

Monitoring Performance: A review of the National Performance Framework

Introduction

All activity of Government in Scotland is intended to help achieve a Purpose of Government, namely *‘to focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth’*. Progress in achieving this Purpose is measured by the National Performance Framework (“the Framework”).

The inspiration for the Scottish Government’s framework comes from the ‘Virginia Model’,¹ a performance model developed and used in the State of Virginia, USA. It is based on ‘outcomes’ (i.e. end results) rather than ‘outputs’ (i.e. specific actions undertaken). In Scotland, policy in some areas (e.g. health) has for many years had an outcome focus. However, this is the first time that such an approach has been applied across all areas of Government.

In this paper we set out the Commission’s view on the alignment of the Framework with sustainable development and its effectiveness in supporting moves towards a more sustainable Scotland. The analysis draws on work undertaken for the Commission’s annual assessments of Government performance.

Analysis of the National Performance Framework: Overall

Overall the Commission believes the Framework provides greater clarity about Government delivery and greater emphasis on performance against outcomes. Taking each element of the framework in turn we would make the following comments.

The Purpose

The central Purpose, underpinned by the Framework, gives greater coherence to policy and strategy across Government.

The **Purpose** of Government is potentially compatible with sustainable development but this is dependent on how it is applied. Stakeholders² have commented that in practice it has been used to support actions that could be deemed sustainable but also those that could not.

Stakeholders also felt there was a lack of clarity over whether the core of the Purpose is *‘all of Scotland to flourish’* or *‘sustainable economic growth’*. Framing the Scottish Government’s Purpose around the vision of a ‘flourishing Scotland’ remains a progressive commitment. However, ministers, officials and government publications have tended to define the Purpose as ‘sustainable economic growth’. While this is a step forward from the previous administration’s commitment to ‘economic growth’, the Commission sees this as evidence that the Scottish Government has failed to secure common agreement amongst ministers, officials and key stakeholders on what a sustainable Scotland means.

¹ www.VAperforms.virginia.gov

² As part of the process of drafting annual assessments, SDC Scotland seeks views of stakeholders through on-line surveys and in-depth group discussion meetings

The National Performance Framework

The Framework has helped create a clearer structure for Government. In particular the five Strategic Objectives (e.g. Greener, Smarter, etc) have helped ensure new strategies and plans better consider economic, social and environmental impacts.

The Framework has also influenced the work of Government agencies and NDPBs. In general it has helped set their work within a broader context. Organisations with a narrow policy focus now better consider the wider impacts of their work. That being said, some stakeholders are concerned that there has not been a uniform adoption of this approach. There is a perception that environmentally focused NDPBs have incorporated economic considerations more than economy focused bodies have incorporated environmental considerations.

Despite the Framework, there are as yet few examples in the public sector of collaborative actions leading to the delivery of shared outcomes by public bodies. One positive example is the Central Scotland Green Network which is being taken forward jointly by Scottish Enterprise and Health Scotland working with Scottish Natural Heritage, Forestry Commission Scotland and local government. We believe government should encourage such collaborative work.

We undertook a full review of the Framework and its individual indicators in our Second (2008) Assessment. This is set out below. However, our overall view is, then as now, that the Framework gives a clearer direction to Government policy than was previously the case. Improvements can be made in terms of the breadth of indicators and their alignment with the most important outcomes of policy. In particular we believe that GDP has serious limitations as an indicator of economic wellbeing. This is a limitation also highlighted by the Government's own Council of Economic Advisers.

NPF's practical impact:

- The Framework has led to closer working between Scottish Government researchers/statisticians and policy staff. However, there is still not a sense that policy is consistently driven by evidence of what is required to address key challenges and deliver desired outcomes. For example in transport the evidence of negative trends does not appear to be leading to a fundamental change in direction
- The Framework includes indicators and targets that are affected by policy at the UK and European level over which the Scottish Government has little control. For other areas where the Scottish Government does hold most of the levers, such as river quality, indicators are not included in the Framework. The question therefore is whether the Scottish Government views the Framework as providing a picture of sustainability in Scotland or as measuring the direct performance of the administration
- There needs to be better links between the targets and indicators in the Framework and the allocation of budget and resources across Government portfolios. It is not always clear that negative trends as shown by indicators and other evidence are driving spending decisions or the rethinking of the approach to an issue.

The SNP's 2007 Manifesto noted *"The SNP in government will produce an annual 'Health of the Nation' report, bringing together key targets on crime, health, education, the environment, opportunity, social mobility, life expectancy, business start-ups and the number of Scots who are economically active. We must*

be in a position to judge Scotland's progress, and be able to link what we know about the economy and society to tailor new policies, ensuring that no section of Scotland is left behind."

Though the Government provides regularly updated and well presented information on performance through the 'Scotland Performs' web-pages, this annual report has not materialised. The SDC believes such a report, coupled with associated debate in Parliament, would better highlight what progress is being made on the Purpose and across the Framework indicators. If properly publicised, this would also increase public understanding of Government progress towards sustainability. Most importantly it would give Scottish Ministers the opportunity to set out how they are seeking to reconcile the tensions between different aspects of Government policy in its drive to deliver sustainable economic growth and a flourishing Scotland. In turn Parliament would have a clearer opportunity to hold Government to account on this critical issue.

Detailed review of the National Performance Framework

Set out below are comments on each of the elements of the Framework.

Purpose targets

The Spending Review sets out nine Purpose targets to guide delivery. These are set out and appraised in Table 1 below. Each indicator/target is reviewed in terms of its 'SMARTness'.³ A capital letter means that the indicator/target fully meets that aspect of SMARTness; a lower case letter means there is a partial meeting of the criteria.

Table 1: Purpose Targets and SMART analysis

Economic Growth (GDP)	SMART Analysis	Comment
To raise the GDP growth rate to the UK level by 2011	SMarT	Clear SMART targets although as discussed below GDP is not an indicator of the overall sustainability of the Scottish economy.
To match the growth rate of small independent EU countries by 2017	SMarT	As it is a relative measure could be achieved by a decline in growth in the UK/EU rather than by an increase here
Productivity		
To rank in the top quartile for productivity amongst our key trading partners in the OECD by 2017	SmaRT	The Commission would support a target that focuses on productivity improvements based on enhanced resource use efficiency
Participation		
To maintain our position on labour market participation as the top performing country in the UK and to close the gap with the top 5 OECD economies by 2017	SMaRT	
Population		
To match average European (EU15) population growth over the period from 2007 to 2017, supported by increased healthy life expectancy in Scotland over this period	SMarT	The secondary objective of increased life expectancy is not SMART as a clear target has not been set
Solidarity		

³ SMART stands for "Specific, Measurable, Appropriate, Realistic, Timed"

Increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017	SMaRT	
Cohesion		
Narrow the gap in participation between Scotland's best and worst performing regions by 2017	sMaRT	Not clear by how much the Government wishes to narrow the gap between best and worst performing regions
Sustainability		
Reduce emissions over the period to 2011	MaRT	Long term target quantified but 2011 target should be for a specified amount of emission reduction
Reduce emissions by 80% by 2050	SMaRT	

Taken as a whole there is a good degree of SMARTness in the purpose targets. The only non-specific element relates to the near term goal for climate change. We also believe it is important that productivity is defined to include resource productivity as a key element in pursuing sustainable economic growth.

Regarding GDP, the Commission accepts that it is the most widely used measure of economic progress and thus one that offers the ability to compare Scotland with other nations. However, we view GDP as an incomplete measure of economic development as it fails to distinguish between expenditure that contributes to a more sustainable society (e.g. spending on improvements to the housing stock) and expenditure that is the result of unsustainable outcomes (e.g. car accidents). As a result, the focus on GDP may not provide an indication of whether or not *sustainable economic growth* has been attained.

Strategic Objectives

The Government's Strategic Objectives are broadly in line with the principles of sustainable development. The attempt within the Spending Review to integrate action across the five Strategic Objectives is also welcome, although there is not a consistent integration of all Objectives into policy in every area.

National outcomes

The national outcomes are, as defined by the Government, broadly consistent with an integrated approach to economic, social and environmental issues. As with the Purpose targets there is potential for conflict between different outcomes and again it is important that Government establishes mechanisms to monitor and address these tensions.

It is also the case that most national outcomes are actually 'compound' outcomes. For example '*Our young people are successful learners, confident individuals, effective contributors and responsible citizens*' actually combines a number of separate outcomes. This again may make assessment of progress more difficult to monitor.

National Indicators

Using the existing Scottish and UK sustainable development indicator sets as a guide there are a range of important issues not addressed by the national indicators and targets. These are:

- Workless households (population living in workless households (a) children (b) working age)
- Households living in Fuel Poverty

- Air quality
- Road Accidents (number of people killed or seriously injured)
- River quality (Length of poor and seriously polluted rivers)
- Water resource use (total abstractions and leakage losses)
- Environmental Equality (populations living in areas with, in relative terms, the least favourable environmental conditions).

Further important sustainable development issues not included in the Framework are:

- Active community participation/volunteering
- Voting/Participation in Decision-Making
- Millennium Development Goals.

The Commission understands that there is a need to limit the size of the Framework. However, the Framework is intended to be the lens through which Government performance is viewed. As such, it is suggested that in any future iteration of the Framework, consideration is given to the potential for inclusion of indicators addressing the issues noted above.

It is also essential that both indicators and targets address each sustainable development issue directly if they are to be fully useful in appraising progress towards sustainable development.

Table 2 summarises our analysis of the extent to which each of the 45 indicators and targets can be considered SMART.⁴ The overall analysis shows that many current indicators are only partially SMART.

Table 2: Summary of the ‘SMARTness’ of national indicators and targets

Characteristic of indicators and targets	Number of Indicators
Fully SMART	19
Has four of the five characteristics of a SMART indicator/target	19
Has three of the five characteristics of a SMART indicator/target	6
Has two of the five characteristics of a SMART indicator/target	0
Has one of the five characteristics of a SMART indicator/target	1

For example, in energy, the fundamental sustainability objectives are to cut GHG emissions, reduce energy consumption, secure supply and address fuel poverty and affordability. The Government’s target, to ensure that *50% of electricity generated in Scotland to come from renewable sources by 2020 (interim target of 31% by 2011)* is Specific, Measurable, Realistic and Timed. It is appropriate in one sense in that it is aligned with the Government’s renewable energy target and achievement of the target will *contribute* to sustainable energy. But it does not encapsulate fully the desired sustainable development outcome – the target could be met but overall greenhouse gas emissions from electricity could still rise based on the other elements of

⁴ The Commission is very grateful to Ian Thompson of Strathclyde University for his wider contribution to this Chapter.

the overall energy mix. More appropriate targets or indicators would relate to overall energy use or greenhouse gas emissions.

Other examples of indicators and targets that do not meet the criteria outlined above are:

- The indicator to increase the proportion of journeys to work made by public or active transport does not tell us whether the *overall* usage of private cars for journeys is in decline
- The target to reduce the number of Scottish public bodies by 25% by 2011 does not illustrate directly whether the Government is achieving its desired outcomes of greater public sector efficiency and more joined-up service provision
- The target to reduce the proportion of driver journeys delayed due to traffic congestion does not inform us as to whether this has been achieved through enhancement of public transport alternatives or by increased road building
- The target to reduce to 1.32 million tonnes of waste sent to landfill by 2010 does not consider whether total waste arisings have been reduced, or whether the waste has been diverted from landfill to the most sustainable alternative option.

We would therefore recommend that the Government, in future revisions of the National Performance Framework, considers the revision of these indicators and targets and the inclusion of indicators/targets that cover the issues identified above.