



The Scottish Parliament
Pàrlamaid na h-Alba

Economy, Jobs and Fair Work Committee

Bob Doris
Convener
Local Government and
Communities Committee

Sent by email only

The Scottish Parliament
Edinburgh
EH99 1SP
Tel: (0131) 348 5947
RNID Typetalk 18001 0131 348 5947
economyjobsandfairwork@parliament.scot

4 May 2018

Dear Bob

National Outcomes Consultation

Please find attached the EJFW Committee's response to the Scottish Government's consultation on National Outcomes.

Kind regards

Gordon Lindhurst MSP
Convener

National Outcomes Consultation 2018

Introduction

1. The Economy, Jobs and Fair Work Committee discussed its approach to the National Outcomes consultation at its meetings on 17 and 24 April and 1 May, taking evidence from the Cabinet Secretary on 1 May.
2. In addition to the Scottish Government's consultation document itself, the Committee has drawn on relevant aspects of the recent inquiry into economic data, our scrutiny of the Scottish Government's draft budget 2018-19, a current inquiry on economic performance, and the SPICe briefing on National Outcomes.
3. However, given the limited time available to input to the consultation, the Committee has sought to be focused and concise in its response.

Consultation

4. The Committee welcomes the multi-track approach to public consultation, with "over 2,000 visions for Scotland" gathered via the support of the Carnegie UK Trust, Oxfam Scotland and the Children's Parliament.
5. The *National Outcomes for Scotland* document states: "Participants told us that they wanted the language of the National Outcomes to be simpler and more accessible. Consequently, the proposed National Outcomes are deliberately shorter and more straightforward than the current set."
6. We endorse that call for clarity and brevity but note that the number of National Indicators has actually gone up from 54 to 79. The Chief Statistician told the Local Government and Communities Committee of the need to be "relatively ruthless with the number of indicators" and most other countries with a similar framework had "fewer than 50 indicators". He described 79 as "on the upper bounds of that".¹
7. When asked specifically about the rise in the number of indicators for poverty, the Cabinet Secretary told this Committee that some would have arisen from "discussions with stakeholders and third sector organisations" and some related to other portfolios. Carol Tannahill, the Scottish Government's Chief Social Policy Adviser, said tackling poverty was "one of the really strong messages" from the consultation and "the number of indicators reflects that."²
8. The Scottish Government document says that the consultation was "overseen and informed by the National Performance Framework Round Table" (made up of the Carnegie UK Trust, Oxfam Scotland, STUC, COSLA, Scottish Human Rights Commission, Scottish Environment LINK, the Scottish Local Government Partnership, a Member from each party represented at Holyrood, and businesses).
9. Annexes three and eight provide more detail of the various organisations whose views were sought during the process. It is not entirely clear, though,

¹ LGAC Committee, OR.

² EJFW Committee, OR, 1 May 2018

beyond a handful of private sector organisations, to what extent the views of the business community – including SMEs, the mainstay of enterprise in Scotland – were sought.

Content and coherence

10. There were three key areas where the Committee wishes to make comment, all of which can be bracketed under content and coherence.

Single Purpose

11. The Single Purpose is the statement that sits atop the pyramid structure of the NPF. It currently reads: “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”.
12. The Committee notes the observation of the Carnegie UK Trust about the current wording of the Single Purpose, that it includes both the end and the means; the end being a flourishing Scotland, the means being sustainable economic growth. In conflating ends and means in this way, is there a risk of confusion? Other commentators have suggested a means alongside a purpose could be seen to rule out other ways to achieve a flourishing Scotland, and that sustainable economic growth can be a contentious phrase (some interpreting it as growth without limit, others as more in line with sustainable development).³
13. What the Scottish Government intends by the meaning of sustainable economic growth may depend on context and one statement (of what it is not) reads: “Economic growth that exceeds the limits of our environment or damages social and community cohesion is not sustainable”.⁴
14. Inclusive growth has been added to the revised wording of the Single Purpose, so it reads: “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”.
15. The consultation document explains that the title will be changed from ‘The Government’s Purpose’ to ‘Our Purpose’ and “the Purpose has been slightly rephrased to reflect the commitment to an ‘inclusive’ economy and to balance this alongside our overarching aim to improve the ‘wellbeing’ of all Scotland’s people”.
16. As to what inclusive economic growth means, the Chief Economic Adviser said during the economic data inquiry: “There is no single measure of inclusive growth because it is multidimensional and it challenges you to look beyond GDP at a wider basket of measures...who benefits from the growth, the type of growth and the access and opportunities that provides”.⁵

³ <https://sp-bpr-en-prod-cdnp.azureedge.net/published/2018/4/12/National-Outcomes-Consultation-2018/SB%2018-26.pdf>

⁴ <https://beta.gov.scot/publications/scottish-regulators-strategic-code-of-practice/Scottish%20regulators'%20strategic%20code%20of%20practice.pdf?inline=true>

⁵ EJFW Committee, OR, 14 November 2017, Col 22.

17. The Cabinet Secretary, during that same inquiry in 2017, placed the issue in the context of the NPF, the “basket of indicators” which measured “societal, environmental and economic progress and wellbeing” and the review of which this present consultation is part. He told us: “One element of the review is aligning that set of measures [NPF] with our measures of inclusive growth. Members will see that as part of the parliamentary scrutiny process in spring next year”.⁶
18. Nora Senior, head of the Strategic Board, gave evidence as part of the Committee’s economic performance inquiry, telling us: “I agree that inclusive growth means different things to different people and that we have not, as yet, bottomed out what the term means. Does it mean putting the whole of Scotland on a par, or does it mean that some areas have better-quality, higher-skill jobs while others suffer? There is a discussion to be had on the definition of inclusive growth and whether it should focus on gender, geography or generation. We have not quite reached a final conclusion on that.”⁷
19. In his evidence to the Committee on 1 May, the Cabinet Secretary said “we must ensure that everyone shares the same definition of inclusive growth”. The Scottish Government’s definition was: “Growth that combines increased prosperity with greater equity; that creates opportunities for all and distributes the dividends of increased prosperity fairly”. He set out “distribution, equity and fairness” as the fundamentals and suggested there was “a common understanding of what inclusive growth seeks to achieve”.⁸

Alignment

20. Alignment has been a much used word since the Enterprise and Skills Review and establishment of a Strategic Board. Policy coherence is perhaps another way of putting it.
21. The SPICe briefing states the Scottish Government has “not to date carried out any formal internal consistency checks of the NPF”. Asked about any potential conflict, the Cabinet Secretary told the Committee: “The design of the NPF and the consultation process acknowledges that stakeholders have different priorities”. However, in terms of the outcomes he said: “I do not think that there is any in-built tension.”⁹
22. Discussion of the NPF was limited during the evidence heard by the Committee during the economic data inquiry. Common Weal saw the NPF indicators as a “presentational tool” for assessment of progress rather than a means of offering any deeper understanding.¹⁰
23. SLAED described the indicators as “high level” but found the explanation behind variations were often “complex and could require analysis of sub-

⁶ EJFW Committee, OR, 14 November 2017, Col 23.

⁷ EJFW Committee, OR, 27 February 2017.

⁸ EJFW Committee, OR, 1 May, Col 16.

⁹ EJFW Committee, OR, 1 May, Col 7.

¹⁰ http://www.scottish.parliament.uk/S5_EconomyJobsFairWork/Inquiries/EDI-005-Common_Weal.pdf

indicators”.¹¹ It called for the publication of sub-indicators. Common Weal also argued that scrutiny of an indicator was ineffective without assessing the underlying cause of a change.¹²

24. Audit Scotland referred to a 2016 audit of the enterprise agencies¹³ and the challenge to assess progress with the economic strategy (which should link to the NPF). At the individual public body level it saw a lot of evaluation work on the impact of the enterprise agencies’ spending, but “found that it is very difficult to aggregate the information together.”¹⁴
25. In a written submission to the Committee as part of our budget scrutiny in 2017, Audit Scotland stated that Scottish Enterprise and Highlands and Islands Enterprise had “performed well against their agreed performance measures”. However, they also concluded that “measuring the impact of economic development activity is difficult”
26. One of the recommendations from the economic data inquiry was that the Scottish Government should examine the means by which it could embed monitoring and evaluation into its bills and other policy interventions. We also asked for recent examples of how and to what extent it has taken a statistical approach in the development of performance measures and targets pertaining to its economic policy.
27. The response from the Scottish Government stated: “Statistical evidence is frequently used in the development of performance measures and targets across Scottish Government and every effort is made to align these closely to the NPF”.
28. It provided the examples of the Life Sciences Strategy for Scotland 2025 Vision (published 2017) - informed by the work we do with Scottish Enterprise to produce the Life Sciences Cluster Statistics, the Ambition 2030 Food and Drink Strategy (published 2017) - informed by the food and drink statistics published in the our Growth Sector Statistics database, and its quarterly production of a statistical overview of those businesses signed up to the Scottish business pledge.
29. Towards the end of its *National Outcomes for Scotland* consultation document, it says: "We recognise the need for the focus on Outcomes to be integral to the work of Government and more widely, ensuring that it makes a real difference to people’s lives as set out in the Purpose. This will require different ways of working within Government together with leadership and collaboration across the policy and delivery systems in Scotland".
30. The Scottish Government has previously talked of trying out new approaches “to turn broad Outcome intentions into concrete policy option and proposed

¹¹ http://www.scottish.parliament.uk/S5_EconomyJobsFairWork/Inquiries/EDI-008-SLAED.pdf

¹² http://www.scottish.parliament.uk/S5_EconomyJobsFairWork/Inquiries/EDI-005-Common_Weal.pdf

¹³ http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_160714_economic_growth.pdf

¹⁴ EJFW Committee, OR, 3 October 2017, Col 24.

actions”.¹⁵ There is, though, no information in the consultation document about integration into the wider public sector.

31. It is noted in the SPICe briefing that Scottish Enterprise’s latest annual report seems not to have any explicit reference to the NPF or the Single Purpose, though the term “sustainable economic growth” is used.
32. The role of the Strategic Board is understood to be central to addressing how the enterprise agencies align with each other and with the NPF and Economic Strategy. While budgetary allocation, best value and targets for the enterprise agencies would remain the responsibility of ministers, the Cabinet Secretary told us in November 2017, the Board’s key function was “to ensure alignment between different agencies and improve general economic performance”.¹⁶
33. In terms of how alignment across the enterprise agencies will be approached by the board, Nora Senior told the Committee: “We will focus on who is doing what, as there is no point in reinventing the wheel. We want to eradicate duplication and align public sector, private sector and other organisations to look at who is best suited to do the job. Let us not fall over each other; let us look at whatever else we should be investing in as a priority”.¹⁷
34. She said: “The strategic board does not have any input to the agencies’ operational plans, but we can review them and measure the outcomes. The chairs of the agencies sit on the board; I see them as the lead into their own boards and agencies. Through them, we can ensure that the elements that are identified in the strategic plan are integrated in the development of the agencies’ operational plans. The strategic board’s role will then be to set measurements and undertake performance framework reviews so that we can analyse what has been achieved”.¹⁸
35. Nora Senior described a need “to look at what is of high and low importance” in terms of economic impact in order “to identify areas of activity that we should just stop doing or that we should do much less of”.¹⁹
36. Asked about strategic co-ordination and leadership, she said: “I would hope that the strategic board might feed into, and perhaps act as a catalyst for engagement between, some of the other bodies. You make a good point about other frameworks and agendas that are embedded in different parts; the strategic board must have an understanding of those policies and frameworks. We may well recommend closer engagement with the Scottish Fiscal Commission and the Scottish national investment bank. There should at least be some joined-up thinking in that respect, because one area will impact on the other.”²⁰

¹⁵ The Scottish Ministers. (2018). *National Outcomes for Scotland: consultation process undertaken to produce draft National Outcomes for Scotland*. Edinburgh: Scottish Government.

¹⁶ EJFW Committee, OR, 19 Nov, Col 25

¹⁷ EJFW Committee, OR, 27 Feb

¹⁸ EJFW Committee, OR, 27 Feb

¹⁹ EJFW Committee, OR, 27 Feb

²⁰ EJFW Committee, OR, 27 Feb

37. On the question of innovation, internationalisation, investment and inclusive growth – the four Is of the Scottish Government’s Economic Strategy – and whether economic policy gives enough guidance and detail as to what is expected of the enterprise agencies, she said: “It gives good guidance within the framework of each individual portfolio, but that is not joined up across the ministerial departments, which confuses the agencies. There are different outcomes and measurements—we need consistency in measurement.”²¹
38. The Cabinet Secretary was asked on 1 May about the standards expected of the enterprise agencies and stated “there is no sense of their writing their own report card...or even of their writing the criteria by which they will be judged.”²²

SDGs

39. [Transforming Our World](#) sets out the 17 Sustainable Development Goals adopted by the UN General Assembly in 2015 and the Scottish Government has committed to implementing the goals through the NPF.
40. The SPICe briefing points out that the findings from a consultation workshop held with the Open Government and Sustainable Development Goals Network are not available within the Scottish Government’s consultation document.
41. However, in an [open letter](#) to the Scottish Government, Scottish Parliament, local authorities and others in January this year, the Network issued a call for key decision makers and institutions to publish the specific actions they are taking in the 17 critical areas reflected in the SDGs. Co-ordinator Paul Bradley said: “The SDGs are the closest the world has come to a plan to end extreme poverty, tackle inequalities and combat climate change, and Scotland was one of the first countries in the world to sign up in 2015. Now entering our third year of action, this letter presents an opening for civil society, business and government to come together to make sure that actions are taken in Scotland to see that the SDGs are achieved.”
42. The responses to that letter will be published in May 2018.
43. Details of how the National Outcomes and Indicators align with the SDG targets and indicators are not set out in the Scottish Government’s consultation document. But the Scottish Government has committed to redevelop the Scotland Performs website after the National Outcomes are finalised, informed by feedback from participants during the consultation and including “alignment to Sustainable Development Goals”.²³

²¹ EJFW Committee, OR, 27 Feb

²² EJFW Committee, OR, 1 May, Col 18

²³ The Scottish Ministers. (2018). National Outcomes for Scotland: consultation process undertaken to produce draft National Outcomes for Scotland. Edinburgh: Scottish Government.

44. The Cabinet Secretary told us that following consultation with the Parliament, the Scottish Government intended “to ensure that we fully acknowledge the UN sustainable development goals as a fundamental building block of the [NPF] framework”.²⁴ Carol Tannahill said: “Our reporting on things that relate to our NPF will be on Scotland Performs and in the annual statement that we produce when the budget is proposed. We also link in with ONS on reporting on the wider set of indicators.”²⁵
45. Asked about the contribution and standing of trade unions, the Cabinet Secretary said suggestions had been made on some of the indicators and, while acknowledging there could be “creative tensions”, he described the relationship as “very productive”.²⁶
46. On the inclusion of “employee voice” in the National Indicators, Gary Gillespie, the Chief Economist, said: “There is the potential to look at the percentage of employees whose pay is affected by collective agreement to try to get a sense of how open and transparent workplaces are on pay setting”.²⁷ Carol Tannahill said this was “one of the areas where we have not tied down the indicators”.²⁸ The Cabinet Secretary described trade union membership as “a vital part of the economy”²⁹ and said there had been “growth in interest around the issue of fair work, which is why we are focusing on the issue”.³⁰ Mr Gillespie said the NPF would address “what people tell us are the issues in the labour market: the types of job, tenure of employment and skills utilisation.”³¹

Conclusions/key points

47. In reporting to the Local Government and Communities Committee, the EJFW Committee wishes to highlight the following points—

Consultation

- The number of National Indicators has risen from 54 to 79 while the Chief Statistician has observed that other countries with a similar framework tend to have fewer than 50. We ask what the Scottish Government will do to ensure the total is manageable and meaningful.
- CBI and SCDI provided input to the Scottish Government’s consultation, but to what extent were the wider views of the business community – including SMEs, the mainstay of enterprise in Scotland – sought?
- Given the new focus on gender balance and outcomes, we welcome the fact that the views of Women’s Enterprise Scotland, among others, were sought.

²⁴ EJFC Committee, OR, 1 May 2018, Col 10

²⁵ EJFC Committee, OR, 1 May 2018, Cols 11-12

²⁶ EJFW Committee, OR, 1 May 2018, Col 20.

²⁷ EJFW Committee, OR, 1 May 2018, Col 21.

²⁸ EJFW Committee, OR, 1 May 2018, Col 21.

²⁹ EJFW Committee, OR, 1 May 2018, Col 22.

³⁰ EJFW Committee, OR, 1 May 2018, Col 22.

³¹ EJFW Committee, OR, 1 May 2018, Col 23.

Single Purpose

- The Committee welcomes the Cabinet Secretary's statement that all agencies should be working from the same understanding of what "inclusive economic growth" means. We encourage the Scottish Government to promote a consistent, commonly held and settled definition.
- One member of the Committee wanted a further revision of the single purpose, so as to read: "To focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing and a sustainable economy". The majority preferred "inclusive economic growth" to remain in the wording.

Alignment

- We welcome Nora Senior's desire to eradicate duplication in the enterprise agencies, to distinguish what is important and impactful from what is not, and to identify areas of activity that should be reduced or discontinued. The role of the Strategic Board in measuring, analysing, and better understanding what we are achieving in economic policy terms will be key if intentions are to be turned into solid outcomes.
- The Committee notes the Cabinet Secretary's statement about the standards expected of the enterprise agencies and there being no sense of them writing their own report cards. We would welcome greater transparency in the setting of targets and objectives, as well as their being met.
- We asked Nora Senior whether the Scottish Government's economic policy provided a clear enough steer of what is expected from the enterprise agencies. She felt the guidance was good within the framework of each individual portfolio, but not joined up across ministerial departments. Consistency in outcomes and measurements was called for to avoid confusing the agencies. The Committee asks the Scottish Government how it intends to achieve that consistency.
- We seek more information on what will be done to align not only the enterprise agencies but other key players in the economy, including the business community, and the new Scottish National Investment Bank.

SDGs

- The Cabinet Secretary told us SDGs were "a fundamental building block of the [NPF] framework". They are not just goals but a series of globally comparable targets and indicators, the detail of some of which may appear less relevant to Scotland than others (the incidence rates for tropical diseases, for example). The Scottish Government intends to report on those SDGs that sit with the NPF via Scotland Performs and the annual budget statement. It will also work with ONS for reporting on the wider set of indicators.
- The Committee asks to be kept updated on the collaboration with ONS and other plans the Scottish Government has for alignment of the goals

within the NPF. Does the Scottish Government intend – whether in its work with the ONS or otherwise – to report on progress of the SDGs in a disaggregated way from the UK, particularly when it comes to devolved policy areas?

- We would also appreciate updates on what is intended for the refresh of the Scotland Performs site, informed by the review and consultation, in the interests of clarity and accessibility.

National Indicators

- How will the impact of policy be measured if we are moving away from the previous specific time-based purpose targets? What will the benchmark be? Can the Scottish Government clarify how policy is to be tracked and monitored under the new framework?
- The Committee notes the discussion with the Cabinet Secretary and officials on the contribution of trade unions to the review and that the National Indicator on “employee voice” is still to be tied down. Does the Scottish Government intend to seek further input from the STUC and other relevant bodies in the development of this indicator? We ask to be kept informed as that area of work progresses.
- We welcome the review of the updated/refreshed National Indicators, essentially the level down from National Outcomes – the principle being to consider what *should* be measured rather than what we are currently able to measure – and which have been arrived at through wide consultation.
- The Committee considers this aspirational dimension to the review encouraging and helpful, particularly in light of our own recent inquiry into economic data and the call for a more agile, imaginative and ambitious approach, with data serving the common good and more tailored towards the making and scrutinising of policy.