civil servants on appraising proposals before committing funds. This could embed the NPF indicators into policy appraisal.

#### **Q9. Is there a need for Scotland Performs to have a statutory basis?**

Our international case studies show that Scotland is at the forefront of developments on measuring wellbeing but they also raise a warning about the sustainability of initiatives. In France, President Sarkozy was a leading advocate of the move away from GDP as the sole measure of progress, and established the Stiglitz-Sen-Fitoussi Commission.

However, even prior to the election of President Hollande in 2012, the electoral cycle had impacted on the President Sarkozy's interest in the wellbeing project, which became increasingly marginal and reduced to a small number of papers from INSEE (the French national statistics authority).

In America, similar programmes have also been lost due to a change of government, which is why Virginia moved very quickly away to put their system on the statute books, locking it into their model of government. This does not mean that the government of the day cannot change the content of the dashboard; the legislation simply states that there must be a publicly available measure of progress and an annual report on progress published.

A statutory basis would mean that the progress to date on measuring wellbeing is not lost during a change of government and would signal important cross-party support for a wellbeing approach to public policy. It would also arguably increase the status of the dashboard and ensure that Parliament is provided with an annual report on progress which could be debated as part of the budget process.

#### **Q10. Is there a need for wider public consultation in setting performance outcomes and indicators?**

The Scottish Government did not carry out any community engagement on the development of the National Performance Framework in 2007. The Carnegie Roundtable criticised this lack of participation, seeing it as a necessary part of the process of gaining legitimacy for the wellbeing measurement programme. We would stress that each of the government case studies we investigated included a participatory element to their work and have benefited from a wider level of interest in the measurement than is apparent in Scotland at the present time. We do not believe that this has to be an excessively complex or costly exercise and much can be learnt from international experiences of consulting communities.

As stated earlier, there is international consensus on the 'domains' of wellbeing which has promoted some to ask what the point of consultation is. In addition to the benefit in terms of legitimacy, we

would stress that while the domains are generally agreed, the indicators used as proxies for those domains differ greatly. As an example, what is considered a good educational standard in India is very different to what we would aspire to in Scotland.

In setting the indicators, we are engaging in a process of setting the aspirations for Scotland: What is a good health outcome? What is a good education? What does community mean to us? These are questions that can only be answered following debate and discussion with citizens.

**Q11. Whether future spending decisions should continue to be shaped by the NPF, and if so how that should happen within government.**

As discussed above, it is not entirely clear how the NPF is used within government at the present time. We believe that future spending decisions would benefit from a greater alignment with the NPF and would recommend detailed advice be provided to civil servants to help them carry out appraisals. If our recommendation that there be a statutory basis for the NPF is acted upon, we would suggest that annual reports on progress are timed to be published prior to the draft budget and clear links made between the annual report and the draft budget.

**Relevant publications from the Carnegie UK Trust**



More than GDP: Measuring What Matters  
Report of the Board on the Measuring Economic Performance and Social Progress in Scotland

**More than GDP**



Shifting the Dial in Scotland  
How National Performance Indicators can contribute to a better Scotland

**Shifting the Dial in Scotland**



Shifting the Dial: From wellbeing measures to policy practice

**Shifting the Dial**

The Carnegie UK Trust works to improve the lives of people throughout the UK and Ireland, by changing minds through influencing policy, and by changing lives through innovative practice and partnership work. The Carnegie UK Trust was established by Scots-American philanthropist Andrew Carnegie in 1913 and we are delighted to be celebrating our centenary in 2013. Please see our website for further information on our centenary plans.

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