

28<sup>th</sup> June, 2024  
Submitted via online form

# National Performance Framework: Inquiry into proposed National Outcomes

## Our response

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

The National Performance Framework (NPF) plays a central role in policymaking in Scotland, shaping the priorities and actions of the Scottish Government and public bodies and providing a shared framework for measuring progress towards goals.

The interests of consumers in Scotland are central to the achievement of the overall Purpose and the National Outcomes set out in the NPF, each of which involve people acting as consumers in some capacity. The annual collective economic power of consumers in Scotland is substantial. In 2021 household expenditure for Scotland was £101.4 billion, contributing 61% to Scotland's GDP. The key remaining component of GDP is represented by

investment, including infrastructure, science and innovation. Much of this investment is required and designed to bring benefits for future consumers.

Consumers are a vital force for growth, economic transformation and delivering the transition to net zero in Scotland. Healthy economic markets require consumer demand, the availability of appropriate and affordable goods and services, and consumer confidence. For this to be achieved, consumers must be treated fairly. They must be well informed about the goods and services they are buying or using, be empowered to make the right choices for their circumstances and be able to access redress when something goes wrong.

Consumer Scotland defines the consumer in its broadest sense, in line with our legislation, to include small businesses. As at March 2022, there were 355,000 small businesses in Scotland providing an estimated 920,000 jobs and contributing 27% of private sector turnover - around £74 billion. These businesses are fundamental to Scotland's prosperity and wellbeing.

Reflecting this broad context, Consumer Scotland recognises the potential benefits offered by the new purpose of the National Performance Framework *"to improve the wellbeing of people living in Scotland now and in the future"*.

This framing appears to align well with existing legal provisions regarding wellbeing which are already in place, including provisions relating to the wellbeing of consumers in Scotland. Specifically, the Consumer Scotland Act 2020 provides Consumer Scotland with the function to undertake consumer advocacy and advice with a view to *"advancing inclusion, fairness, prosperity and other aspects of wellbeing in Scotland"*.

The revised NPF Purpose also aligns with Consumer Scotland's first four-year Strategic Plan for 2023-27. In our Plan we described the importance of the National Performance Framework (NPF) for consumers in Scotland as follows:

*"The wellbeing of consumers impacts upon all aspects of the National Performance Framework. When consumers are active participants in the economy, when opportunities for better outcomes for consumers are identified and acted on, and when there is a deep understanding of consumer issues across policy makers, regulators and businesses in Scotland then this has a positive effect across all of the National Outcomes."*

The particular focus in the updated purpose for the NPF on *"people living in Scotland now and in the future"* also aligns with relevant consumer legislation and with the key challenges facing policymakers with regards to consumer wellbeing. Many legislative, financial, regulatory and policy decisions are required today, across a range of sectors, that will impact on the outcomes experienced by future generations of consumers. This includes decisions regarding substantial investment in infrastructure, as well as decisions about the goods and services available to consumers across different markets. Reflecting this, the Consumer Scotland Act 2020 requires Consumer Scotland to take account of the needs of both existing and potential (future) consumers in the exercise of our statutory functions.

Given this context, we recognise and support the potential benefits that the updated NPF purpose could offer in enabling policymakers to identify, understand and balance the different interests of future generations when weighed against the interests of people today.

- 2. In your view, do the proposed National Outcomes match the purpose of the National Performance Framework? Please explain your answer.**
- 3. What do you think of the changes being proposed?**
- 4. Are there any policy priorities that should be reflected in the proposed National Outcomes but which, you consider, are not?**

We have answered Questions 2, 3 and 4 together.

The wellbeing of consumers now and in the future is central to the achievement of the updated Purpose of the NPF. As we described in our response to question 1, the framing of the revised Purpose appears to align well with relevant consumer legislation in terms of the focus on wellbeing and on the interests of people both now and in the future.

If the revised Purpose statement is to be achieved then the National Outcomes must also appropriately reflect the significant role of consumers in Scottish economy and society. The previous set of National Outcomes did not include any reference to consumers, which was a significant gap. Consumer Scotland responded to the Scottish Government's consultation on the revised National Outcomes. We also facilitated a workshop with consumer bodies in Scotland and the Scottish Government as part of the consultation process. Through this work we highlighted the need for there to be a more explicit recognition of consumers across the refreshed NPF. We are pleased that this has been recognised and that the definition for the new National Outcome on the Economy and Fair Work now includes an explicit ambition for Scotland that *"We have confident, empowered consumers who are enabled to make sustainable decisions"*.

While this is a positive step, there is further action that can and should be taken to strengthen the alignment of the NPF with consumer interests and to better recognise the central importance of these interests to the achievement of the NPF Purpose and the National Outcomes.

Specifically, the absence of an explicit reference to the central role of consumers within the new National Outcome for Climate Action appears to be a significant gap, which should be addressed.

The Consumer Scotland Act 2020 includes a number of provisions which recognise the central role for consumers in relation to climate action. These include requirements placed upon Consumer Scotland to:

- promote the sustainable consumption of natural resources and other environmentally sustainable practices, in terms of the purchase, use and disposal of goods by consumers (as noted above); and
- have regard to the environmental impact of the actions of consumers.

There is an urgent need in Scotland to reduce carbon emissions and adapt to climate change. Evidence suggests consumers regard tackling climate change as important and they recognise the need to adapt how they engage with goods and services. The evolving transition to net zero is transforming markets and services and these complex issues are impacting on consumers in multiple ways. This includes consumers making changes to how they travel, what they buy, reducing their waste and changing how they use energy and water at home. Consumer decisions and expenditure in key areas including heat, energy, transport, food and the circular economy will be central to the transition, which will also require substantial investment from consumer bills to upgrade infrastructure and shift how key services are delivered. The costs of these changes will be significant, at a time when consumers face many financial pressures.

The scale and complexity of the changes required also brings other challenges for consumers, who will need substantial information and support to help them through the process. Information, advice, finance, appropriate protection and access to redress will be of fundamental importance to consumers as they undertake this journey.

**Given this context, and the centrality of consumers to the relevant issues, we recommend that the description for this new National Outcome on Climate Action is amended to include an explicit recognition of the role of consumers in its achievement.**

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

We do not provide a response to this question.

#### **6. How do you think the proposed National Outcomes will impact on inequality?**

We have considered this question in relation to Consumer Scotland’s statutory remit to *“have regard to the interests of vulnerable consumers”*.

The Consumer Scotland Act 2020 defines ‘vulnerable consumers’ as those consumers who:

- may have significantly fewer or less favourable options as consumers than a typical consumer, or

- are otherwise at a significantly greater risk of:
  - harm being caused to their interests as consumers, or
  - harm caused to those interests being more substantial, than would be the case for a typical consumer.

For the National Outcomes to be an effective platform for addressing consumer vulnerability, and the associated inequalities that these consumers may experience, then it will be important for the planned refresh of the National Indicators to properly capture this issue. This would help to drive decision-making that will impact on consumer vulnerability and inequality. We provide further detail on this in our response to later questions.

**7. Do you think the proposed National Outcomes align with the UN Sustainable Development Goals? Please explain your answer.**

We do not provide a response to this question

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

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

We answer questions 8 and 9 together.

In response to these questions, we propose two specific areas for action that we recommend should be included in the implementation plan to support the use of the National Outcomes in decision-making. Our recommendations would help to ensure that the policy-making process is joined-up and is appropriately focused on consumers.

The two areas for action that we set out below are as follows:

- Alignment with the Consumer Duty
- Development of consumer-focused National Indicators

***Alignment with the Consumer Duty***

To be an effective decision-making tool, it is important that the implementation of the National Outcomes recognises the existing drivers for public body decision-making and aligns systems and processes to support effective, joined-up and impactful decisions.

In the context of policy-making which impacts on consumers, this requires the implementation plan to take account of the requirements recently placed upon public bodies under the Consumer Scotland Act 2020.

The Consumer Scotland Act 2020 places a duty on named public bodies in Scotland to have regard to the impact of strategic decisions on consumers; and to the desirability of reducing harm to consumers when making decisions of a strategic nature.

Aligning the implementation plan for the revised National Outcomes with the requirements of the Consumer Scotland Act will be important to help support public bodies take a coherent, joined up approach to achieving the National Outcomes and improve consumer wellbeing in a clear, focused way. It will also help public bodies deliver on these goals efficiently and effectively, reducing the risk of duplication or inconsistency of approach.

Consumer Scotland has the power to issue guidance to support public bodies in their implementation of the consumer duty. We recently consulted on draft guidance and a final version will be published in 2025.

We would be keen to explore further with the Scottish Government and Scottish Parliament how the revised National Outcomes will be operationalised and to consider how best to achieve effective, joined up alignment of this implementation with the consumer duty on public bodies under the Consumer Scotland Act 2020.

### ***Development of consumer-focused indicators***

The National Indicators provide specific measures against which progress towards the National Outcomes is assessed and are therefore provide an important platform to support the use of the Outcomes in decision-making. The Scottish Government has reported that it will undertake work to refresh the National Indicators once the new National Outcomes have been agreed by the Scottish Parliament.

It will be important that this work to develop refreshed Indicators strengthens measurement of the consumer experience in Scotland, to ensure that consumers are properly taken account of in decision-making.

There is no mention of ‘consumer’ within any of the existing National Indicators. There are also no indicators which measure broad consumer experiences, such as indicators that assess, for example:

- whether people feel able to influence or shape the goods and services that they use
- the extent to which people understand their rights as consumers
- whether people feel well informed when taking decisions about whether to buy or use particular goods or services

- how consumers take sustainability into account in their decision making; and how they are informed or supported to do so
- where consumers may have experienced detriment or harm
- which consumers may be more likely to be in vulnerable circumstances and what is the nature of this vulnerability
- overall consumer confidence

There are a small number of measures within the existing indicator set that capture specific aspects of consumer experiences in certain markets. For example:

- there is an indicator which measures the percentage of residential and non-residential addresses where superfast broadband is available
- there is an indicator which measures the volume of household waste generated
- there is an indicator which measures satisfaction with the quality of local services (health, schools, transport).
- there are a handful of indicators which measure the quality of specific services, (user satisfaction with the care provided by GPs; and the quality scores achieved by providers of funded Early Learning and Childcare)

However, these measures are very narrow in scope. They generally only relate to a single market or services, rather than being applied in a consistent, comprehensive way across the broad set of goods and services that consumers use. The absence of appropriate indicators presents a risk that while consumers are now better recognised within the National Outcomes, it may be difficult to translate this into tangible decision-making that benefits consumers, unless specific measures are put in place.

The indicators listed above also only provide very limited evidence of the overall consumer experience in relation to the market or service being measured. For example, while it is helpful to understand the availability of superfast broadband, the indicator does not help to assess whether consumers have been able to take up these services; whether they are affordable; whether consumers receive useful, accurate information about key dimensions of the service; whether the services consumers use meet their needs (e.g. is the broadband of sufficient speed?); whether consumers experience any difficulties with their service provider and how well these issues are resolved; and whether consumers can access an alternative provider if they are not satisfied with an existing service. These are important issues for policymakers to understand to achieve effective, joined-up decision-making that delivers good consumer outcomes.

The current indicator sets for the Economy and Business and Fair Work Outcomes contain a range of other measures which are also relevant to the consumer interest. However, the

way in which these measures are currently formulated does not place consumers at the front and centre, which limits the extent to which these indicators provide a clear or comprehensive understanding of the consumer experience in Scotland on which to base decisions.

For example, there are indicators relating to economic growth, productivity, entrepreneurial activity and high growth businesses. The direction of travel in these indicators could provide insight into the wider consumer context, but the measures are not consumer-centred and do not give a detailed understanding of consumer wellbeing in the economy.

Similarly, indicators in the current NPF related to climate change and sustainability are highly relevant for consumers – for example, indicators related to the carbon footprint, greenhouse gas emissions and proximity of local green and blue spaces. But these indicators don't assess consumer engagement or experience in relation to these issues, so again only provide a wider contextual picture to understand consumer wellbeing, rather than assessing this directly. Again, this limits the effectiveness of these indicators in supporting clear decision-making for the benefit of consumers.

There are a number of indicators in the NPF which measure whether people have accessed a particular activity. For example, there are indicators relating to attendance at cultural events, or the proportion of journeys undertaken via active travel. However, as currently configured, these indicators do not allow an assessment of the reasons why people undertake these activities or, important for a consumer-focused understanding, the reasons why they may not, such as issues around availability, cost, suitability, or a lack of information.

Finally, the NPF includes a number of important indicators in relation to both human rights and poverty. These are important indicators for understanding and taking action on consumer harm, particularly in relation to the costs of different markets and services and the experiences that consumers have when they engage with different services.

There are a range of approaches that the Scottish Government could take to address some of the issues described above, improve the measurement of the consumer experience in Scotland as part of the National Indicator set and help ensure that consumers are properly considered within joined-up decision-making processes.

**Firstly, we recommend that the Scottish Government includes within the National Indicator set, a suite of indicators which measure the broad consumer experience across markets and services in Scotland.**

These indicators would support the refreshed National Outcome for the Economy and Fair Work, which now has a more explicit consumer-focus. The indicators would measure the type of consumer experience described above, such as:

- whether people feel able to influence or shape the goods and services that they use



- the extent to which people understand their rights as consumers
- whether people feel well informed when taking decisions about whether to buy or use particular goods or services
- how consumers take sustainability into account in their decision making; and how they are informed or supported to do so
- where consumers may have experienced detriment or harm
- which consumers may be more likely to be in vulnerable circumstances and what is the nature of this vulnerability
- overall consumer confidence

Consumer Scotland is currently scoping the content and data requirements of a new Consumer Welfare Report for Scotland, which we have a statutory duty to publish every three years. We would be pleased to work with the Scottish Government to identify how the measures and data sources used to inform the Consumer Welfare Report might also support a new set of consumer-focused indicators within the National Performance Framework.

Secondly, as noted above, there are a number of areas in the NPF where we have identified existing indicators that could be further developed to include a broader consumer perspective.

**In particular, we recommend that the Scottish Government adapts and expands a number of existing indicators under the Human Rights and Equality Outcome and the Reduce Poverty Outcome, to provide a fuller picture of the consumer experience.** Specific changes that we suggest the Scottish Government considers in relation to these indicators, to help improve their relevance for consumers in decision-making, are as follows:

- The existing indicator that ‘Public services treat people with dignity and respect’ should be complemented with a new, equivalent indicator for private markets and services
- The existing indicator that measures whether people are satisfied with the quality of local public services should be complemented with a new, equivalent indicator for essential utility services, including gas, electricity, water, post and broadband.
- The existing indicator that measures the proportion of adults who are confident that the Scottish Criminal Justice System ensures that people have access to the justice system if they need it should be complemented by an equivalent measure for the Civil Justice system, recognising the importance of that system to consumer protection

- The existing indicator that measures the percentage of net income spent on housing, fuel and food by households in Scotland should be adapted to measure the percentage of households who spend more than a specific proportion of income on these three items, to provide a more useful measure of consumer affordability
- The existing indicator that measures whether people are satisfied with their housing situation should be complemented with a new indicator which measures housing insecurity

These changes would significantly improve the effectiveness of the NPF as a key tool for decision making which takes proper account of the consumer interest.