

The Wellbeing Economy Monitor - December 2022 update

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1. Our vision for Scotland as a wellbeing economy

In Scotland we recognise that all economic activity should serve a purpose. It should be a means to meeting everyone's basic needs and improving our collective health and wellbeing, so that all of Scotland's people and places can thrive and prosper. That also means responsible stewardship of our natural environment to safeguard the wellbeing of both current and future generations, and to make a positive contribution internationally.

Our vision for Scotland is to transition to a wellbeing economy: that is, an economic system, within safe environmental limits, which serves and prioritises the collective wellbeing of current and future generations. This vision sits at the heart of the [National Strategy for Economic Transformation](#), which contains bold actions, within available constitutional powers, to take some of the crucial steps needed towards realising that goal.

On 31 October, we published delivery plans for each of the strategy's programmes. These prioritise projects which can best provide support during the cost crisis in the short-term, and also those that will make the biggest contribution to sustainable and inclusive economic growth. Indeed, we are already delivering on the strategy's transformational projects. For example, we have awarded a contract to establish a network of hubs to support high growth tech businesses, launched a £10m Hydrogen Innovation Scheme, and established a Centre of Expertise in Equality and Human Rights to advance our understanding and embed equality and human rights within the economic policy-making process.

2. Purpose of the Monitor and this update

We developed the [initial Wellbeing Economy Monitor](#) to provide a baseline for tracking progress towards the development of a wellbeing economy in Scotland. It is based on the monitoring of a broad range of wellbeing outcomes in the [National Performance Framework](#) (Scotland's Wellbeing Framework). The Monitor focuses on some of the key areas where the economy and economic policy contribute to those outcomes, including in those areas which influence future wellbeing.

The Monitor complements the indicators that have been selected to measure the success of the National Strategy for Economic Transformation (NSET), which focus on the key areas where NSET seeks to shift the dial.

This update to the Monitor provides more recent data, where that is now available, and further explanation of the indicators and how they can be interpreted.

3. Framework for the Monitor

The causal relationships between issues such as employment, health and environmental sustainability are highly complex. Each outcome has multiple causes and in turn has an effect on other outcomes. This makes it very difficult to select a small list of indicators that can effectively summarise progress towards a wellbeing economy.

There are a range of approaches to capturing the various domains which are relevant to collective wellbeing. For example, the OECD maintains the Better Life Index, which allows users to compare countries across 11 topics that the OECD has identified as essential, in the areas of material living conditions and quality of life¹.

¹ [OECD Better Life Index](#)

For the purposes of this initial version of Scotland's Wellbeing Economy Monitor, we have chosen to group the selected indicators using the four capitals approach. As set out in the report by the Advisory Group on Economic Recovery² and in our Economic Recovery Implementation Plan³, this well-established approach provides a simplifying framework and helps us understand the interconnectedness of the economic drivers of collective wellbeing. It encourages us to consider how we are impacting on our key natural, human, social and produced/financial "capital", or resources, the latter arising from the combination of natural and human/social resources.

If we are sustaining, investing in and nurturing these four types of resources, we can be confident that we are increasing our capacity to deliver wellbeing for current and future generations, even if the causal mechanisms through which this happens are highly complex.

By focusing on future as well as current wellbeing, this set of measures also provides a rounded picture of the resilience of the economy.

The four capitals approach was explained in [Towards a Robust, Resilient Wellbeing Economy for Scotland: Report of the Advisory Group on Economic Recovery](#). In that report the four capitals were labelled environment, people, community and business. For the purposes of the Wellbeing Economy Monitor, we have used slightly different names for the four capitals, but the meaning remains the same. The Advisory Group's description is summarised in the figure below:

² [Towards a robust, resilient wellbeing economy for Scotland \(www.gov.scot\)](http://www.gov.scot)

³ [Economic Recovery Implementation Plan: Scottish Government response to the Advisory Group on Economic Recovery - gov.scot \(www.gov.scot\)](http://www.gov.scot)



Figure 1: Advisory Group for Economic Recovery Four Capitals representation

4. Indicator selection

Using the four capitals framework, a small number of indicators have been selected that give a sense of how Scotland is performing in terms of these different types of resources. These indicators were selected on the basis of the following criteria:

Relevance: There must be a clear relationship between the indicator and type of asset (natural, human, social or produced/financial capital). Where there are existing Scottish Government targets or commitments, aligning with them is desirable.

Validity: The indicator must measure what it is supposed to measure.

Distinctiveness: The indicator must not measure something already captured under other indicators.

Practicality: The indicator must provide value for money, and it must be feasible and affordable to obtain data. In practice this means that most of the indicators are drawn from the National Performance Framework.

Clarity: The indicator must be straightforward to interpret.

Credibility: The indicator must be based upon impartial, reliable data that is precise enough to show change over time.

Comparability: There must be enough available data for the indicator to be able to draw comparisons over time, and ideally with other Wellbeing Economy Government group members⁴, who share the Scottish Government's aspiration to transition to a wellbeing economy.

The indicators are intended to give an overview or indication – they are not a comprehensive measure of the capitals. For that reason, indicators which measure a single, easily interpreted issue - for example, the gender pay gap – have been selected in preference to indices or composite indicators which may be more holistic but are more difficult to interpret and incorporate more value judgements on the relative importance of different issues.

5. Summary of the data

The table below summarises progress with respect to the indicators. The [Charts in detail section](#) provides more information on performance against each of the indicators. Performance is assessed as improving, maintaining or worsening based on the change between the last two data points of an indicator. Details of the assessment criteria are provided in the [Technical Annex](#). The assessment of performance is made objectively and impartially by senior analysts in the Scottish Government. Decisions on performance are made independently of Scottish Government Ministers.

⁴ [Wellbeing Economy Governments \(WEGo\) - gov.scot \(www.gov.scot\)](#)

Performance has been improving for five of the indicators, maintaining for seven and worsening for two.

Worsening	Maintaining	Improving
Wealth inequality	Biodiversity	Greenhouse gas emissions
Preventable deaths	Young people's participation	Employees earning below the real living wage
	Relative poverty	Active travel
	Gender pay gap	Low educational attainment
	Child poverty	Community ownership
	Income inequality	
	Investment	

Table 1: Summary of progress

Since the initial Wellbeing Economy Monitor was published in June 2022, new data has become available for four indicators: young people’s participation; investment as a share of GDP; share of employees earning below the real living wage; and, assets in community ownership.

Young people’s (16–19-year-old’s) participation in education, training or employment increased from 92.2% in 2021 to 92.4% in 2022. This is the highest level ever reported and represents a continuation of longer-term trends. For this age group, between 2021 and 2022 participation in education fell from 74.8% to 73.1% and for training and development fell from 1.8% to 1.7%; however, participation in employment rose from 15.5% to 17.5%. Looking at longer-term trends, over the period 2018 to 2022 improvements in the overall rate of participation have mainly been driven by increased participation in

education. Between 2018 and 2022 this rose by 1.8 percentage points, from 71.3% to 73.1%⁵.

Investment as a share of GDP decreased from 17.1% in 2019 to 16.6% in 2020 and stayed at that level in 2021. This follows a fall from 17.4% in 2017 and 2018, which was the highest rate seen since 2007. Investment as a share of GDP has been persistently lower in Scotland than in most of our comparator countries. Scotland's business capital investment rates as a share of GDP are particularly low. However, Scotland performs comparably well in terms of public sector investment as a share of GDP when compared to other WEGo countries.

The share of employees earning less than the real living wage decreased from 14.5% in 2021 to 9.0% in 2022. This continues the downward trend seen since 2018. Between 2021 and 2022, the proportion of employees earning less than the real living wage decreased the most for employees in the Accommodation and food services sector (down from 68.0% in 2021 to 45.0% in 2022) followed by employees in the Wholesale and retail sector (down from 35.9% in 2021 to 20.4% in 2022).

The number of assets in community ownership increased from 663 in 2020 to 711 in 2021. Almost all of these assets are either land and/or buildings. The increase of 7% between 2020 and 2021 is in line with the steady upward trend in the number of assets owned since 2000. Of the 48 assets which came into community ownership in 2021, 27 were in remote rural areas, 6 in accessible rural areas, and 15 in urban areas⁶.

6. Next steps

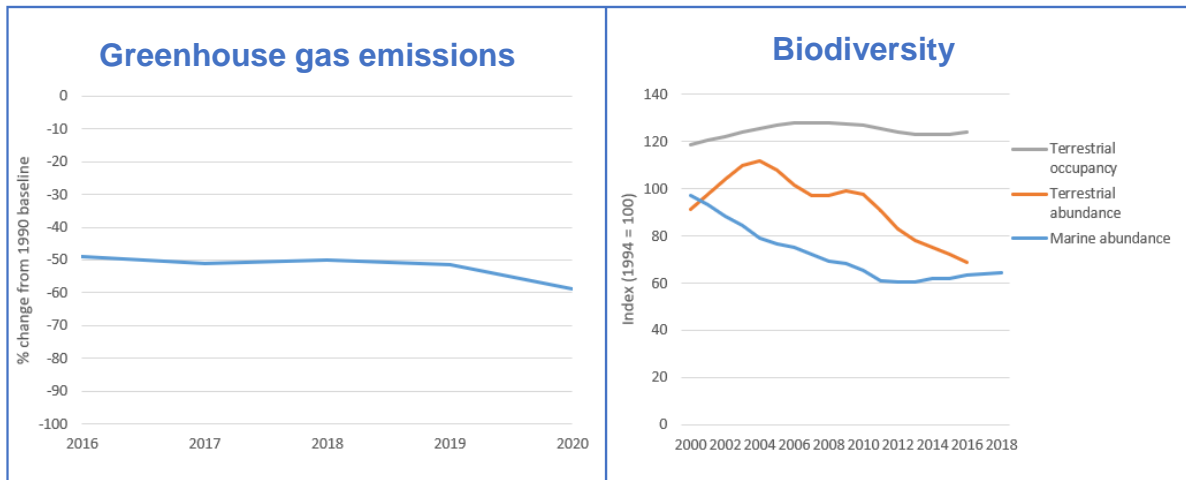
We will continue to review and refine this document and will publish a further update in 2023.

⁵ [Annual Participation Measure for 16 - 19-year-olds in Scotland 2022](#)

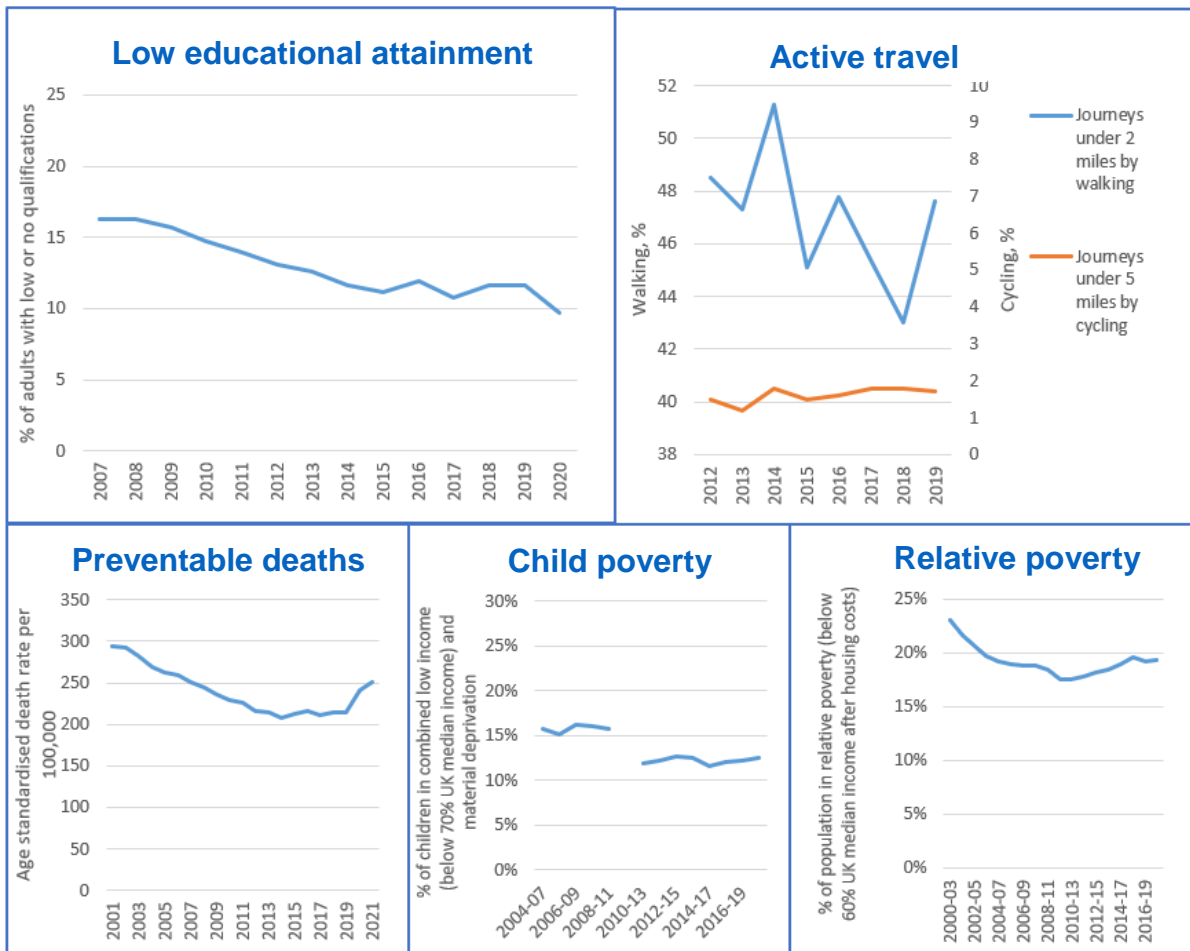
⁶ [Community Ownership in Scotland in 2021](#)

7. The Monitor

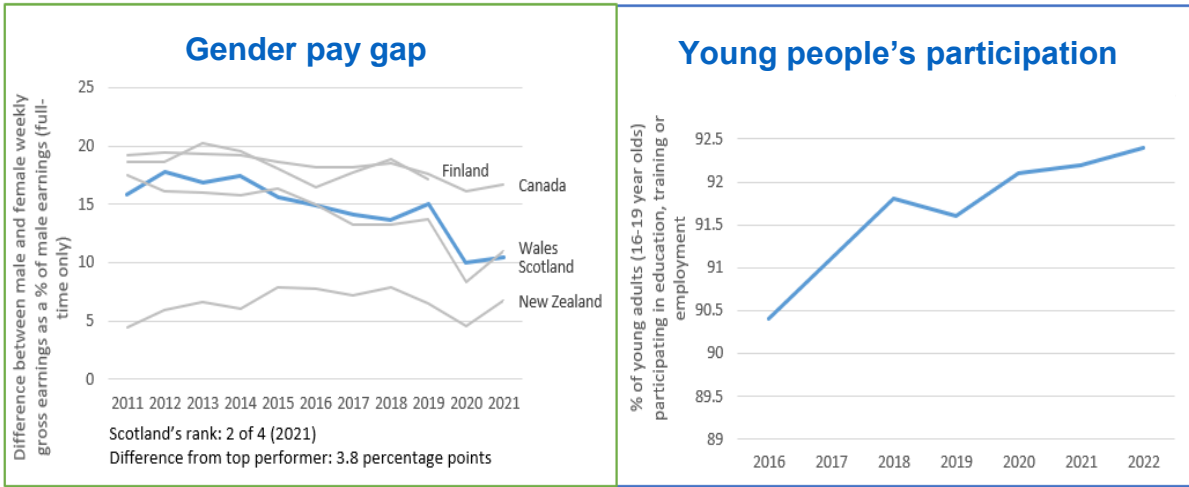
Natural capital



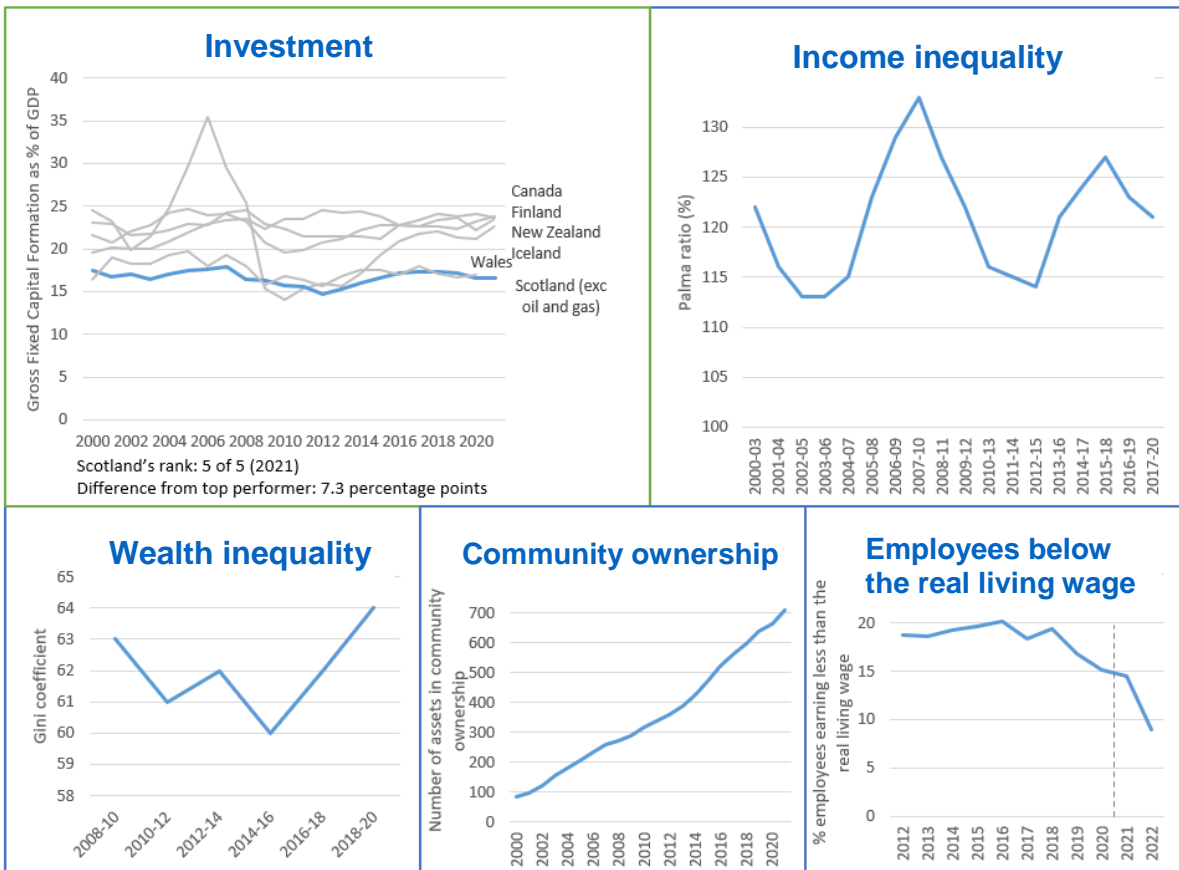
Human capital



Social capital



Produced and financial capital



Technical notes:

Where possible, comparisons have been provided between Scotland and the other participant countries of the [Wellbeing Economy Governments \(WEGo\)](#) group.

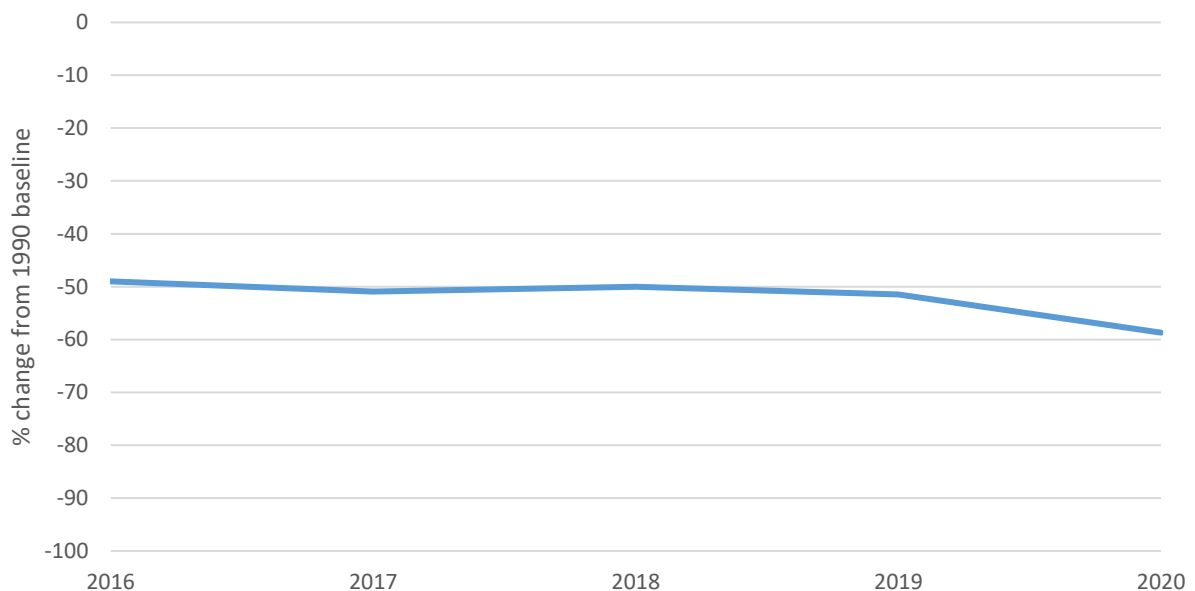
Data provided in this update is the latest available on 1 December 2022. It will be updated in 2023.

Time series have been presented from 2000 to the most recent period, where data availability allows.

8. Charts in detail

Natural capital

Figure 2: Greenhouse gas emissions



Source: [Greenhouse Gas Inventories for England, Scotland, Wales & Northern Ireland: 1990-2020](#); [Scottish Greenhouse Gas Statistics 2020](#)

A wellbeing economy should play its role in tackling the global climate emergency and limiting temperature rises. Achieving this outcome means ending our contribution to climate change by reaching net zero greenhouse gas emissions by 2045⁷.

This indicator measures Scotland's greenhouse gas emissions as a percentage change achieved from the baseline figure in 1990. It includes the greenhouse gas emissions that are produced within Scotland's territory (or economic sphere), including a share of emissions from international aviation and shipping. The basket of greenhouse gases consists of carbon dioxide, methane, nitrous oxide, and the four F-gases (hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride, and nitrogen trifluoride). 1990 is used as a baseline for carbon dioxide, methane and nitrous oxide and 1995 for the F-gases⁸.

Compared to the initial Wellbeing Economy Monitor published in June 2022, this publication uses a slightly different indicator of greenhouse gas emissions. In order to allow us to assess whether Scotland is improving, worsening or maintaining progress relative to our statutory emissions reductions targets in [Table 1](#), this publication reports on total emissions including land use, land use change and forestry (LULUCF). The earlier publication reported emissions per capita excluding LULUCF, which allowed comparison with other countries.

Playing our full role in tackling the global climate emergency also means reducing Scotland's carbon footprint (emissions associated with all consumption including imported products). This refers to emissions which are associated with the spending of Scottish residents on goods and services,

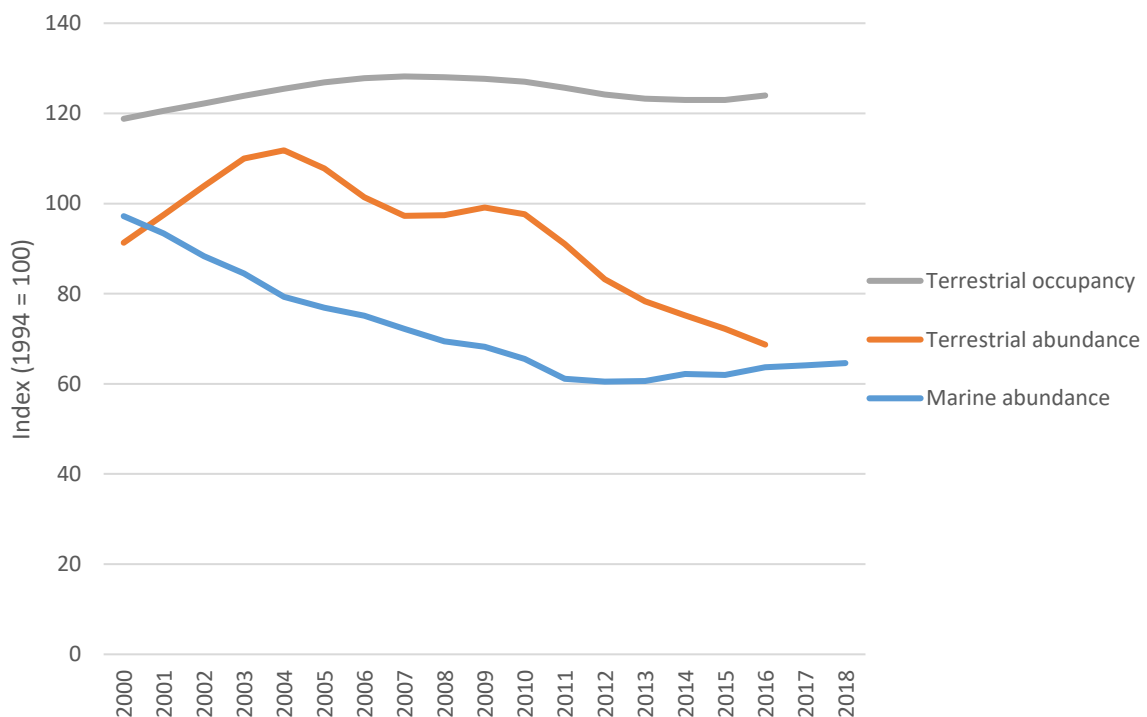
⁷ [The Environment Strategy for Scotland: vision and outcomes - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/environment-strategy-for-scotland/vision-and-outcomes/pages/10.aspx)

⁸ These gases are weighted by their Global Warming Potential (GWP), so that total greenhouse gas emissions can be reported on a consistent basis. The GWP for each gas is defined as its warming influence relative to that of carbon dioxide over a 100-year period. Greenhouse gas emissions are then presented in *carbon dioxide equivalent* (CO₂e) units. The GWPs are based on international reporting standards, as set by the Intergovernmental Panel on Climate Change (IPCC).

wherever in the world these emissions arise together with emissions directly generated by Scottish households, through private heating and motoring. Scotland’s consumption-based emissions are presented within the NPF indicator: ‘Scotland’s carbon footprint⁹’.

Figure 2 shows Scotland’s GHG Account for assessing progress to statutory targets indicated a reduction of 58.7 per cent in 2020, compared to a target of a 56.0 per cent reduction. As a result, the emissions reduction target was met in 2020.

Figure 3: Biodiversity: marine and terrestrial



Source: [NatureScot](https://www.nature.scot/)

A wellbeing economy should ensure essential life-supporting environments are protected, allowing for a restored and safe natural world for all life. Biodiversity is the foundation of life on earth and is crucial for the functioning of ecosystems, which

⁹ statistics.gov.scot : Carbon Footprint

provide us with products and services without which we couldn't live. Halting and reversing any decline in biodiversity and improving the health and quality of our air, water, seas and soils will help to ensure that our natural environment is resilient whatever the future may bring¹⁰.

Figure 3 shows the three metrics that compose Scotland's biodiversity index. Marine and terrestrial abundance lines reflect changes in the number of individuals of a species in these areas, whilst terrestrial occupancy reflects the number of sites where a species is present (therefore the size of the range within which it is found). This indicator helps measure progress towards national biodiversity commitments including the Scottish Biodiversity Strategy¹¹ and the national (NPF) environment outcome to 'value, enjoy, protect and enhance our environment'.

Quantitative data of changes to Scottish biodiversity prior to 1994 is not captured in this indicator. However, the State of Nature Scotland Report 2019¹² highlighted a sustained decline in biodiversity between 1970 and 1994 and concluded that these trends should be "viewed against a backdrop of profound historic human influences on nature in Scotland".

The marine elements of the indicator continue to be under development as new species data becomes available. Further information on marine biodiversity status can be found in the Scotland Marine Assessment 2020¹³.

Figure 3 shows marine abundance index fell from 2000 to 2012 before recovering slightly from 2012 to 2018. By 2018 it stood at 64.6% of the 1994 level. Between 2000 and 2004, the terrestrial abundance index was rising, but then fell for most of the period from 2004 to 2016, when it reached 68.7% of the

¹⁰ [The Environment Strategy for Scotland: vision and outcomes - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/environment-strategy-for-scotland/vision-and-outcomes/pages/10.aspx)

¹¹ [Scottish biodiversity strategy - Biodiversity - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scottish-biodiversity-strategy/pages/1.aspx)

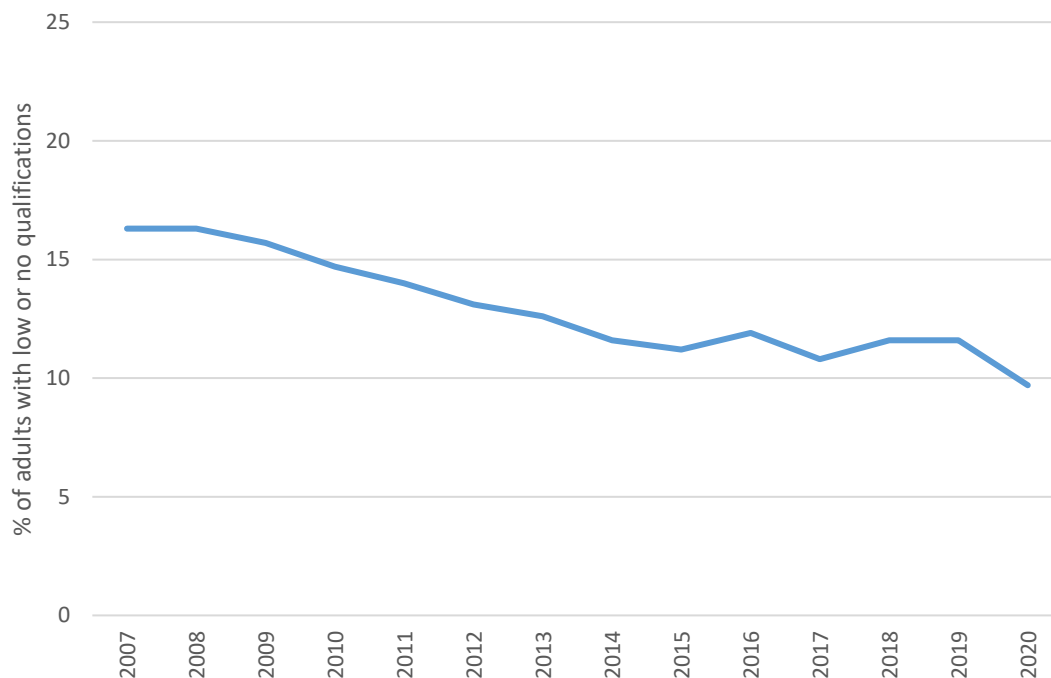
¹² [State of Nature Scotland 2019 - Scotlink](https://www.scotlink.gov.uk/state-of-nature-scotland-2019)

¹³ [Scotland's Marine Assessment 2020 | Scotland's Marine Assessment 2020](https://www.gov.scot/publications/scotland-marine-assessment-2020/pages/1.aspx)

1994 level. The terrestrial occupancy index rose from 118.8 to 124 over the period from 2000 to 2016.

Human capital

Figure 4: Low educational attainment



Source: [OECD](#)

A wellbeing economy should allow citizens to realise their full potential and contribute to society. Skills enable people to more effectively participate and progress in the labour market and lead fulfilling lives¹⁴. Evidence suggests that for those with low life satisfaction, education is important and may act as a positive buffer against shocks by opening up different life trajectories¹⁵. Education is also linked with other wellbeing outcomes¹⁶ including increased awareness of threats to the natural environment, which can be used as a tool to communicate the urgency of climate action. Education also supports an understanding of multiple world-views and perspectives, necessary for building meaningful relationships

¹⁴ [Scotland's National Strategy for Economic Transformation - gov.scot \(www.gov.scot\)](#)

¹⁵ [Beyond the averages: the relationship between higher education and wellbeing - What Works Wellbeing](#)

¹⁶ [Education for Sustainable Development Goals: learning objectives; 2017 \(unesco.de\)](#)

and promoting peace/non-violence. Education can also empower people to adopt healthier lifestyles.

This indicator measures the proportion of adults aged 16 to 64 whose highest qualification was SCQF level 4 or below (SCQF level 4 is equivalent to the current National 4 level).

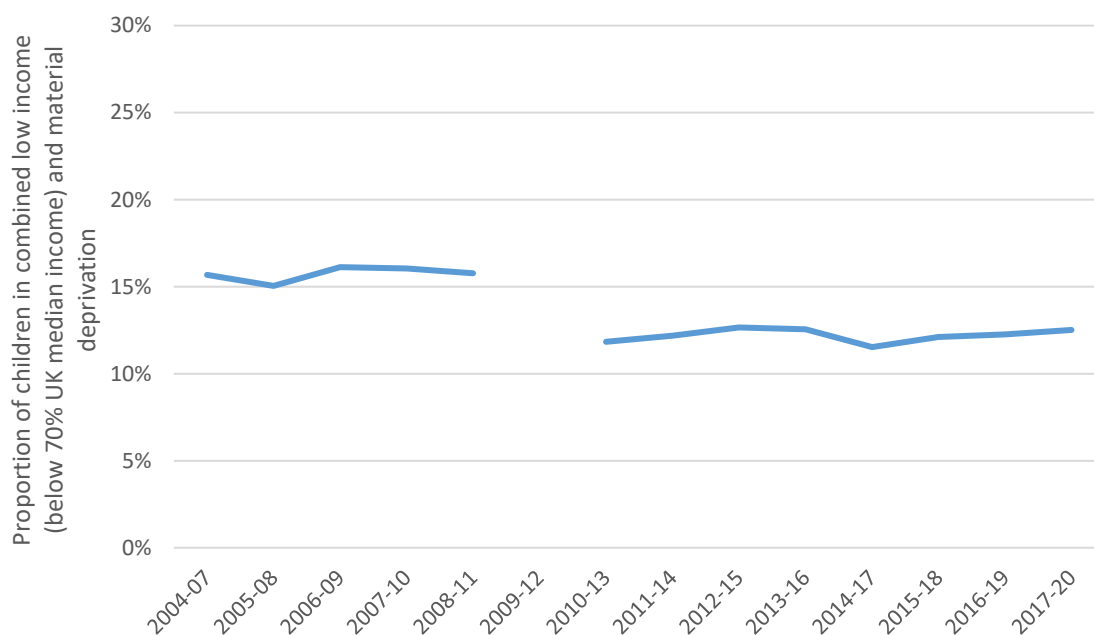
Compared to the initial Wellbeing Economy Monitor published in June 2022, this publication uses a slightly different indicator of low educational attainment, in line with that used in the National Performance Framework. We can now similarly assess (and come to the same conclusion as the NPF on) whether Scotland is improving, worsening or maintaining progress on this indicator.

The low educational attainment indicator in the previous publication used OECD data, which allowed for comparison with other countries. Differences between the two measures include the age groups covered, the inclusion/exclusion of respondents who do not know their highest qualification level, and small differences in the qualifications included.

It is recognised that some people outside the 16-64 age group will have issues around literacy and numeracy which also need to be addressed. This indicator also does not tell us about the relevance of people's qualifications or about the skills they may have acquired for which they don't have formal qualifications.

Figure 4 shows that in 2020 the proportion of people in Scotland aged 16-64 with low or no qualifications was 9.7%, a decrease of 1.9 percentage points since 2019.

Figure 5: Child poverty: children in low income and material deprivation



Source: [Poverty and Income Inequality in Scotland 2017-20](#)

A wellbeing economy should allow children to grow up loved, safe and respected, which will increase their likelihood of realising their full potential. The effects of poverty on children can be life-long, with impacts on health, education and employment outcomes. For example, evidence suggests children in lower income households are more likely to have high rates of emotional and behavioural difficulties¹⁷ and experience of child poverty can be a key predictor of youth homelessness.

This indicator measures the proportion of children in combined material deprivation and low income after housing costs (below 70% UK median income). Therefore, this indicator tells us the proportion of children living in households that are relatively income poor and that are unable to afford basic necessities after housing costs. This indicator helps measure progress towards national child poverty commitments, including the

¹⁷ [Understanding the links between children's mental health and socio-economic status - What Works Wellbeing](#)

ambitious targets set within the Child Poverty (Scotland) Act 2017¹⁸, and the national (NPF) children and young people outcome to ensure 'children grow up loved, safe and respected so that they realise their full potential'.

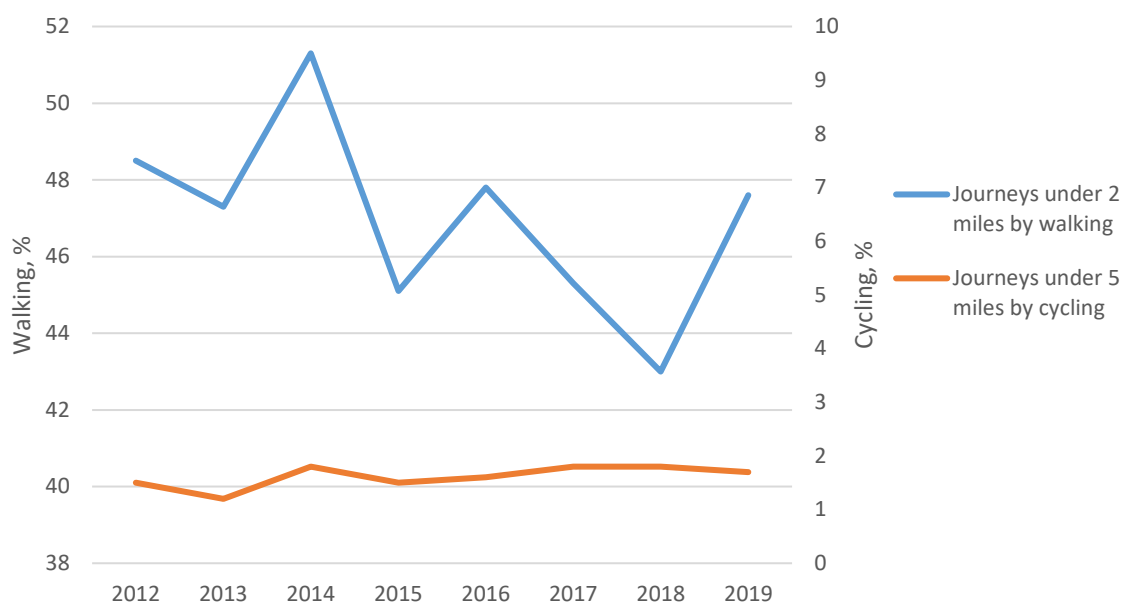
The Child Poverty (Scotland) Act 2017 sets out targets to reduce the proportion of children in poverty by 2030. The targets state that by 2030, of children living in Scottish households:

- less than 10% should be living in relative poverty. This means fewer than one in ten children living in households on low incomes by 2030, compared to the average UK household;
- less than 5% should be living in absolute poverty. This means fewer than one in twenty children living in low-income households where living standards are not increasing by 2030;
- less than 5% should be living with combined low income and material deprivation. This means fewer than one in twenty children living in low-income households who can't afford basic essential goods and services by 2030;
- less than 5% should be living in persistent poverty. This means fewer than one in twenty children living in households in poverty for three years out of four by 2030.

Figure 5 shows the proportion of children in combined material deprivation and low income after housing costs (below 70% UK median income) has remained broadly stable over the period. Due to a change in methodology, there is a break in the series.

¹⁸ [Child poverty - Poverty and social justice - gov.scot \(www.gov.scot\)](http://www.gov.scot)

Figure 6: Active travel



Source: [Scottish Household Survey](#)

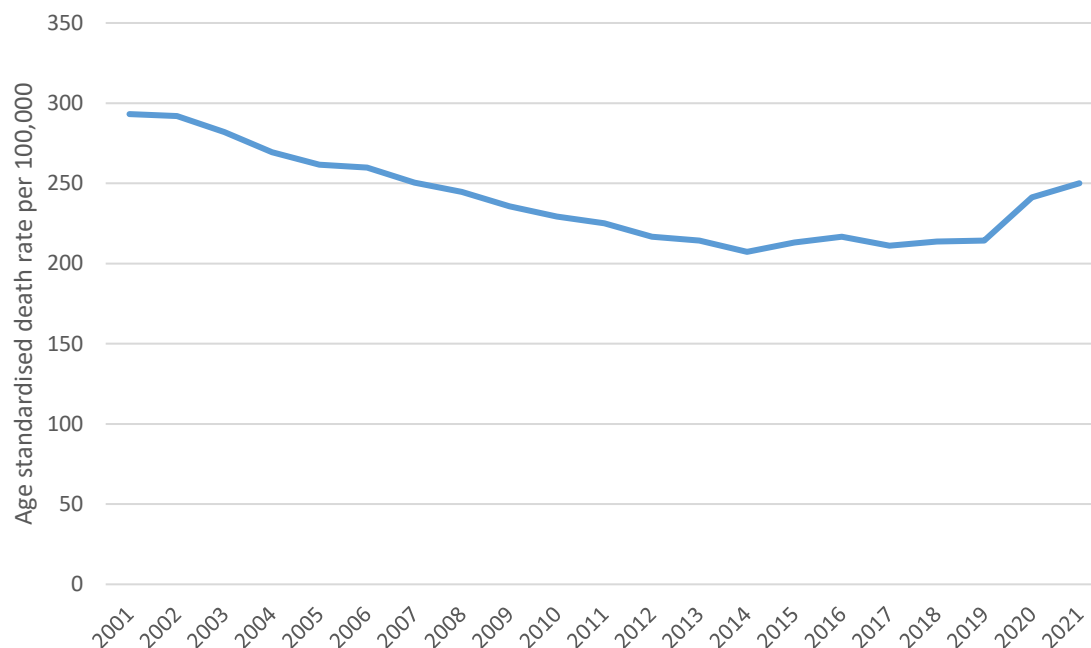
A wellbeing economy should promote healthy lifestyle behaviours through education, access and behavioural change. Active travel leads to better physical and mental health and is also important for decarbonising transport systems; reducing inequalities through widening access to jobs, services and leisure; and improving people's connection to, and pride in, place¹⁹.

This indicator tells us the proportion of short journeys made by adults (aged 16+) by walking or cycling. A short journey is defined as less than 2 miles for walking or less than five miles for cycling. This indicator helps measure progress towards the national (NPF) health outcome 'we are healthy and happy'.

Figure 6 shows the percentage of journeys under 2 miles taken by walking was 48.5% in 2012. It has fluctuated between 43% and 51.3%. It was 47.6% in 2019. The percentage of journeys under 5 miles taken by cycling has remained between 1.2% and 1.8% throughout the period from 2012 to 2019. It was 1.7% in 2019.

¹⁹ [active_travel.pdf \(transport.gov.scot\)](#)

Figure 7: Preventable deaths



Source: [Avoidable mortality | National Records of Scotland](#)

A wellbeing economy should allow its citizens to live long, healthy and active lifestyles and should be preventative to avoid causing harm to people. For example, it should proactively tackle health risks such as air pollution which have been associated with causing preventable deaths²⁰.

This indicator measures age-standardised death rate per 100,000 of the population. This indicator tells us the number of deaths from causes that could have been avoided through effective public health and primary prevention interventions. It is based on an international definition by the OECD/Eurostat²¹ and looks only at deaths under the age of 75.

A similar indicator ('Premature mortality²²') helps measure progress towards the national (NPF) health outcome, 'we are healthy and happy'. That indicator is a wider measure as it

²⁰ [FailureDemand_FinalReport_September2021.pdf \(weall.org\)](#)

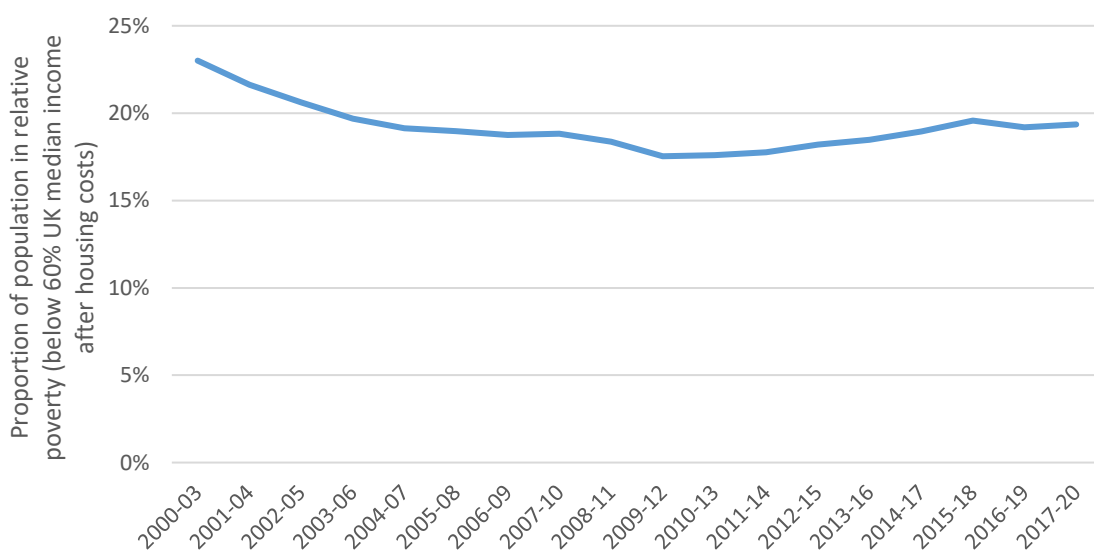
²¹ [Avoidable-mortality-2019-Joint-OECD-Eurostat-List-preventable-treatable-causes-of-death.pdf](#)

²² [Age-standardised Death Rates Calculated Using the European Standard Population | National Records of Scotland \(nrscotland.gov.uk\)](#)

includes deaths under the age of 75 from all causes, rather than just the specific causes which have been classed as 'preventable'.

Figure 7 shows that preventable deaths in Scotland fell from 293.2 in 2001 to 207.3 in 2014. They remained relatively consistent from 2014 to 2019 but rose from 214.3 in 2019 to 250.1 in 2020. This was because 2020-2021 figures included deaths from COVID-19. When excluding COVID-19 preventable deaths, the rate actually decreased by 0.7% from 2019 to 2020 to 212.7 but increased by 1.1% from 2020 to 2021 to 215.1.

Figure 8: Relative poverty after housing costs



Source: [Poverty and Income Inequality in Scotland 2017-20](#)

A wellbeing economy should enable everyone in society to live dignified lives and meet their basic needs. Poverty limits access to key experiences and material resources and is linked with other negative wellbeing outcomes such as poor mental health²³.

²³ [Briefing 58: Poverty, economic inequality and mental health | Centre for Mental Health](#)

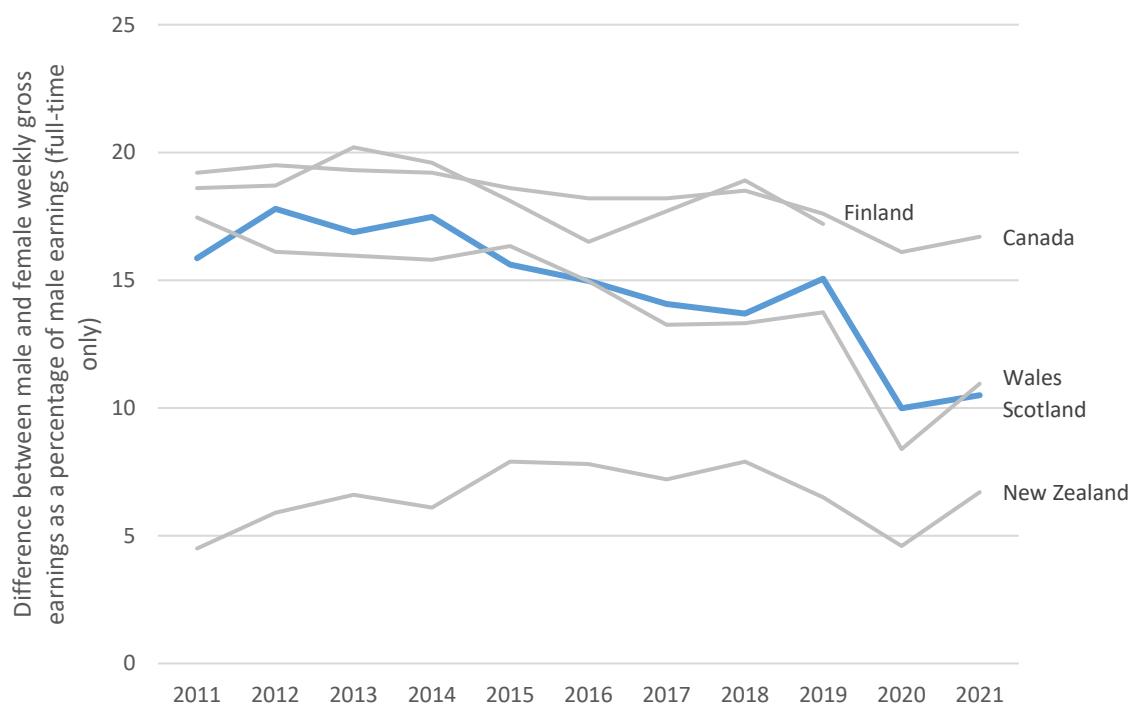
This indicator measures the percentage of individuals living in private households with an equivalised income of less than 60% of the UK median after housing costs. In other words, it tells us whether the incomes of the poorest households are keeping pace with middle-income households across the UK. Looking at relative incomes after housing costs takes into account the impact that housing costs have on poverty.

Relative poverty after housing costs is the most commonly used poverty indicator in Scotland and the indicator helps measure progress towards the national (NPF) poverty outcome to 'tackle poverty by sharing opportunities, wealth and power more equally'.

Figure 8 shows that relative poverty had been falling slightly in the early 2000s and the lowest point in this time series was 2009-12. After that, it started to rise again up until 2017-20, when the rise appeared to stop.

Social capital

Figure 9: Gender Pay Gap



Source: [Annual survey of hours and earnings: 2021](#); [OECD](#)

A wellbeing economy should value diversity and recognise the fundamental equality of all people. The existence of a gender pay gap suggests that economic benefits are not being spread widely or fairly because women are facing systemic barriers. We should aim to close the gender pay gap as it reflects the divergent experiences women and men have not only in employment but also in education, training, care and other unpaid domestic labour, which have caused a persistent undervaluing of women's contribution to the economy²⁴.

This indicator tells us the difference between full-time male and female median earnings (gross weekly earnings excluding overtime) as a percentage of male earnings. It does not reflect the earnings of people who work part time (38% of women in employment, 13% of men in employment²⁵).

²⁴ [CTGBriefing24 \(closethegap.org.uk\)](#)

²⁵ [Office for National Statistics \(ons.gov.uk\)](#)

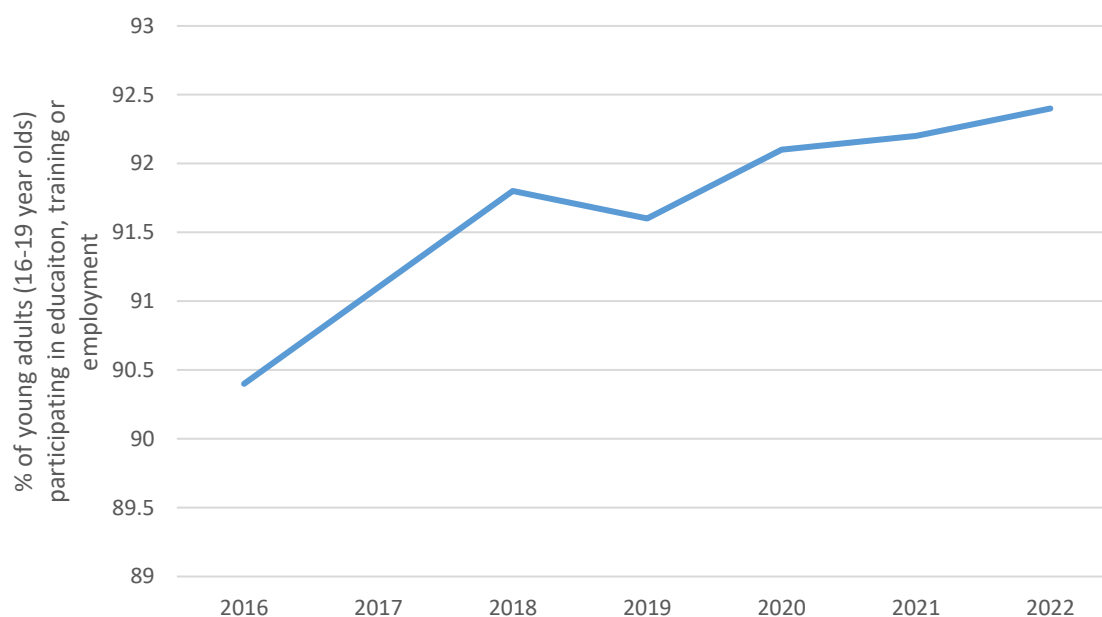
Gender pay gap indicators help measure progress towards national Fair Work commitments, including the national (NPF) outcome to ensure ‘we have thriving and innovative businesses, with quality jobs and fair work for everyone’; the Covid Recovery Strategy outcome, ‘more jobs in the labour market are fair work and green jobs²⁶’; and the Fair Work Convention outcome to ensure ‘security of employment, work and income²⁷’. Gender pay gaps are reported in these contexts in terms of gaps in hourly earnings. In this publication, weekly earnings have been used to allow for international comparisons, noting that weekly earnings will be affected by the number of hours worked as well as by the hourly wage.

Figure 9 shows the gender pay gap narrowing over the period from 2014 to 2021 overall, despite a slight increase from 10.0% in 2020 to 10.5% in 2021. Scotland’s gender pay gap is seen to be larger than New Zealand’s, but smaller than those in Canada and Finland throughout the period. The gender pay gap in Scotland and Wales has been broadly similar throughout the period.

²⁶ [Covid Recovery Strategy: for a fairer future - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/covid-recovery-strategy-for-a-fairer-future/pages/100/index.aspx)

²⁷ [Fair Work in Scotland Report - The Fair Work Convention](#)

Figure 10: Young people's participation



Source: [Annual Participation Measure | Skills Development Scotland](#)

A wellbeing economy should be resilient and able to effectively respond to external risks and shocks as this will provide wellbeing for both current and future generations. We want to ensure young people are actively participating in productive activities that will build their capabilities to increase the nation's economic resilience and collective wellbeing.

This indicator tells us what percentage of the nation's aged 16-19 cohort (not just those that have left school) are participating in education, training or employment. Participation is defined as: School pupil; Further Education; Higher Education; Modern Apprenticeship; Full-Time Employment; Part-Time Employment; Self-Employed; Data Import (Employed); Employability Fund Stages 2-4 Participants (Reported between 2016 and 2022); Other Formal Training; Personal/Skills Development; Voluntary Work; Activity Agreements (Reported between 2016 and 2019)²⁸. Participation classification is based

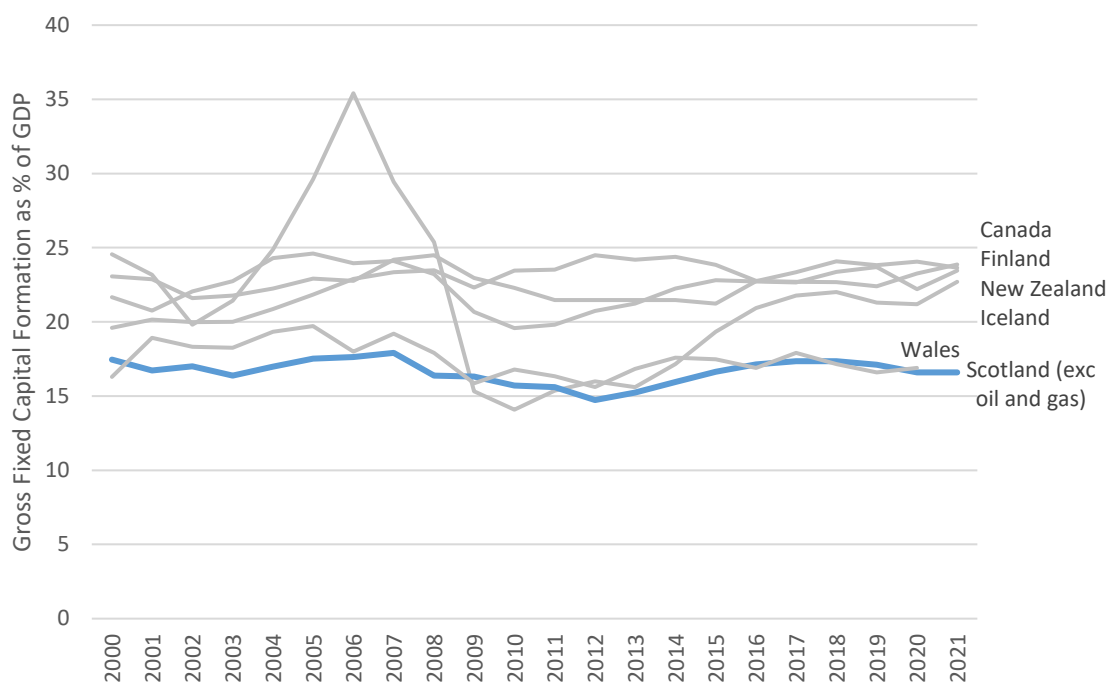
²⁸ For a definition of each participation category: [annual-participation-measure-background-notes.pdf \(skillsdevelopmentscotland.co.uk\)](#)

on whether an individual spent the greatest number of days within the year participating in one or more of these activities. This indicator helps measure progress towards the national (NPF) education outcome to ensure ‘we are well educated, skilled and able to contribute to society’.

Figure 10 shows the percentage of young adults (16–19-year-olds) participating in education, training or employment rising from 90.4% in 2016 to 92.4% in 2022.

Produced and financial capital

Figure 11: Investment



Source: [GDP Quarterly National Accounts: 2021 Quarter 4 \(October to December\); Regional gross fixed capital formation; OECD](#)

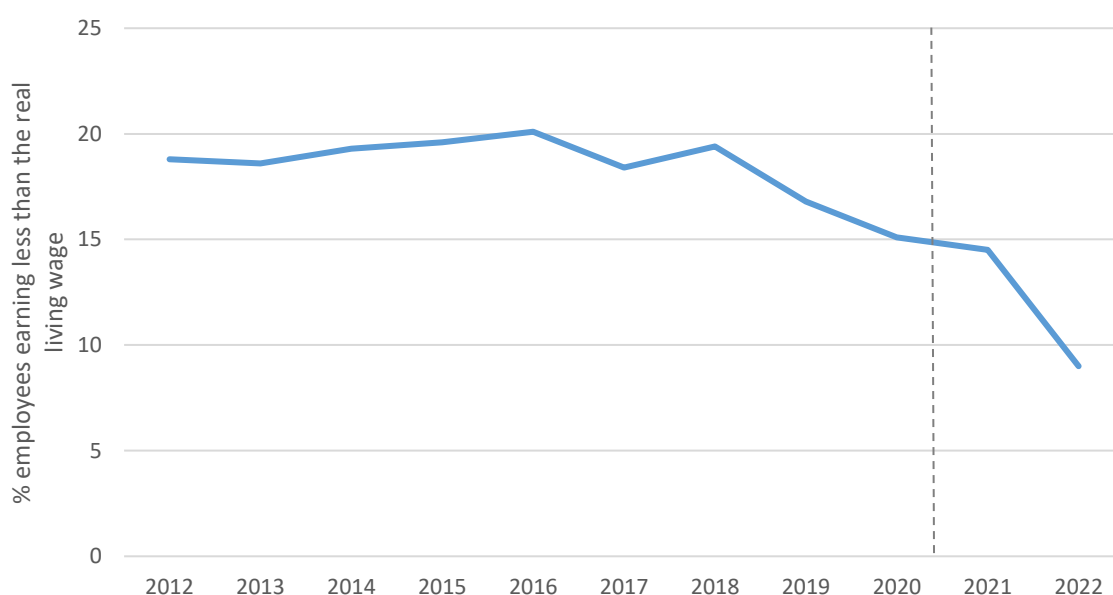
A wellbeing economy should serve the collective wellbeing of both current and future generations, implying a need for investment in the future alongside current consumption. Investment in capital increases our capacity to deliver goods and services which can in turn improve people's quality of life.

This indicator tells us the value of net capital expenditure by both the public and private sector as a % of national GDP. Capital expenditure includes spending on dwellings, other buildings and structures, transport, intellectual property, ICT, and cultivated assets²⁹. This indicator does not include spending on stockpiles and work in progress as these are not fixed capital assets. Considering Gross Fixed Capital Formation (GFCF) as a % of GDP gives an indication of the balance in the economy between consumption and investment.

²⁹ [A short guide to gross fixed capital formation and business investment - Office for National Statistics \(ons.gov.uk\)](#)

Figure 11 shows Scotland below the comparator countries in 2021 (the latest year for which data is available) at 16.6%, while the comparators are clustered between 22% and 24%. Wales data is only available up until 2020 and performance was broadly similar to Scotland's throughout the period.

Figure 12: Employees (18+) earning below the real living wage



Source: [Annual Survey of Hours and Earnings](#)

A wellbeing economy should address deep-seated poverty challenges by transforming the sectors where low pay or precarious work are most prevalent. Business models that rely on low pay are not sustainable and are incompatible with our vision of a wellbeing economy³⁰. Evidence has suggested that not earning the living wage is linked with negative wellbeing outcomes such as being unable to afford basic necessities and being unable to spend desired quality time with family³¹.

This indicator tells us the proportion of employees aged 18 and over who are earning less than the real living wage. The real living wage rates have been independently calculated by the

³⁰ [Delivering Economic Prosperity \(www.gov.scot\)](#)

³¹ [Good for Society | Living Wage Foundation](#)

Resolution Foundation according to the cost of living based on household goods and services and are overseen by the Living Wage Commission³² .

This indicator helps measure progress towards national Fair Work commitments, including the national (NPF) fair work and business outcome to ensure ‘we have thriving and innovative businesses, with quality jobs and fair work for everyone’; the Covid Recovery Strategy outcome, ‘more jobs in the labour market are fair work and green jobs³³’; and the Fair Work Convention outcome to ensure ‘security of employment, work and income³⁴’.

Figure 12 shows the proportion of employees earning less than the real living wage decreased from 14.5% in 2021 to 9.0% in 2022³⁵. This continues the downward trend seen since 2018³⁶.

³² To note, this is not the same as the Minimum Wage or the National Living Wage, which are both statutory minimums set by the UK Government. For more on how the real living wage is calculated see here: [Living wage: Calculating the Real Living Wage \(resolutionfoundation.org\)](https://www.resolutionfoundation.org/insights/publications/living-wage-calculating-the-real-living-wage)

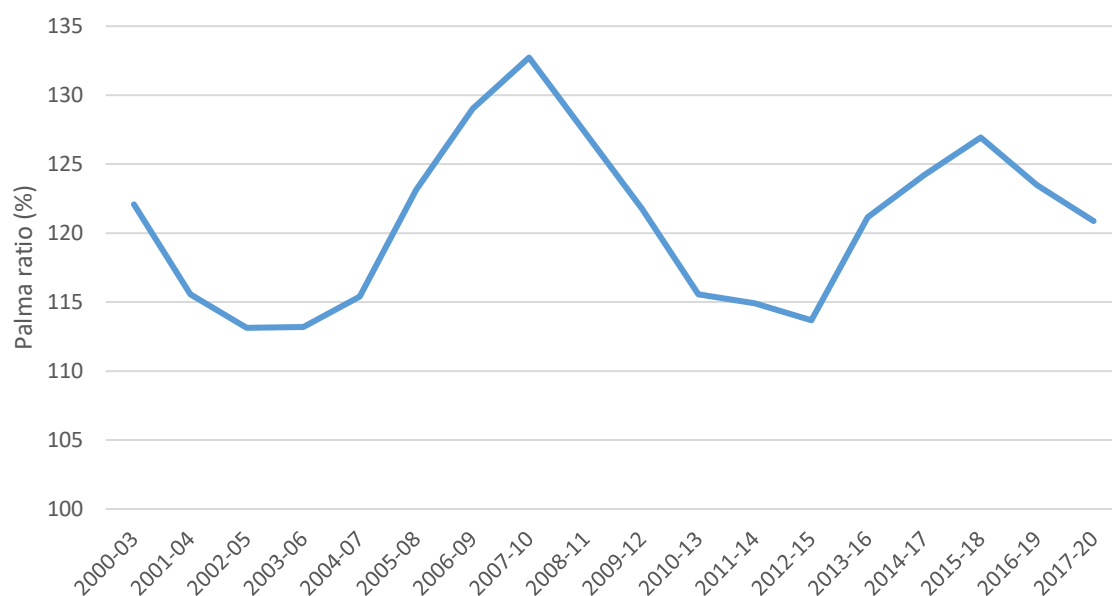
³³ [Covid Recovery Strategy: for a fairer future - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/covid-recovery-strategy-for-a-fairer-future/pages/100-to-109.aspx)

³⁴ [Fair Work in Scotland Report - The Fair Work Convention](https://www.resolutionfoundation.org/insights/publications/fair-work-in-scotland-report-the-fair-work-convention)

³⁵ In April 2022, the period which the 2022 estimates relate to, the real living wage rate for the UK was £9.90. The rate for London is calculated separately.

³⁶ The dashed line in Figure 12 represents a discontinuity in the series due to change in occupational coding from SOC 2010 to SOC 2020.

Figure 13: Income inequality



Source: [Poverty and Income Inequality in Scotland 2017-20](#)

A wellbeing economy should promote equality and ensure a just distribution of income, wealth and power. The evidence that large income differences have damaging health and social consequences is strong. Narrowing the gap will improve the population's health and wellbeing³⁷.

This indicator measures income inequality in Scotland by the Palma ratio (the total income of the top ten percent of the population divided by the total income of the bottom forty percent of the population). Therefore, this indicator tells us how much more income top-income households have compared to those at the bottom. This indicator estimates income from all sources (including earnings, benefits, tax credits, pensions, and investments) after deductions for income tax, national insurance contributions, council tax, pension contributions and maintenance payments, but before deductions for housing costs such as rent and/or mortgage payments. This indicator is usually calculated from income before housing costs. After-housing-costs incomes are distributed more unequally.

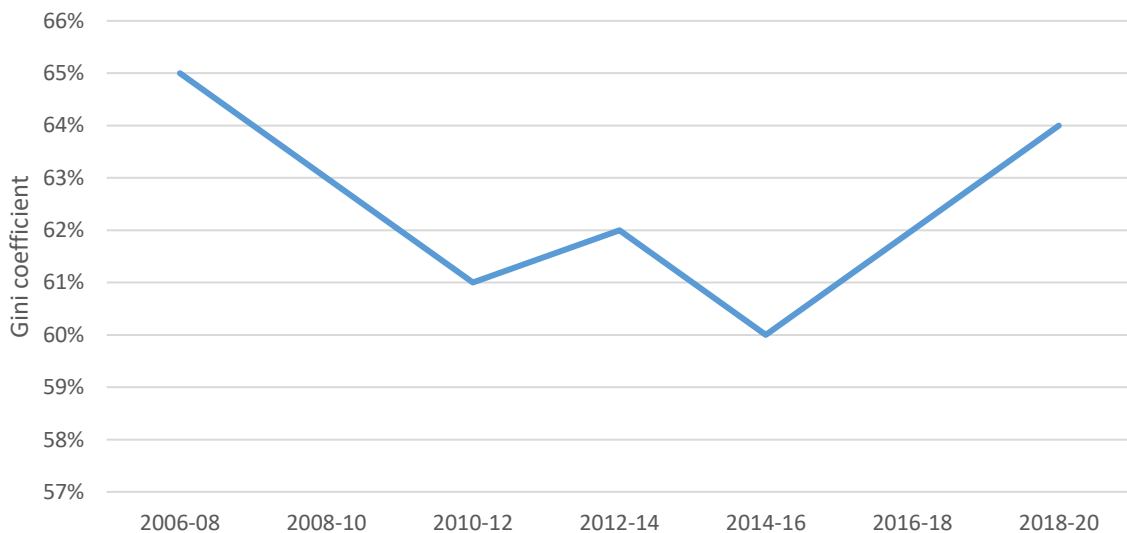
³⁷ [Income inequality and health: A causal review - ScienceDirect](#); [The Health Effects of Income Inequality: Averages and Disparities - PubMed \(nih.gov\)](#)

Household income has been equivalised to adjust for the fact that larger families require larger, but less than proportionally larger, incomes to achieve similar standards of living.

This indicator helps measure progress towards the national (NPF) economy outcome to ‘have a globally competitive, entrepreneurial, inclusive and sustainable economy’.

Figure 13 shows income inequality fluctuating throughout the period, reaching a high of 132.7% in 2007-10. It had been decreasing from the most recent high in 2015-18.

Figure 14: Wealth inequality



Source: [Wealth in Scotland 2006-20](#)

As previously mentioned, a wellbeing economy should promote equality and ensure a just distribution of income, wealth and power. Wealth is a key component of wellbeing as people use their wealth to improve current or future living standards, to invest in opportunities such as education or entrepreneurial activities, or to provide a buffer for emergencies such as unemployment or illness³⁸.

³⁸ [Wealth in Scotland 2006-2020 \(data.gov.scot\)](#)

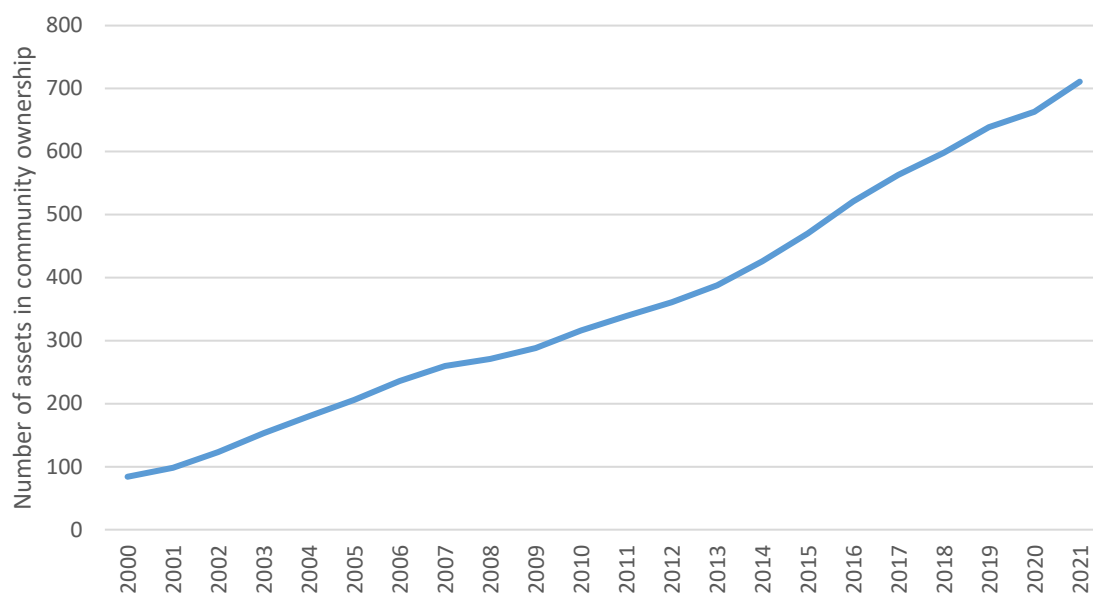
This indicator tells us how wealth is distributed within the population overall by referring to the personal wealth of households, including the financial, physical, property and pension wealth of all household members³⁹. Business assets are not part of this. This indicator uses the Gini coefficient, which is a statistical measure of dispersion often used to assess economic inequality. The Gini coefficient ranges from 0% to 100%. 0% means all households have the same wealth, and 100% means one household has all the wealth and all other households have none. The Gini coefficient is widely used, but it is sometimes considered overly sensitive to changes in the middle, and not sensitive enough to changes at the top and the bottom. The Palma ratio⁴⁰ focuses on the top and the bottom of the distribution only. In practice however, both Gini and Palma measures show very similar trends. The Gini coefficient helps measure progress towards our national (NPF) poverty outcome 'to tackle poverty by sharing opportunities, wealth and power more equally'.

Figure 14 shows the Gini coefficient of total wealth was 64% in 2018-2020. It had been broadly stable since 2006-2008, when data collection began, ranging between 60% and 65%.

³⁹ Definitions of types of wealth: [Wealth in Scotland 2006-2020 \(data.gov.scot\)](https://data.gov.scot/data/wealth-in-scotland-2006-2020)

⁴⁰ Palma ratio data: [Wealth in Scotland 2006-2020 \(data.gov.scot\)](https://data.gov.scot/data/wealth-in-scotland-2006-2020)

Figure 15: Community ownership



Source: [Community ownership in Scotland](#)

A wellbeing economy should be shaped and formed so that it is locally rooted and determined by active engagement of communities. Community ownership of assets allows citizens to take on a degree of responsibility for their communities and can ensure that valued local resources are nurtured and protected.

This indicator tells us the number of assets (defined as areas of land, buildings or anything else of substantial value) that community groups own. A community group is locally led; has a sufficient level of community support; membership is open to all in that community; it is non-profit distributing; and its main purpose is the furthering of sustainable development in the local area. As there is currently no definitive source of assets in community ownership, the data published by the Scottish Government is sourced from a variety of organisations involved in community asset ownership, including those involved in providing community groups with funding to purchase assets. The data collected from these sources is quality assured by the Scottish Government and then is sent to the Registers of

Scotland who verify it against the Land Register⁴¹. Only those assets where the transfer of ownership has completed are included in the published statistics.

Depending on the complexity of the legal process, there may be a period of years between an asset first being reported to the Scottish Government and its inclusion in the published statistics. Note that where the year of purchase or transfer of the asset is unknown, it has been defaulted to 2000, the start of the series. In addition, the whole time series is revised, where necessary, with the release of each publication to take into account assets which have been in community ownership for some years but only in the most recent year been reported to the Scottish Government. Or where assets are found to be no longer in community ownership so are removed from the time series.

This indicator helps measure progress towards the national (NPF) communities outcome, 'we live in communities that are inclusive, empowered, resilient and safe'.

Figure 15 shows that 711 assets were in community ownership as at 31st December 2021. This is a 7% increase from 663 assets in 2020 and an eightfold increase from 84 assets in 2000. These assets were owned by 484 groups and covered an area of 211,998 hectares.

⁴¹ Detail on definitions (assets and community groups) and data collection: [Supporting documents - Community Ownership in Scotland 2021 - gov.scot \(www.gov.scot\)](#); or [statistics.gov.scot : Community Ownership – Number of Assets](#)

9. Technical Annex

Table 2 explains the criteria for determining whether each indicator is improving, maintaining or worsening. For those indicators drawn from the National Performance Framework, the criteria are the same as those used in that context.

Table 2: Criteria for progress summary

Indicator	Criteria
Greenhouse gas emissions	<p>The most important part of the evaluation is based on a comparison of the percentage reductions in emissions achieved from the Baseline with the percentage reductions in emissions required in that year, on a trajectory to meet the 100 per cent reduction in emission required by 2045.</p> <p>The year-on-year evaluation is based on a comparison of the percentage reduction in emissions achieved in the latest year against the percentage reductions in emissions required under legislation in the latest year compared to the previous year.</p> <ul style="list-style-type: none"> • If the percentage reduction in emissions exceeds the reduction required in the latest year, relative to the previous year, it suggests that performance is improving. • If the target, for instance as a result of previous years' performance, is in fact achieved but the latest year indicates a lower annual percentage reduction than required under legislation compared to the previous year, then performance will be considered to be maintaining. • If the target for the latest year is not achieved and the percentage reductions are less than the emissions reductions required for

	that year, this suggests that performance is worsening.
Biodiversity: marine and terrestrial	<p>The performance for this indicator is assigned based on the performance of all three measures:</p> <ul style="list-style-type: none"> • If one or more measures are decreasing, then a performance worsening is assigned. • If one measure or more measures is increasing whilst any other(s) is(are) stable, a performance improving is assigned. • Otherwise, a performance maintaining is assigned. <p>In order to determine whether the individual measures are increasing, decreasing, or stable, the symmetrical thresholds below are used. If the recent change in the figure is less than the value of this threshold, performance is considered to be stable.</p> <ul style="list-style-type: none"> • Index of abundance of marine species: 5 per cent • Index of abundance of terrestrial species: 6 per cent • Index of occupancy of terrestrial species: 1 per cent
Low educational attainment	<ul style="list-style-type: none"> • Any difference within +/- 0.7 percentage points of last year's figure suggests that the performance is more likely to be maintaining than showing any change. • A decrease of 0.7 percentage points or more suggests the performance is improving. • An increase of 0.7 percentage points or more suggests the position is worsening.
Active travel	The performance is assigned based on the performance of both the cycling and the walking measures.

	<ul style="list-style-type: none"> • If both measures are increasing, then a performance improving is assigned. • If one measure is increasing whilst the other is maintaining, a performance improving is assigned. • If both measures are decreasing a performance worsening is assigned. • If one measure is decreasing whilst the other is maintaining, a performance worsening is assigned. • If both measures are maintaining, a performance maintaining is assigned. • If one measure is increasing whilst the other is decreasing, then a performance maintaining is assigned. <p>In order to determine whether the individual cycling and walking measures are increasing, decreasing, or maintaining, the symmetrical thresholds below are used. If the recent change in the figure is less than the value of this threshold, performance is considered to be 'maintaining'.</p> <p>Performance thresholds:</p> <ul style="list-style-type: none"> • % of journeys under 2 miles made by walking: 1.5 percentage points • % of journeys under 5 miles made by cycling: 0.5 percentage points
Preventable deaths	<ul style="list-style-type: none"> • Any difference in the percentage within +/- 2 percent of last year's figure suggests that the performance is more likely to be maintaining than showing any change. • A decrease of 2 percent or more suggests the performance is improving

	<ul style="list-style-type: none"> • An increase of 2 percent or more suggests the performance is worsening.
Child poverty	<ul style="list-style-type: none"> • Performance is improving if the indicator decreases for three periods in a row by at least 1 percentage point each period. • Performance is worsening if the indicator increases for three periods in a row by at least 1 percentage point each period. • Otherwise, performance is maintaining.
Relative poverty after housing costs	<ul style="list-style-type: none"> • Performance is improving if the indicator decreases for three periods in a row by at least 1 percentage point each period. • Performance is worsening if the indicator increases for three periods in a row by at least 1 percentage point each period. • Otherwise, performance is maintaining.
Gender pay gap	<ul style="list-style-type: none"> • Any difference within +/- 1.5 percentage points of last year's figure suggests that the performance is more likely to be maintaining than showing any change. • A decrease of 1.5 percentage points or more suggests the performance is improving. • An increase of 1.5 percentage points or more suggests the performance is worsening.
Young people's participation	<ul style="list-style-type: none"> • Any difference within +/- 1 percentage point of last year's figure suggests that the performance is more likely to be maintaining than showing any change. • An increase of 1 percentage points or more suggests the performance is improving.

	<ul style="list-style-type: none"> • A decrease of 1 percentage points or more suggests the performance is worsening.
Investment	<ul style="list-style-type: none"> • Any difference within +/- 1 percentage point of last year's figure suggests that the performance is more likely to be maintaining than showing any change. • A decrease of 1 percentage point or more suggests the performance is worsening. • An increase of 1 percentage point or more suggests the performance is improving.
Income inequality	<ul style="list-style-type: none"> • Performance is improving if the indicator decreases for three periods in a row by at least 1 percentage point each period. • Performance is worsening if the indicator increases for three periods in a row by at least 1 percentage point each period. • Otherwise, performance is maintaining.
Wealth inequality	<ul style="list-style-type: none"> • Performance is improving if the indicator decreases for two two-year periods in a row by at least 2 percentage points each period. • Performance is worsening if the indicator increases for two two-year periods in a row by at least 2 percentage points each period. • Elsewise, performance is maintaining.
Community ownership	<ul style="list-style-type: none"> • Any difference in the series within +/- 3 percent of last year's figure suggests that the performance is more likely to be maintaining than showing any change. • An increase of 3 percent or more suggests the performance is improving

	<ul style="list-style-type: none"> • A decrease of 3 percent or more suggests the performance is worsening.
<p>Employees (18+) earning below the real living wage</p>	<ul style="list-style-type: none"> • Any difference within +/- 1.5 percentage points of last year's figure suggests that the performance is more likely to be maintaining than showing any change. • A decrease of 1.5 percentage points or more suggests the performance is improving. • An increase of 1.5 percentage points or more suggests the performance is worsening.



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