

# National Performance Framework: Inquiry into proposed National Outcomes

## Audit Scotland, Accounts Commission and Auditor General response

### 1. What are your views of this updated purpose for the National Performance Framework?

The NPF's current purpose is "to focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth." The proposal is to amend the purpose to be "to improve the wellbeing of people living in Scotland now and in the future."

This new purpose statement is shorter and will most likely be more easily understandable. Direct mention of sustainability and the economy has been removed from the purpose statement, and while this does not cause us concern, the sustainability of any plans to address wellbeing should remain paramount. Sustainable development is often defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Whether included in the purpose directly or otherwise, it will be important that national outcomes are clearly understood to incorporate the principles of sustainability.

The proposed purpose includes the term "now and in the future". While immediate improvements to peoples' wellbeing now is important, outcomes help to direct activity towards long-term changes, which in an environment of pressing short-term need can be challenging. There is often a tension between short-term spending decisions and the requirement to invest in activities where the benefits may not be felt for several years, such as investment in education and preventative health measures. While the ambitions of the current National Performance Framework (NPF) are widely commended, our audit work has previously reported that there is a major implementation gap between policy ambition towards outcomes and its delivery in practice. It requires a change in culture across the public sector towards long-term goals, supported by better long-term planning. As such, however the purpose is defined, maintaining an understanding that these are long-term goals, shared across Scotland, is critical if outcomes are to progress.

### 2. In your view, do the proposed National Outcomes match the purpose of the National Performance Framework? Please explain your answer.

The consultation increases the number of performance outcomes from 11 to 13. As set out in the consultation document, this includes three new outcomes on care, climate action and communities, and amendments to the remaining outcomes apart from culture. Outcomes relating to the economy and fair work have been reduced from two to one, albeit that the coverage of the outcome remains broadly similar.

It is useful to see the proposal that national outcomes will have supporting extended definitions that give more detail on each outcomes' intended coverage. This will help the

public and those scrutinising decision-making to consider how cross-governmental decisions are working together towards the central purpose of wellbeing. We have identified through previous audit work that the links between spending decisions and their intended outcomes should be clearer. Given that the success of wellbeing outcomes relies on many public organisations and services working together, the extended definitions have the potential to aid scrutiny across organisations contributing towards them.

Increased specificity is welcome in the renewed outcomes. For example, we note that the environment outcome now includes a long-term intent to restore the Scottish environment and the health-related outcomes now directly includes both mental and physical health.

We note that the wellbeing economy and fair work outcome no longer includes reference to an inclusive and sustainable economy. As previously noted, being clear about the role of sustainability alongside the purpose of wellbeing is important, whether or not this is specifically included in an outcome.

The amended and unchanged outcomes align with the overarching principle set out in the framework's wellbeing purpose.

Looking at the new outcomes in particular, these are:

**CARE** - We are cared for as we need throughout our lives and value all those providing care

**CLIMATE ACTION** - We live sustainably, achieve a just transition to net zero and build Scotland's resilience to climate change

**HOUSING** - We live in safe, high-quality and affordable homes that meet our needs

Inevitably, there will be crossovers between these new outcomes and existing outcomes and legal obligations, most notably human rights. These new outcomes do align with the overall purpose of improving the wellbeing of people in Scotland. The new outcomes include some specific goals which suggest a shared policy view, for example a just transition towards net zero.

The strength of an outcomes framework is that it is broadly shared, not only across government but across Scotland; for example, third-sector organisations and the Scottish business community. As such, the Scottish Government must be comfortable that new outcomes are widely shared and agreed upon if joint activity towards them is to succeed.

A similar point also applies to the outcome for high-quality housing, and changes to the education outcome to reflect access to high-quality learning. Again, these are in keeping with the purpose of the outcomes framework to improve wellbeing, however we would encourage clarity in indicators and other measurements about how these will be assessed and agreed upon in practice (for example, what is considered to be high-quality).

### **3. What do you think of the changes being proposed?**

Please also see the above response.

The need for a different and better approach to long-term policy making to address deep-seated issues has long been recognised in Scotland. The 'Scottish Approach' to policy making (SATP) which began in 2007 was an ambitious programme of change to help

deliver improved long-term outcomes linked to the NPF. Central to its success is a commitment to 'joined-up' government and effective partnership with local government and other partners underpinned by the 2007 Concordat with COSLA.

The full benefits of the 'Scottish Approach' are yet to be realised and progress towards them has been slow. Many public bodies and commentators continue to describe a system which remains complex and cluttered, making it difficult to see how a variety of policies, strategies and funding streams align.

Looking back to the ambitions of 2007, it is disappointing how little has changed. Both the Accounts Commission and the Auditor General of Scotland have been encouraging of the need to focus on long-term outcomes and have raised issues with the implementation gap and ensuring that public sector leaders feel truly accountable for the shared delivery of outcomes.

Several of the proposed outcomes are broadly similar to those in the current NPF, and the addition of three further outcomes increases the coverage of contribution towards outcomes.

Given this, the main reflection should be on how any new arrangements put in place to plan, measure, monitor and evaluate outcomes will differ substantially from those that are in place now. Funding and governance arrangements require an increased focus on promoting shared accountability and leadership. Without these changes, it is likely that the slow progress that has characterised reform and outcomes ambitions over the past twenty years will continue, regardless of whether the outcomes themselves have been updated. We understand that more information will follow from this consultation on this area.

#### **4. Are there any policy priorities that should be reflected in the proposed National Outcomes but which, you consider, are not?**

We do not comment on policy, however it is useful to see within the consultation document the processes put in place to ensure broad consideration of coverage.

#### **5. What are your views on the Scottish Government's consultation on the proposed National Outcomes?**

It is helpful to see the consultation process included in the consultation document, in particular the extent to which the Scottish Government has sought advice from advisory groups, and collated and analysed its evidence base. There are several important steps to follow, including the consideration of indicators to map progress towards outcomes, and the overarching implementation plan. The document is also rightly cognisant of other developments underway, such as the Wellbeing and Sustainability Bill. Definitions of wellbeing and sustainable development should align if consistency and clarity about how progress against long-term goals is to be maintained.

The slow progress towards achieving and embedding outcomes in day-to-day activity in Scotland is not routed in the validity of the outcomes itself, but rather the processes, culture and accountability frameworks upon which its success relies. We would recommend a robust consultation and assessment of this if the proposed updated

outcomes are to succeed in the future. This should include identification of the barriers to success, whether structural cultural or otherwise, and proposals as to how to remove them.

The Scottish Leaders Forum has reported on the barriers to delivering an effective system of accountability against the NPF, and potential solutions to enabling leaders to affect change. It categorised the barriers as:

- **Behavioural** – the need to embed outcomes and wellbeing into the day-to-day thinking and actions of most public service leaders
- **Structural** – the current system of accountability does little to incentivise cross-organisational working or to hold individuals responsible for their organisation’s contribution to the delivery of national outcomes
- **Procedural** - current procedures (such as budgeting processes, audit processes etc) do not make significant use of the NPF
- **Political** - the NPF is not routinely embedded in political scrutiny such as the work of parliamentary and council committees.

Holding public bodies accountable more directly would help overcome some of the structural and procedural challenges to delivering more outcome-based public services which we have previously identified through our audit work. This would require better and clearer alignment of the activities of government, spending intentions and monitoring and reporting arrangements as set out in our 2019 Planning for Outcomes paper.

**6. In deciding on its proposed National Outcomes the Scottish Government must consider how the outcomes will reduce inequalities. How do you think the proposed National Outcomes will impact on inequality?**

The current human rights outcome has been retitled as equality and human rights, with the wording of the outcome itself remaining the same. This is sensible, as equalities are a key part of a human rights approach. All outcomes which are geared towards improving the wellbeing of Scottish citizens will have an equalities dimension, and consideration of this is reflected in the consultation document. In practice, the Scottish Government, its partners and public organisations will need to be clear in their budgetary decisions how these equality dimensions are considered and accounted for when progressing outcomes.

The Scottish Government has previously highlighted its April 2023 publication, “Equality, opportunity, community: New leadership - A fresh start” as a commitment to embedding equality in everything that it does. Encouraging this analysis and consideration of equalities in budget documentation and other decision-making reporting will be an essential part of ensuring that it is clear how decisions impact on equalities.

**7. Do you think the proposed National Outcomes align with the UN Sustainable Development Goals? Please explain your answer.**

**The United Nations (UN) has set a series of Sustainable Development Goals (SDGs) that are part of an internationally agreed performance framework to be achieved by 2030. The Scottish Government says that the National Performance Framework is Scotland’s way to reflect the United Nations (UN) Sustainable Development Goals.**

The Scottish Government published a report in July 2020, “Scotland and the sustainable development goals: a national review to drive action” which considered how Scotland’s approach aligned with the UN Sustainable Development Goals. While not mandatory for Scotland’s outcomes, there is already alignment between them. The proposed updated outcomes do not seemingly change this assessment alignment. Understandably, there will be differences between the types of outcomes that would show an improvement for citizens in Scotland, and those for fundamental outcomes improvements needed on a global scale (for example, clean water and sanitation objectives). However, maintaining a read across will be useful in allowing international comparison of progress, and a shared sense of urgency and commitment where NPF outcome reporting identifies areas where further progress is needed. The UN Sustainable Development Goals, adopted by the UN in 2015, set a 2030 target date to meet its ambitions. Given that the revised outcomes are long term targets, and 2030 is less than six years away, the Scottish Government will need to consider what are realistic dates for milestone assessments of progress, and at what point in the future it would expect to see substantial change in people’s wellbeing. This should not be seen in isolation to other areas of government and public life. For example, the Scottish Fiscal Commission recently published its Fiscal Sustainability Report in March 2023 which highlighted the demographic challenges, and associated financial costs for Scotland, should health and other outcomes fail to improve.

## **8. To what extent do the proposed National Outcomes support joined-up policy making in Scotland?**

**The Scottish Government says that through the National Outcomes, the National Performance Framework provides a framework for working together and planning of policy and services across the whole range of Scotland’s civic society, including public and private sectors, voluntary organisations, businesses, and communities.**

Despite a policy commitment to deliver improved outcomes through partnership working with a focus on performance, prevention and place (Christie’s 4 P’s), accountability and performance reporting remains predominantly focused on single organisations and specific sectors. The Auditor General has previously remarked that he is not convinced that public sector leaders truly feel accountable for delivering change that demands different organisations work together.

Holding public sector leaders and, where applicable, their boards accountable for delivering their own organisations’ objectives remains important. However, this must sit alongside clear accountability for long-term and shared objectives. Without this, there remains a risk that leaders will prioritise their individual organisation’s performance within their organisational boundaries over any shared wellbeing objectives.

Processes for measuring success towards outcomes must reflect the shared contributions that public sector services and interventions make together. In some sense, this is at odds with more traditional methods of planning, measuring, reporting and scrutinising performance in public organisations. The Scottish Government’s and public bodies’ processes and scrutiny will need to evolve and mature to better reflect the shared leadership behaviours it wishes to encourage. This will help ensure that leaders feel the

rewards of closer working, with scrutiny arrangements focusing on wellbeing as a collective endeavour, and an important part of judging an individual organisation's performance.

In Audit Scotland's Planning for outcomes 2019 briefing paper, we set out the characteristics that support the joined-up working that is required. These include:

- Encouraging collaborative leadership and activity between public bodies
- Agreeing shared governance and accountability arrangements
- Integrating financial planning
- A willingness to share performance information and other data.

Underpinning all decisions geared towards making long-term improvements in wellbeing are the finances required to deliver them. Policies and strategies to address outcomes, such as tackling poverty, require sustained focus over several years.

Currently, it is not clear how budgeted spending which is working towards shared wellbeing outcomes fits together. Budget documentation could be much clearer about the cumulative effects of spending across public bodies and taxation policies. It should also be clearer how medium- and long-term plans towards outcomes, flow through into the Scottish Government's medium-term financial strategy, and how these are then reflected in annual budgets. This will enable any new legislation or otherwise in this area to be clearly reflected in public finances.

Levels of finances available over the medium to long term are uncertain, and medium and long-term financial planning will need to consider and describe any risks over this period. Making the direct link between potential spending and tax changes and the associated outcomes that the spending intends to achieve is important to maintaining accountability for the performance of services towards these goals.

The budgets of the Scottish Government, and public bodies should more clearly set out the intended expectations of government interventions. Ideally, decisions on the allocation of resources between and with elements of the public sector should be visibly informed by the anticipated impact of planned expenditure on outcomes, wellbeing and sustainability. The results of spending, in performance and financial reporting must also judge front-and-centre the progress or otherwise towards improved wellbeing goals.

Public bodies in Scotland must report clearly and consistently on their own performance against outcomes, some of which are specific to them, others of which are shared. Currently, the quality of outcomes reporting in public bodies varies. To date, there has been limited and insufficient reporting by the Scottish Government of whether outcome objectives are being collectively achieved. There remains a convening role for the Scottish Government in collating and describing the impact of the joint efforts of public bodies in Scotland, and the overall picture of improved wellbeing.

## **9. What should the implementation plan contain to make sure that the National Outcomes are used in decision-making?**

**The Scottish Government has committed work with wide range of others during the development of an implementation plan to ensure the success of the National**

## **Performance Framework across the Scottish Government, the wider public sector and beyond.**

There is a risk - whether perceived or otherwise – that implementing further structures and duties will create additional bureaucracy, without lessening any of the existing obligations already placed on public bodies. However, the Scottish Government proceeds, it will need to work closely with its public bodies to understand the capacity implications of its implementation plans, and the extent to which this affects the feasibility of any new processes and reporting arrangements. This should include considering whether any decluttering of existing performance reporting arrangements in public organisations is required to make space for new ones.

Holding public bodies jointly accountable for delivering outcomes will require better and clearer alignment of the activities of government, spending intentions and monitoring and reporting arrangements. Audit Scotland's 2019 Planning for Outcomes paper sets out the characteristics that support this, including:

- Encouraging collaborative leadership and activity between public bodies
- Agreeing shared governance and accountability arrangements
- Integrating financial planning
- A willingness to share performance information and other data.

Progress against national outcomes has to date been slow. Any future arrangements set out in an implementation plan must therefore be clear on what will work differently in the future, what reasonable onus can and should be placed upon public sector leaders to achieve this, and how scrutiny arrangements hold leaders collectively accountable for improving wellbeing outcomes.

We have an important scrutiny role, and we continue to develop our approach to auditing outcomes and sustainable development further. We are in discussions through the Strategic Public Sector Scrutiny Network to investigate how our activities can better align with scrutiny of national outcomes. An objective of our considerations will be how we can effectively hold public leaders responsible and accountable for activities that rely upon the cumulative impact of their efforts in line with the outcome ambitions of the NPF.