

The Economy in the National Outcomes Review

Briefing prepared by WEAII Scotland for the Scottish Parliament's Economy and Fair Work Committee, June 2024.

WEAll Scotland is the Scottish Hub of the Wellbeing Economy Alliance, a collaboration of organisations and individuals working to redesign our economy to put people and planet first.¹

In this briefing we present an excerpt of our response to the <u>Scottish Parliament's</u> <u>consultation on the proposed revisions of the National Outcomes</u> covering the aspects that we consider most relevant to the remit of the Economy and Fair Work Committee.

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

We support the change in the purpose for the National Performance Framework, with the new purpose stated to be "to improve the wellbeing of people living in Scotland now and in the future". We consider that this new purpose statement captures the key purpose of the framework in a simpler and more intuitive way. In comparison, the previous purpose statement contained several references to aspects that are steps towards achieving the purpose, rather than the purpose itself (e.g. opportunities). These aspects are more appropriately covered in the National Outcomes themselves rather than in the purpose statement.

We are disappointed that the Scottish Government has not heeded calls to change the name of the framework to align better with the new purpose statement. We believe that the name of the framework as 'National Performance Framework' is a barrier for the framework and the National Outcomes to be more deeply embedded in decision-making in Scotland. We therefore propose to change the name to 'Scotland's Wellbeing Framework' to make the purpose of the framework clearer and facilitate better engagement with the framework, especially with citizens and businesses beyond the public sector.

¹ For more information visit https://www.weallscotland.org/

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

Overall we agree that the proposed National Outcomes match the purpose of the National Performance Framework. We consider that all the National Outcomes, except one, present important aspects for the wellbeing of people. These aspects are expressed in one of two ways, either as conditions that directly affect people's wellbeing (e.g. the Outcomes on Care, Children & Young People, Communities, Culture, Education & Learning, Health, and Housing) or as action statements calling on all citizens and institutions to act in ways that secure important conditions for our collective wellbeing where these are currently not given (e.g. the Outcomes on Climate Action, Environment, Equality and Human Rights, International, Reduce Poverty).

We are concerned, however, that the National Outcome on Wellbeing Economy and Fair Work does not follow this pattern. In the proposed wording it does not directly match the purpose of the framework. It is a rather vague statement of the kind of economy we want to have. But it does not directly refer to an aspect of wellbeing for people (except maybe for the reference to fair work) and also does not constitute a call to action to create an economy in service of wellbeing. Please find our proposals for improving the National Outcome on Wellbeing Economy and Fair Work in our answer to Question 4.

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

3.1 Wellbeing Economy and Fair Work Outcome

We support the proposed change to subsume the previous Business and Fair Work Outcome under the Economy Outcome and rename it to the new Wellbeing Economy and Fair Work Outcome.

However, we are deeply concerned that the proposed short description of the new Outcome is inconsistent with both the purpose of the NPF and the spirit of the Wellbeing Economy concept.

We, therefore, propose to change the short description of the National Outcome to the following: "We create an inclusive and sustainable wellbeing economy that is in service of delivering good lives for all people, that protects the health of our planet for current and future generations, and that provides fair work for everyone".

We propose these changes for the following reasons:

- Our proposed short description is much more aligned with the purpose of the framework "to improve the wellbeing of people living in Scotland now and in the future," because it makes it explicit that our economy, including all commercial activities and entrepreneurialism, should serve this purpose.
- Our short description is also more closely aligned with the definition of a Wellbeing Economy that we set out in an open letter to the Scottish Government in July 2023 and that is supported by more than 200 civil society organisations, businesses, faith leaders and academics².
- The Government's proposed description is not aligned with the purpose of the NPF as it does not set out the factors that are important for ensuring that our economy serves the wellbeing of the people in Scotland. The focus on economic growth, competitiveness, and entrepreneurialism as desirable characteristics is misplaced, as there is robust evidence that such characteristics do not necessarily improve the wellbeing of people and planet and might well have harmful consequences.^{3,4} As a result the UK and Scottish Governments are spending billions of pounds each year on failure demands that could be avoided in a better designed economy.^{5,6}
- We consider that it is inconsistent with the wider approach and purpose of the framework to single out the contribution of thriving businesses to our economy and the wellbeing of the people in Scotland. Thriving businesses undoubtedly make an important contribution to the wellbeing of the people in Scotland. But it is not clear why they are the only institutions mentioned, while the contributions of other, equally important institutions, such as third sector organisations, hospitals, schools, and government agencies are not mentioned. The short descriptions of the other proposed National Outcomes carefully avoid the singling out of specific institutions. We consider that this approach should also be followed for the Wellbeing Economy and Fair Work Outcome in order to ensure consistency and clarity and avoid the impression that some institutions make more important contributions than others.

² WEAII Scotland, 2023. <u>200 Charities, economists, businesses and unions call on FM to turn Wellbeing Economy into reality.</u>

³ Stiglitz JE, Sen A, Fitoussi J-P. <u>Report by the Commission on the Measurement of Economic Performance and Social Progress</u>. Paris, 2009

⁴ Gilmore et al., 2023. <u>Defining and conceptualising the commercial determinants of health</u>. *The Lancet*, Volume 401, Issue 10383.

⁵ Wellbeing Economy Alliance, 2021. <u>Failure Demand: Counting the true costs of an unjust and unsustainable economic system</u>.

⁶ White, et al. 2023. <u>Tipping the Scales: The social and economic harm of poverty in Scotland</u>. IPPR Scotland.

3.2 Care Outcome

We welcome the creation of a new National Outcome on Care. Everyone needs care at some point in their life and care work in all its forms provides the foundation for our wellbeing. But, care work is systematically undervalued in our economy that is focused on GDP growth and productivity. We need to redesign our economy so that care for people and planet becomes the foundation and guiding principles for all economic decision-making. By prioritising and investing in care work such an economy would have positive impacts on the wellbeing of people across Scotland. It would reduce different forms of gender inequality and could create meaningful, well-paid and low-carbon jobs.

We believe that the creation of a new National Outcome on care provides an important step in building a Wellbeing Economy in which care would be prioritised and would receive the valuation and investment that is needed.

We are happy that the proposed extended definition reflects the breadth of definition adopted by the A Scotland that Cares campaign, as it covers paid and unpaid care at all stages of life, and – critically – those who experience as well as those who provide care.

That said, we would recommend strengthening the proposed wording to reflect the need for high *quality* care, which is delivered in a way that respects people's right to choose how care is provided to them, as well as to reflect the need for those who provide care to be *fully* valued and *invested* in.

Furthermore, as we emphasise above, we think it is vital that this new National Outcome on Care is accompanied by robust and cross-cutting National Indicators that enable us to meaningfully and transparently measure progress on how we value and invest in all forms of care in Scotland. Anything short of the range of issues covered in the indicators proposed above would fall short of ensuring the dedicated new National Outcome on Care properly measures progress on how we value and invest in all forms of care in Scotland.

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

We are very disappointed with the Scottish Government's lack of investment into a meaningful consultation process to engage people in Scotland in the process of revising the National Outcomes. To represent a legitimate vision and compass for

decision making in Scotland, the National Outcomes (and NPF) need to be developed and revised in a much more democratic manner than has been achieved in this consultation process.

We believe that the depth of future consultations should be increased to ensure the Outcomes are developed transparently, reflect the public's priorities and, crucially, to build a sense of collective ownership over the resultant NPF. Critically, this must reflect Scotland's demographics, ensuring deeper engagement with children and young people (reflecting the inter-generational importance of the National Outcomes), and those at the sharp end of the current economic system. To increase trust in the process, we recommend that fully disaggregated data on the engagement process is published.

In addition to more meaningful and deeper participation of the public in the development and review of the NPF and National Outcomes, we also consider it important that the public has a much stronger role in the scrutiny of progress against the National Outcomes. We, therefore, propose the establishment of a public panel of randomly selected citizens that regularly reviews the National Outcomes and progress towards and reports to parliament.

6. How do you think the proposed National Outcome will impact on inequality?

The proposed new National Outcomes contain explicit references to the need to reduce inequalities in several of the Outcomes, especially in the Equality and Human Rights Outcome, but also in the Reduce Poverty Outcome, the Wellbeing Economy and Fair Work Outcome and the Care Outcome. We therefore believe that the proposed National Outcomes have the potential to reduce inequalities in different dimensions, both overall inequality with regard to wealth and income as well with regard to protected characteristics, such as race, gender, sexual orientation and disabilities.

In order to fulfil this potential, however, more action is needed to embed the National Outcomes at the heart of decision making in Scotland, so that the goal of reducing inequalities becomes a more prominent driver in Scottish policy making (see answer to Question 9). In addition there is a risk that inequality is not given the prominence it deserves because different aspects are split between different Outcomes. It is therefore important that strengthened processes for accountability and capacity-building ensure that the inequality aspects of different Outcomes are front and centre.

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

We believe that the proposed National Outcomes can support more joined-up policy-making in Scotland. However, we consider that this will require the creation of a stronger decision-making framework through the proposed Wellbeing and Sustainable Development Bill (see response to Question 9).

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

In order for the National Outcomes to be put at the heart of decision-making in Scotland they need to be embedded in a wider system of duties, guidance and support. We consider that the best way to achieve this is through new legislation in the form of a Wellbeing and Sustainable Development Bill, which has been promised by the Scottish Government and will also be introduced as a Members' Bill to the Scottish Parliament by Sarah Boyack MSP. The Wellbeing and Sustainable Development Bill is a unique opportunity to pass world leading legislation that embeds a long term and preventative approach to public policy, and ensures the National Outcomes and the framework they sit in, becomes a road map for a future where everyone can thrive.

To make sure that the National Outcomes are used effectively in decision-making will require a number of interconnected elements (see below for more details):

- clear **definitions** of 'wellbeing' and 'sustainable development';
- a stronger legal basis for the National Outcomes including a more participatory process for establishing them and stronger legal duties to work towards their delivery;
- support for collaborative and preventative ways of working;
- The creation and resourcing of an independent Future Generations
 Commissioner to provide scrutiny and guidance.

The transformational potential of the Bill lies in the interaction between these components and the Bill will fail to reach its potential if it does not make clear provisions for each of these elements. Many of these elements will require legislation. While some of these elements could be delivered as part of an implementation plan, we consider that will be far less effective in making sure that the National Outcomes are used in decision making.

The elements we proposed for the Bill are:

Definitions

References to both **wellbeing and sustainable development** already exist in Scottish legislation. However, these concepts are not defined which creates ambiguity and uncertainty, and prevents their effective implementation.

The two concepts are overlapping and complementary: collective wellbeing sets out what we want to achieve to enable everyone to have a good life; and sustainable development emphasises the need to work towards these goals within planetary boundaries in a way that is collaborative, coherent, increases equity and considers the interests of future generations across the world.

We propose the following definitions:

"Collective wellbeing is the progressive realisation of social, economic, environmental and democratic outcomes which enable people to meet their needs, as identified through consultation with the people of Scotland, pursued in a way that reduces inequalities in wellbeing between different groups. It also recognises the importance of protecting the interests and needs of future generations and fostering intergenerational equity."

"Sustainable development can be defined as the development of human societies based on fair shares of planetary boundaries, and which equitably support the capability of present and future generations across the world to meet their needs."

National Outcomes/ Public Duties

The **National Outcomes**, as currently set out in the National Performance Framework, detail the Outcomes we want to achieve to realise the ambition of collective wellbeing in Scotland. They are also intended to be Scotland's delivery mechanism for the UN Sustainable Development Goals (SDGs). They come with **legal duties for public bodies** to "have regard" to the implementation of these Outcomes.

However, the existing duties are too weak to establish the National Outcomes as key drivers of decision-making. Also, the duties are not streamlined with other duties creating a complicated, and sometimes contradictory, landscape of duties for public bodies. This is unhelpful both for public bodies and for the advancement of a Wellbeing Economy.

It is also the case that the Outcomes are currently not developed based on strong participatory processes. Such processes are vital if they are to be made to reflect and secure a democratic mandate. A key goal of the legislation must be to ensure that the National Outcomes are developed and shaped using a deliberative participatory process that has both breadth and depth.

Ways of working and a future generations approach

Setting outcomes and duties alone will not be enough. To achieve collective wellbeing, in a way that is sustainable, requires **a future generations approach** and different ways of working in public bodies, that is collaborative, can effectively resolve trade-offs and considers global impacts.

We proposed to include the following ways of working in the legislation:

- **participation**: recognising that everyone in society has a role to play and actively engaging voices that often go unheard;
- **integration**: achieving policy coherence for sustainable development by aligning public bodies' efforts, collaborating and committing to shared learning;
- long-term: balancing the needs of today with those of future generations;
- **global citizenship**: proactively considering the full range of impacts resulting from our decisions and actions, and at a minimum doing no harm internationally;
- **prevention**: focusing on and investing in early action rather than just reacting to problems;
- **openness**: enabling engagement and accountability through openness and transparency;
- evidence-based: making decisions based on the best evidence available.

Future Generations Commissioner

Without oversight, independent support and effective scrutiny for public authorities, the legislation will fail to achieve its full potential for transformation. There is currently no independent body in Scotland with the remit and capacity to fulfil the role required.

Effective legislation, therefore, requires the **creation of an independent body** whose remit includes, supporting sustainable development and realising the National Outcomes. Sarah Boyack MSP's Private Member's Bill proposes this and, encouragingly, the Scottish Government's consultation also included consideration of it.

Such an organisation could deliver cost-effective support to public bodies, avoiding duplication of effort, while providing information, guidance and training. Consideration should also be given to ensuring appropriate levels of scrutiny and enforcement powers for the body and to its potential responsibility for reporting on progress.

We consider that the best approach to creating such a body would be a **Future Generations Commissioner**, which has proven effective in Wales in changing the public and political narratives surrounding the economy.⁷

Scotland is not alone in facing these challenges. Such legislation in Scotland links with the current process of the UN Summit for the Future taking place on 22-23 September 2024 and the proposed UN Declaration on Future Generations at the United Nations.⁸

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⁷ Sophie Howe, 2024. <u>Should Scotland establish an independent Commissioner for Future Generations?</u> Carnegie UK.

⁸ United Nations. <u>Summit for the Future: Multilateral solutions for a Better Tomorrow</u>.