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Wellbeing and Sustainable Development Bill

I am writing in relation to the ongoing scrutiny by the Social Justice and Social Security Committee (SJSSC) of the Wellbeing and Sustainable Development (WSD) Bill. This letter is in response to the Committee's request for further information on the Government's developing proposals for reform of the National Performance Framework (NPF), following my evidence session on 13 November.

Wellbeing and Sustainable Development Bill

Firstly, I would like to briefly reiterate the Scottish Government's stance on the Member's proposal. As I said in my evidence and as set out in the policy memorandum, the Government recognises the positive intentions behind the proposal, and we are not opposed to future legislation *in principle*, but do not think now is the right time given the Government's ongoing review of the NPF. We share the Member's objective of improving policy coherence and embedding long-term policymaking across the public sector, as well as improving support and accountability mechanisms.

These are important issues that affect us all, but we do not believe the current Bill will fulfil those policy objectives. It is critical that we avoid additional, unnecessary and potentially costly legislation, which will burden public bodies with overlapping duties and reporting requirements – especially at a time when they are already under strain. That is why we want to prioritise and complete the NPF reform process, rather than create new legislation at this time which will duplicate the function of the NPF.

Review of the National Performance Framework: background and context

As the Committee is aware, in June 2024 the Deputy First Minister decided that the Government's Bill on Wellbeing and Sustainable Development should not progress at the time. This was due to the viability of non-legislative approaches, notably the NPF, which is

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Scotland's national wellbeing framework and an expression of our commitment to the UN Sustainable Development Goals.

This decision followed careful consideration and the conclusion that it is possible, and preferable, to progress this agenda within existing systems. Fundamentally, there was recognition that a reformed NPF could strengthen our approach to embedding wellbeing and sustainable development in all that we do.

That is why in January 2025 the Government announced its intention to rethink and reform the NPF. In her response to the Parliamentary inquiry into the statutory review of the National Outcomes¹, the Deputy First Minister said:

“...we now have a great opportunity to rethink and reform the National Performance Framework. By taking the time to do this properly... we can support the development and implementation of a stronger, more strategic and impactful framework that more accurately reflects Scotland's context and circumstances.”

Current status

We are currently in phase two of the NPF reform project which is focussed on the development of a proposed refreshed NPF (including outcomes, indicators and implementation themes and mechanisms) for engagement and consultation with wider stakeholders, partners and the public from early 2026 (phase three).

We have been developing proposals through learning from UK and international good practice and testing them in collaboration with internal and external stakeholders, including the project's advisory group, cross-party engagement and COSLA officers.

The project's aims can be summarised in three ways:

- to ensure the NPF is, and operates as, a shared vision for the kind of Scotland we want to have and live in - helping all of Scotland's actors to plan policies;
- to refresh the national outcomes to ensure these are focussed on the key drivers of wellbeing and continue to localise the UN Sustainable Development Goals;
- to have a stronger implementation plan to ensure the NPF is embedded in all policy and budget decision making – this has been highlighted as the “implementation gap” in the last three Scottish Parliament inquiries on the NPF.

The aim is to launch the next iteration of the NPF as soon as possible following the election, subject to sign-off by the new Cabinet.

Engagement with stakeholders and learning from good practice examples

The Committee sought further information on the NPF Reform Advisory Group, which I can provide, but wish to set in the context of our wider engagement with partners to advance the project.

¹ [Report on NPF Review of National Outcomes SG response of 14 January 2025 | Scottish Parliament Website](#)

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Throughout the project, the development of proposals has been guided by learning from good practice from around the UK and internationally. We have consistently sought to test ideas in collaboration with internal and external stakeholders, including but not exclusively through the project's advisory group. We have also engaged with local government, a range of sponsored bodies, and international partners, including the OECD.

We recognise that the Welsh Government approach to wellbeing and sustainable development is well regarded. We commend its approach to embedding ways of working and improving public sector culture, and are considering how we might draw from these ideas in a non-legislative way to improve cohesion and utility of the NPF. The Welsh Government approach to strengthening accountability is also something we can learn from in seeking to improve implementation of a reformed NPF. This and other ideas will be considered as part of the proposals we will share in early 2026.

Officials have also had productive meetings with a number of MSPs from across the chamber. During those meetings, there was continued support for the NPF to act as an aspirational vision for the type of Scotland that we all want to see – one that is prosperous, green, and fair. We recognise that our long-term national outcomes should be clear and easily understood by people and should help drive collaborative action as our national outcomes cannot be delivered in isolation.

In our deliberations, officials have identified that there is no one size fits all approach, or clear international consensus on best practice – though we can still learn from other countries' experiences. We should recognise, however, that several countries have ambitious and effective frameworks without primary legislation. Examples of countries that take this approach include Canada, Finland, the Netherlands and Ireland.

Role of Reform Advisory Group

The Committee has specifically asked for further details on the NPF Reform Advisory Group, which has played an important role in the development of analysis and options for consideration.² We are greatly appreciative of the time and input from group members. The membership of the group is drawn from a cross-section of leading think tanks, third sector organisations, academics and organisations with a strong interest in the NPF and wellbeing and sustainable development more broadly. The group has a specific remit to provide professional advice and expertise related to the NPF reform project.

The group will have met five times in 2025. In addition sub-groups have worked with us to develop ideas ahead of fuller presentation to the wider group. Discussions have focussed on overall purpose and vision of the NPF; the national outcomes; how to improve alignment between policy and budget decisions; how to improve implementation of a reformed NPF, including by strengthening accountability; and how to enhance communication, profile and visibility of the NPF across the public sector, including public bodies.

It should be noted that the group operates alongside other bodies, such as the internal Technical Advisory Group and Project Board, within the governance structures of the NPF reform project. Annex A provides an overview of the project governance arrangements and structures.

² Please note that the group, previously called the NPF Expert Advisory Group, was originally set up to support the statutory review of the national outcomes in 2023/24.

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Public Body Accountability and Scrutiny

The Committee asked for further information on how public bodies are being held to account on issues of wellbeing and sustainable development.

Section 1(9) of the Community Empowerment (Scotland) Act 2015 provides that cross-border public authorities, any other Scottish public authority and any other person carrying out functions of a public nature [i.e. those in receipt of public funds for example], when carrying out functions exercisable in or as regards Scotland, must ‘have regard’ to the national outcomes. As the Committee is aware, these outcomes represent Scotland’s national framework for wellbeing and sustainable development goals. Noting the Member’s proposals on new statutory duties, the Government views the existence of legislation to ‘have regard’ to the national outcomes in the NPF as a crucial consideration in our position on the Bill.

The Scottish Government sets the strategic direction and overarching outcomes for the public sector through the NPF. The Government and Non-Departmental Public Bodies (NDPBs) have a shared responsibility to ensure that joint strategic business planning is the norm and that their respective plans, objectives and business processes are aligned in order to maximise the contribution to the national outcomes and targets set out in the NPF.

Every NDPB covered by the Public Bodies in Scotland guide³ must have in place an up-to-date Framework Document which is based on the model contained in the Scottish Public Finance Manual (SPFM). Framework Documents should contain: the legislative basis under which the public body was established and its statutory functions, duties and powers, descriptions of key roles and responsibilities; details of agreed aims, objectives and targets aligned with the NPF, together with agreed performance and financial management arrangement and details of financial delegations and controls.

All public bodies are required to have corporate and business plans aligned with the NPF. Scottish Government must ensure that public bodies have done so and have also put in place performance measures that demonstrate the achievement of outputs and their contribution toward longer-term outcomes. Support is available from Scottish Government to help with the identification of appropriate performance indicators. Annex B provides further detail on what should be included in these corporate plans.

As per the guidance and noting the legal duty to ‘have regard’, public bodies are also required to produce publicly available annual reports. These reports should be laid before Parliament and are subject to Audit Scotland scrutiny.

This illustrates that there are systems in place to ensure public bodies have regard to the NPF. However, there are improvements to be made. The Government’s Public Service Reform (PSR) strategy calls for a strengthened accountability framework, including to ensure that public bodies can be held to account for how their work contributes to the national outcomes. Improvements in implementation and accountability are, therefore, key considerations in our approach to both NPF reform and the PSR.

³ [Public bodies in Scotland: guide - gov.scot](https://www.gov.scot/publications/public-bodies-in-scotland-guide/pages/1-1-introduction.aspx)

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Through these improvements we aim to galvanise public bodies to integrate policies and work together towards shared outcomes, with greater accountability. The Government is clear, however, that we do not require new legislation to achieve this.

Alternative accountability models proposed by Carnegie UK

The Government welcomes the work undertaken by Carnegie UK in setting out both legislative and non-legislative options. Their paper, 'How a Strengthened NPF Can Drive Effective Government in Scotland (2024)' was produced before the Government announced its plans to reform the NPF, but we have collaborated closely with Carnegie UK.

As I have set out, the Government's view is that alternative, non-legislative models must be explored and exhausted before legislative proposals are considered. Our preferred approach is for that to be directly linked to the reform of the NPF. However, we welcome this contribution as part of the evidence base for developing proposals. We look forward to seeing how these and other ideas develop over the next phase of the project.

Performance against NPF outcomes

As reported in the latest Scottish Government Consolidated Accounts⁴, "work to refresh the NPF is underway. While indicator updates are paused during the refresh process, which limits our ability to report on the indicators in this performance report, the outcomes continue to guide public bodies." It should be noted that the indicator data is still available from the original sources.

Officials have been analysing different approaches and methods in order to refresh the national outcomes and indicators. Clearly, if we want to make real progress for the people of Scotland, it is vital that the reformed NPF is firmly grounded in the evidence of what drives wellbeing, both collectively for our country and for our local communities. After reviewing a number of wellbeing models, we propose to draw upon the OECD's Measurement of Wellbeing Framework which offers a strong and internationally recognised foundation for developing wellbeing outcomes.

Importantly, the OECD's model is designed in such a way that countries are encouraged to implement the framework to fit their own unique circumstances. Countries like Canada, Australia and New Zealand have already done this successfully, taking an approach based on their own social and political circumstances and with a clear view to what they are trying to achieve in the long-term.

Emerging proposals

Our intention in phase three of the project is to invite a wider discussion with stakeholders and partners in early 2026. This will help us present a proposal to the new government and, subject to its approval, the launch of the next iteration of the NPF as soon as possible in 2026.

We have identified that many of the necessary structures and systems already exist, and that stronger implementation is required to ensure utility and impact.

⁴ [Supporting documents - The Scottish Government Consolidated Accounts for the year ended 31 March 2025 - gov.scot](https://gov.scot/supporting-documents-the-scottish-government-consolidated-accounts-for-the-year-ended-31-march-2025)
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The details of the proposals are, therefore, intended for future publication and engagement. However, I hope the following high-level summary, informed by engagement to date, will help the committee understand the direction we hope the NPF will take and how this aligns with our position on the proposed Member's Bill.

We will:

- ensure the NPF is, and operates as, a shared vision for the kind of Scotland we want to have and live in - helping all of Scotland's actors to plan their respective policies;
- refresh the national outcomes and indicators to ensure these are focussed on the key drivers of wellbeing and continue to localise the UN Sustainable Development Goals;
- position the NPF at the apex of decision making in government, and wider, to ensure that decisions on strategy, policy and budgets are guided by their potential to contribute to the national outcomes;
- align with the objectives of the Public Service Reform strategy, and in partnership with the Scottish Parliament, strengthen transparency and accountability in meaningful ways that supports scrutiny and continuous improvement;
- create and maintain a supportive environment that supports and celebrates good practice, promotes collaboration and incentives.

Next steps

Officials aim to conclude targeted engagement and consultation with stakeholders before the pre-election period. The aim is to launch the next iteration of the NPF as soon as possible following the election and sign-off by the new Cabinet. We will ensure that Parliament is kept up to date on progress with the NPF. For now, we will continue to develop the reformed NPF before going out to a wider period of consultation in early 2026.

Finally, I welcome the opportunity to contribute to your deliberations and to support the Committee's important work in scrutinising this Bill.

RICHARD LOCHHEAD

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ANNEX A

National Performance Framework (NPF): governance and project development

- The agreed overall objective of this project is to develop a new iteration of the National Performance Framework (NPF).
- An overview of the main governance arrangements designed to develop and guide the project is as follows:
- The Deputy First Minister is the lead Minister for this reform project. However, the final reformed NPF will be for the new Cabinet to agree in June 2026.
- The Scottish Government's Corporate Board is responsible for providing assurance on proposals for the reformed NPF before these are submitted to the DFM for approval.
- The delivery of the project is being undertaken jointly by the Strategy and Central Analytical Divisions, part of the Strategy and Delivery Directorate in the Scottish Government. The Senior Responsible Owners (SROs) for the project are the Deputy Directors of both Divisions, with the Project Sponsor being the Director for Strategy and Delivery.
- The SROs chair a Project Board which is responsible for supporting the SROs in making decisions on the overall delivery of the project and the level of delegation of decision-making to the Project Team Leaders for daily operational delivery.
- The Project Team Leaders oversee a number of workstreams which feed into the governance structures. These workstreams comprise: concept and vision; implementation; National Outcomes; indicators and targets; website.
- Membership of the Project Board includes senior Scottish Government officials drawn from corporate, economic, HR and public sector reform functions.
- Due to the complexity of and importance of this project, the Corporate Board and Scottish Ministers (DFM and Cabinet) will also be asked by the SROs, supported by the Board, to endorse decisions at specific project milestones, on the basis of provided advice.

The project is supported by the Reform Advisory Group who perform an advisory function as part of the project's governance. This function includes:

- providing comment and expert/professional advice on potential approaches proposed by SG, in response to discussion papers put to the group and proactively.
- advising on reports, studies, analysis, research and evaluation that might support actions or inform recommendations.
- developing and advising on stakeholder relationships that could benefit the project.

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While not a decision-making body, the advice provided by the group plays a pivotal role in the development of options for consideration by the project board and subsequently fed in to advice to Ministers. The group receives regular updates from Project and workstream leads on progress and developing ideas, on which feedback is invited from the group.

Membership of the group comprises individuals and representatives of bodies/organisations relevant to the objectives of the reform project. This includes knowledge and expertise in good practice (e.g. UK and international comparable frameworks), implementation, research, policy, strategy, equalities, etc. The group is chaired by the DG for Exchequer, Strategy and Performance.

Current membership of the Reform Advisory Group consists of representatives of the following organisations:

Wellbeing Economy Alliance
Scottish Human Rights Commission
SCVO
Scottish Universities Insight Institute
Scottish Environment LINK
Scotland CAN B
Improvement service
Newcastle University
Young Scot
University of Glasgow
Parent Network Scotland
Oxfam Scotland
Scotland's International Development Alliance
Northumbria University
University of Glasgow
Foundation Scotland
Children's Parliament
Audit Scotland (<i>observer</i>)
Carnegie UK
COSLA
Scottish Community Development Centre

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ANNEX B

This annex sets out the expectations for public bodies with respect to the alignment of their corporate plans with the NPF.

The Corporate Plan should provide the public body and Minister with:

- An agreed view on the long term direction of the body.
- A clear analysis of the environment in which the body operates, including the legislative framework, strategic policy framework set by Ministers and the long term direction of the organisation.
- The contribution the body is making towards the National Performance Framework and a meaningful number of national outcomes.
- The contribution that the body is making to advance equality of opportunity, in line with the requirements of the public sector equality duty.
- Clear aims and objectives for the plan period alongside agreed targets and indicators against which performance will be measured, including the evidence that will show the body's contribution towards relevant national outcomes.
- A description of how the body is collaborating with Government and other partners in pursuit of shared outcomes;
- An account of how resources/spend are linked to the delivery of national and operational outcomes.
- Details of planned efficiencies describing how the body proposes to achieve better value for money, including the steps taken that the body is taking to reduce operating costs for example by actively pursuing opportunities to share services with other public bodies.
- Corporate Plans should normally cover the period of a Spending Review and should be reviewed and updated annually. However where a body is well established and neither they nor the environment in which they operate in is likely to be subject to significant change, it may be sufficient for a full Corporate Plan to be prepared once every three years, with minor changes and amendments made in the intervening years. This approach should be agreed with the sponsor team.
- An agreed performance management framework between Government and sponsored bodies is an important part of the corporate governance of NDPBs. It provides the information Government needs to monitor delivery against priorities and enables bodies to report progress against agreed performance indicators. Priorities, performance indicators and targets are set through the corporate and business planning process and the Framework Document. The corporate and business plans should also be used to demonstrate alignment with, and the contribution being made to, the relevant outcomes and indicators set out in the National Performance Framework.

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