

MSP Briefing – Scottish Government Debate on a Wellbeing Economy

March 2023

Over the last decade, Scotland has emerged as one of the leaders in the international wellbeing movement. It is the founder of the Wellbeing Economy Governments (WEGo) and it has an established set of statutory National Outcomes (presented via the National Performance Framework) which articulates a wellbeing vision for the people of Scotland.

Despite the significant shifts in rhetoric, this has not yet translated into decision-making that improves the lives of current and future generations, as evidenced in the recent inquiry by the Finance and Public Administration Committee.

Key points for MSPs

- Carnegie UK supports the Scottish Government's commitment to moving Scotland towards being a wellbeing economy and encourages MSPs to reiterate that support during this debate.
- We believe that focusing on the economic output of Scotland should not be done at the expense of other aspects of economic wellbeing (like the quality of jobs and decent incomes) or other social, environmental, and democratic outcomes. This is the core idea of the wellbeing economy.
- Too often the GDP debate is seen as binary - you are either for or against. While we appreciate that GDP may be important to governments in terms of being able to secure intergovernmental loans, we do not see that this needs to be the core indicator of social progress, or indeed the only one that is allowed to drive policy.
- There are many alternatives to GDP on offer internationally that offer a more holistic model to measuring societal progress than traditional and outdated GDP. These are increasingly translated into national wellbeing frameworks.
- Carnegie UK wants to see the National Performance Framework fully implemented as Scotland's Wellbeing Framework. This change would help policymakers, statutory services and public agencies make better decisions, leading to a healthier, more prosperous, successful and sustainable Scotland.
- Scotland is a leader in the international wellbeing movement. But despite a shift in rhetoric, this has not translated into decision-making that relentlessly focuses on improving the lives of current and future generations.
- Carnegie UK believes that the proposed Wellbeing and Sustainable Development Bill could help bridge this gap. The Bill would allow the Scottish Government to provide a clear vision and guidance for public bodies to put wellbeing at the centre of decision-making.



Distinctions must be kept in mind between quantity and quality of growth, between its costs and return, and between the short and the long term. Goals for more growth should specify more growth of what and for what.

Simon Kutnets, the creator of GDP, speaking in 1962

About Carnegie UK

Carnegie UK is a charitable foundation based in Dunfermline. Our purpose is better wellbeing for people in the UK and Ireland. We seek to achieve this by growing support for a wellbeing approach to public policy, working with governments and policymakers at all levels in the UK and Ireland to help think differently about how we understand society and contribute to social progress.

We work with partners to contribute to what is known about wellbeing, testing and studying what works in practice. We use this evidence to make the case for which approaches and systems need to change and recommend how to make that happen.

Visit www.carnegieuktrust.org.uk to find out more about our work on collective wellbeing.

Collective wellbeing

We want to put collective wellbeing at the heart of decision-making across the UK and Ireland. There is a growing body of research and evidence which demonstrates that focusing on collective wellbeing is an effective route to a good and sustainable quality of life for all citizens.

At Carnegie UK we believe that collective wellbeing happens when social, economic, environmental and democratic wellbeing outcomes are seen as being equally important and are given equal weight.

- **Social wellbeing:** We all have the services and support we need.
- **Economic wellbeing:** We all have a decent minimum living standard.
- **Environmental wellbeing:** We all live within the planet's natural resources.
- **Democratic wellbeing:** We all have a voice in decisions that affect us.

We experience each of these domains of collective wellbeing in different aspects of our lives: our own personal wellbeing – our quality of life and our general happiness; the wellbeing of the community we are part of – where we have the assets and relationships in place to live well locally; and as a society – where we all have what we need to live well together and flourish.

Wellbeing economy

The move towards a wellbeing economy is an important aspect of putting collective wellbeing at the heart of decision making in Scotland and across the UK and Ireland.

Scotland's Wellbeing Economy Alliance has prepared [a useful briefing note](#) describing what the concept of a wellbeing economy means both in definition and in practice.

Limitations of GDP

GDP was never intended to be a measure of wellbeing or societal progress – it was developed in the 1930s to fill gaps in information available about the state of the economy.

There are many things that GDP does not measure at all which contribute significantly to our collective wellbeing, such as caring, domestic activities, and the natural environment.

GDP does not take into account current inequalities nor the long-term impact of actions, such as environmental impact.

Focusing policy-making solely on the pursuit of increasing GDP and economic growth is to the detriment of other social, environmental and democratic priorities.

Decisions which give everyone what they need to live a good life, now and into the future, should be made on more than just GDP.

Read more about Carnegie UK's commentary on the strengths and limitations of GDP [here](#).

Alternative approaches

In recent years Carnegie UK has pioneered work to establish a wellbeing index as a viable and holistic alternative to GDP.

Learning from our experimental model of Gross Domestic Wellbeing we will be delivering a new Wellbeing Index for the UK (including representative data for Scotland, Wales and Northern Ireland) later in 2023.

Read more about Carnegie UK's initial work on GDWe [here](#).

Wellbeing and Sustainable Development Bill

Carnegie UK believes that the proposed [Wellbeing and Sustainable Development Bill](#), brought forward as a Member's Bill by Sarah Boyack MSP, would allow the Scottish Government to provide a clear vision and guidance for public bodies to put wellbeing at the centre of decision-making. It would also strengthen existing accountability mechanisms, by establishing a Commissioner to hold decision-makers to account on this agenda. And it would embed long-termism into decision-making, by ensuring that there is always a voice advocating for the wellbeing of future generations. Something we know is critical in, for example, the face of a looming climate crisis.

You can read Carnegie UK's full response to the Wellbeing and Sustainable Development Bill consultation [online](#).

Next Steps for the National Performance Framework

Carnegie UK would like to see the National Performance Framework become Scotland's Wellbeing Framework. This change would help policymakers make better decisions, leading to a healthier, more prosperous, successful, and sustainable Scotland.

We believe there are five important steps required to put wellbeing at the heart of decision making in Scotland:

- **Let people have their say:** The people of Scotland must shape how and what the Framework measures, whether that's our quality of work or levels of poverty. That means raising the profile of the tool and providing financial resources to get the views of citizens.
- **Funnel funding toward problems:** Problems evidenced by Scotland's Wellbeing Framework should guide funding decisions. For example, if the Framework identifies a drop in the measures that relate to the National Outcome on communities that should lead to action and funding to address this problem.
- **Deliver new laws to protect wellbeing:** Current laws to make public bodies respond to the goals (National Outcomes) in the National Performance Framework aren't working. That's why Ministers must deliver on their commitment for a Wellbeing and Sustainable Development Bill.
- **Provide clarity for the public sector:** We can't create a more successful Scotland without everyone playing their part. But there's evidence that many public bodies in Scotland don't put agreed National Outcomes identified by the National Performance Framework at the centre of their activities.
- **Make wellbeing everyone's business:** The National Performance Framework started life as a tool to measure how government was delivering. While elected politicians should be held accountable for the performance of public services, delivering a more successful Scotland will require the efforts of the state, business and charities.

Find out more about Carnegie UK's recommendations for the National Performance Framework [here](#).

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