

National Performance Framework: Ambition into Action

Submission by the Auditor General for Scotland

Introduction

1. I am pleased to submit my views to support the Committee’s consideration of National Performance Framework (NPF) outcomes and factors that support their delivery. My submission focuses on the processes, measures and the culture of shared leadership that is necessary to achieve these aims.

2. It draws on Audit Scotland’s [Planning for outcomes](#) 2019 briefing paper, findings from relevant audit work, and my recently published assessment of progress against the [Christie report](#). The [Planning for Outcomes briefing](#) paper sets out the challenges of delivering long-term outcomes and what helps, while my [blog](#) on Christie 10-years on, highlights the need to rethink radically how we measure success and hold organisations to account for their performance.

3. The Scottish Government have described the NPF as its “North Star”, a guiding light. In my view, currently there remains a major implementation gap between policy ambitions towards NPF outcomes and its delivery on the ground. There needs to be more clarity about how its spending relates to the government’s long-term objectives.

4. The NPF has laudable long-term aims which are widely supported. Few would disagree with the outcome, for example, of people ‘being well educated, skilled and able to contribute to society’. But it’s not clear how this outcome, and others like it, link to spending across Scottish budget portfolios and how the Scottish Government and its partners are measuring the success of that budget spending against the aims of the NPF.

Scotland’s long-standing commitment to delivering outcomes

5. The need for a different and better approach to long-term policy making to address deep-seated issues such as health inequalities and climate change 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.

6. 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. These are views which I know Professor Graeme Roy, University of Glasgow, and Emma Congreve, Fraser of Allander Institute have previously expressed to the Committee. Looking back to the ambitions of 2007, it is disappointing how little has changed.

7. But we can still be optimistic about what could be achieved. The response to the pandemic has proved that the public sector can deliver transformational change of the kind that Christie envisaged. We have seen how public bodies can challenge perceived organisational boundaries and deliver 'Christie' at scale and pace.

8. Scotland has ambitious policies in areas such as climate change, addressing child poverty and closing the poverty-related attainment gap. As with the Covid-19 response, achieving these urgent and important outcomes is a shared venture. It requires clear direction, including alignment of policy decisions, strategies and tax and spending across public sector partners. Within this context, building a culture of shared public sector leadership and accountability is crucial.

A joined-up approach to measuring and reporting progress towards outcomes

9. The [Budget Process Review Group Final Report](#) recommended that new policies, strategies or plans should set out the outcomes they are aiming to achieve as well as the accompanying intermediate outputs, measures and milestones. Aligning activities with outcomes involves considering what a proposed new strategy is aiming to contribute at the outset and being clear what success will look like. This is difficult, given the inevitable uncertainties about long-term funding and unknown events. However, it is precisely because of this uncertainty that planning ahead, and setting clear measurement criteria is so important to maintaining progress.

10. Long-term outcomes are different to more immediate outputs and this continues to cause some confusion. Outputs are the tangible measures that can indicate progress towards long term goals, but they are not the outcome objectives themselves.

11. This confusion can cause public bodies to plan measures of success focused solely on short-term outputs with little or no measures relating to the ultimate intended outcomes. We have seen this in several of our audits. For example, our [audit of City deals](#) found that while individual deals included output measures, such as the number of new jobs created, the Scottish Government did not set out how it will measure their long-term success, or how deals will contribute to NPF outcomes.

12. Recently we have seen positive signs that outcomes are being considered more clearly and earlier in policy and spending decisions. Our [audit of higher education](#) noted that the Scottish Funding Council had mapped its measures for universities against NPF objectives. For fiscal matters, the Scottish Government's [Framework for Tax](#) provides a good basis for showing how fiscal decisions map to the long-term outcomes for people in Scotland that the Scottish Government envisages.

13. It is important that this practice of early and clear consideration of what contribution services make to outcomes continues and expands. Reporting and subsequent scrutiny should include consideration of how these measures are performing against these expectations.

Aligning funding across the public sector to outcomes

14. Policies, spending decisions and strategies to address outcomes, such as tackling poverty, require sustained effort over several years. It is therefore important that the Scottish Government's medium term financial planning clearly considers the financial efforts required to sustain progress against these priorities. This should align to the Scottish Government's separate NPF progress reporting.

15. Levels of finances available over the medium to long term are open to change, and the medium-term financial plan 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 also important to maintaining accountability for the performance of services towards these goals. There are also opportunities in the forthcoming Resource Spending Review to manage finances against outcome priorities with a degree of certainty over the coming years.

The importance of shared leadership and accountability

16. The Robertson Trust's [Hard Edges report](#) and work by [The Promise Scotland](#) both illustrate the mismatch between the multiple disadvantages people face and the fact that services are often set up to address 'single issues'. Processes for measuring success and accountability 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.

17. Holding public sector leaders accountable for delivering their own organisations' objectives remains important, but without encouragement and measurement of shared accountability alongside this, there remains a risk that leaders will prioritise their individual organisation's performance within their organisational boundaries over any shared objectives.

18. 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. Currently, I

am not convinced that public sector leaders truly feel accountable for delivering change that demands different organisations work together.

19. Achieving this remains challenging when existing public sector structures and systems of incentives and accountability remain siloed as was captured clearly in the recent Scottish Leaders Forum report into [Accountability and Incentives](#).

20. The prioritisation of outcomes is important to provide the necessary steer to public sector leaders over the rationale behind financial decisions and strategies. This includes a clear articulation of the trade-offs and balance struck between the range of principles, priorities and outcomes that are being pursued. For example, prioritising environmental outcomes and associated government measures may have an impact on economic outcomes, and community resilience outcomes in certain areas of Scotland. Acknowledging this balance and potential trade-offs will help leaders in Scottish Government and its partners to plan, monitor and mitigate for such scenarios.

21. Long-term policy and spending decisions must also be flexible and managed alongside immediate measures required from changing circumstances. For example, the [Scottish Government has reported](#) that a range of outcomes negatively affected by the Covid-19 pandemic and there are ongoing concerns about the impact on people and the economy of cost of living increases.

22. The pressure on public sector leaders to urgently respond and direct funding towards immediate issues is clear. The necessary challenge is to balance short-term agile responses to changing circumstances, while still maintaining course towards its long-term aims.

23. Shared leadership, while essential, can be difficult if senior leadership in different organisations do not develop and maintain a consensus over shared objectives. In the [Planning for Skills](#) audit, I reported that Skills Development Scotland and the Scottish Funding Council lacked consensus about skills alignment in Scotland, and that the Scottish Government did not provide the necessary leadership for progress and was unclear at the outset what it was looking to achieve.

24. The Scottish Government has a key role in creating the culture and framework of accountability to encourage joint working, alongside leaders of public organisations. There needs to be a consensus around the collective appetite for risk-taking and innovation, and how we hold public sector leaders to account, needs to shift.

Reflecting the importance of community views and lived experience

25. Delivering outcomes is a continuing and iterative process, as public bodies implement plans and learn from the experience. Much of the necessary intelligence will come from the people and communities involved, and the public sector workers they engage with. The Scottish Government has a key role to play in identifying and sharing successful approaches that have delivered positive change.

26. Listening to people's experiences is vital alongside collecting and sharing hard data between organisations. Citizens will use several public services delivered by a host of public organisations in their lifetimes and are well placed to feedback how they feel about the difference they are making in the round. People should also continually be consulted on what matters to them, and this may change over time. For example, environmental issues and concerns over relative poverty have become more prevalent in recent years. For the Scottish Government and public organisations, communicating and reflecting this through its spending and strategies is important to ensure that people remain at the heart of a wellbeing approach to outcomes.