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# Fairer workplaces for a fairer Scotland

2021 Scottish election manifesto



The CIPD is the professional body for HR and people development. As a registered charity, **we champion better work and working lives** and have been setting the benchmark for excellence in people and organisation development for more than 100 years.

We have more than 150,000 members across the world, provide thought leadership through independent research on the world of work and offer professional training and accreditation for those working in HR and learning and development. **The CIPD has around 11,000 members across Scotland.** We sit at the heart of a proud, growing community of practitioners, members, partners, policy-makers and thought leaders in the world of work. We work with the Scottish Government, its agencies and several academic, business and voluntary partners on a broad range of public policy issues.

We are key partners on multiple working groups and serve as a conduit to our network of members, who both inform changes in policy and deliver them. **Our membership in Scotland is spread across businesses from the public, private and third sectors and across businesses of all sizes.** This puts the CIPD in a strong position in the public policy sphere.

# Fairer workplaces for a fairer Scotland: 2021 Scottish election manifesto

## Contents

Executive summary	2
Introduction	3
Our 21 recommendations for 2021	4
The future of work	5
Skills for tomorrow	8
Wellbeing after COVID-19	13
Supporting inclusive workplaces	16

## Acknowledgements

This document was written by Marek Zemanik, Senior Public Policy Adviser at [CIPD Scotland](#). Grateful thanks to the many CIPD members and colleagues who contributed to it. CIPD Scotland is a small but active team based in Scotland, supporting practitioners and policy-makers across a broad range of issues. To get in touch, please visit the CIPD Scotland page on our website.

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# 1 Executive summary

The people profession was at the heart of the immediate COVID-19 response – navigating unprecedented changes to working patterns, coming to grips with ever-changing regulations and support schemes and supporting employees and their wellbeing through some of the most difficult times they have ever faced.

As focus cautiously shifts to our recovery and discussions about a ‘new normal’, people professionals’ experience and expertise should be a valuable resource. This 2021 CIPD Scotland Manifesto is based on a programme of engagement with our members, with recommendations limited to areas of devolved competence and laid out across four areas of public policy: the future of work, skills, wellbeing and inclusion.

In **‘The future of work’**, we argue that governments mustn’t lose focus on job quality as we emerge from the economic recession. The Scottish Government should keep fair work at the heart of its public policy and do what it can to promote awareness and adoption of fair work practices across businesses large and small. Improving management skills as a route to improved productivity should be a particular area of focus.

In **‘Skills for tomorrow’**, we make the case for a series of reforms aimed at meeting some of the long-term challenges our economy is facing. This means a rebalancing of funding towards vocational skills development and lifelong learning. At the heart of this are changes to how apprenticeships are funded as well as an enhanced Individual Learning Account (ILA) model that is more generous, flexible and responsive than what we see today.

In **‘Wellbeing after COVID-19’**, we focus on the impact the pandemic has had on employees’ mental and physical wellbeing, which has already been deteriorating over the last few years. We recommend funding boosts for Scottish government agencies that provide support in workplaces, as well as a significant effort to improve mental health support – for employees and employers – across Scotland.

In **‘Supporting inclusive workplaces’**, we look at the unequal impact of the pandemic on different types of employees. We think the Scottish Government has an enabling role to play in the journey towards employee inclusion by removing existing barriers and supporting opportunity for workers who face these barriers.

The pandemic remains the biggest challenge most of us have faced. But with every challenge comes opportunity for change. Our manifesto lays out where we think that opportunity should be seized.

## **Our top five recommendations:**

- Transform lifelong learning provision, with enhanced ILAs at its heart.
- Rebalance public funding towards demand-led vocational routes like apprenticeships.
- Improve management skills support for SMEs in particular.
- Invest in mental health support for employees.
- Enhance support for those with caring responsibilities.

## 2 Introduction

2020 was a year like no other and, in consequence, the 2021 Scottish Parliament election will be like no other election before it. With considerable uncertainty around the trajectory of the virus and the speed of the vaccine rollout comes ongoing uncertainty over the state of Scotland's economy and public finances. Political parties will need to reflect this in their manifestos, while showing a longer-term vision for a post-pandemic Scotland. This document aims to support them in this task.

After all, it was the people profession that was at the heart of the immediate COVID-19 response – navigating unprecedented changes to working patterns, coming to grips with ever-changing regulations and support schemes, and supporting employees and their wellbeing through some of the most difficult times they have ever faced. As focus cautiously shifts to our recovery and discussions about a 'new normal', people professionals' experience and expertise should be a valuable resource. We hope to provide some of it here.

The impact of the pandemic will be felt for years to come – on the economy, on our communities, on us all individually. But there are important lessons we can learn from it too. Two things stand out in particular.

First, we have seen that what some employees and employers thought was impossible can be done after all. The huge immediate shift to homeworking in response to restrictions on movement required rapid upskilling, business innovation and capital investment that was unthinkable in such a short period of time. Furthermore, the levels of peace-time government intervention – be it regulatory or financial – could hardly have been foreseen.

Second, as the public health crisis evolved into an economic crisis, underlying labour market challenges have been exposed – be it the unequal impact on women, people with disabilities and those with caring responsibilities, differences in job security by age or between industries, or skills mismatch and overqualification issues. These should be addressed now, so that Scotland is better prepared for the inevitable next economic downturn.

This 2021 CIPD Scotland Manifesto is based on a programme of engagement with our members that started with the formation of the CIPD Scotland Policy Forum over a year ago.

To inform this document, we ran several surveys, held multiple policy roundtables as well as individual consultations. Our recommendations are limited to areas of devolved competence and are laid out across four areas of public policy: the **future of work, skills, wellbeing and inclusion**.

We make recommendations in areas where our profession translates policy into practice. People professionals are responsible for attracting, developing and retaining talent in organisations small and large across Scotland. We link employers with the right employees, develop employee skills and careers, and look after employee health and wellbeing. Our experience helps inform policy, but our work also delivers the desired policy outcomes. Good intentions in policy design are not enough to achieve meaningful change in practice. We stand ready to help.

The pandemic remains the biggest challenge most of us have faced. But with every challenge comes opportunity for change. Our manifesto lays out where we think that opportunity should be seized.

## 3 Our 21 recommendations for 2021

**Recommendation 1:** Continue embedding fair work across all Scottish government policy

**Recommendation 2:** Complete the Fair Work Measuring Framework

**Recommendation 3:** Conduct a large-scale fair work campaign

**Recommendation 4:** Introduce a Flexible Work Challenge Fund

**Recommendation 5:** Support the development of management skills, including through a national People Skills rollout

**Recommendation 6:** Rebalance public funding towards demand-led vocational routes like apprenticeships

**Recommendation 7:** Introduce new qualification routes for adult learners

**Recommendation 8:** Expand the Flexible Workforce Development Fund

**Recommendation 9:** Improve the supply of digital skills courses and smaller bite-sized flexible learning opportunities

**Recommendation 10:** Introduce adult skills participation targets into the National Performance Framework

**Recommendation 11:** Roll out enhanced Individual Learning Accounts

**Recommendation 12:** Make the National Transition Training Fund permanent

**Recommendation 13:** Scale up Healthy Working Lives and Working Health Services Scotland

**Recommendation 14:** Convene a Scottish Thriving at Work Leadership Council

**Recommendation 15:** Provide stable funding for workplace health and wellbeing training

**Recommendation 16:** Improve mental health services capacity in Scotland

**Recommendation 17:** Make it easier to access mental health guidance and support, especially for SMEs

**Recommendation 18:** Maintain focus on closing the disability employment gap

**Recommendation 19:** Ensure employability services and Career Information, Advice and Guidance (CIAG) work for older employees

**Recommendation 20:** Bridge the gap between parental leave and funded childcare

**Recommendation 21:** Reform Carer's Allowance eligibility rules to support skills development

## 4 The future of work

Changes to how we work can happen very gradually – for example, as a result of technological change – or they can happen rapidly. What we have seen throughout most of last year falls firmly in the latter category. While uptake of flexible work has increased only marginally over the last few years, the forced lockdown meant an unprecedented shift to homeworking – the largest flexible work experiment ever seen.

There are signs that this is something that will outlast the pandemic too. For example, our [employer survey](#) suggests that around 72% of Scottish employers expect increased demand for homeworking, with 36% saying they will be more likely to grant such requests. Employers and employees have invested time and money to facilitate this shift and, without the drops in productivity that many assumed, will be more comfortable with this flexibility.

Nonetheless, it would be premature to assume the ‘death of the office’. The shift to homeworking has exposed clear differences – fundamentally between those whose jobs can and cannot be done remotely, yes, but also between those who have suitable home office premises and those who do not, those who have access to fast internet and those living in not-spots, those living alone and those within social bubbles or with caring responsibilities. Work relationships have changed, mental wellbeing has been under strain and the lines between work and life have become blurrier for many.

All of this leads to conversations around job quality, something that is at the heart of what the CIPD stands for. No matter what the trajectory of our recovery looks like, no matter what economic changes are coming down the line, job quality has to be at the centre of the debate. Much has improved over the last few years. We need to ensure that the next few years are not a step back.

### A focus on fair work

Of course, an economic downturn, with spikes in unemployment, doesn’t lend itself well to a focus on job quality. However, on closer examination, all the issues brought to the fore by the pandemic – and the subsequent recession – are closely linked to job quality. Job security, work-life balance or health and wellbeing are all crucial elements of any job quality framework. When thinking about our economic recovery, these considerations will be front and centre.

To its credit, the Scottish Government has recognised this and continued to promote fair work during its own response to the pandemic. This is a continuation of the work the Government has been doing for several years. Job quality has become an increasingly important area of public policy in the UK, especially following Matthew Taylor’s *Review of Modern Working Practices* published in 2017.

However, it is the Scottish Government that set up the Fair Work Convention – bringing academics, business and union leaders together – as far back as 2015. The Fair Work Framework was published a year later and has served as the basis for policy-making since. Fair work has now been embedded as a national outcome in the revamped National Performance Framework and fair work principles are increasingly attached to business support schemes or procurement.

Our first recommendation is for the Scottish Government to continue in its leadership on job quality. This means embedding fair work across all areas of public policy, applying fair work principles as a large employer and throughout the public sector, and continued support for the Fair Work Convention, for example, through the civil service.



The latest [Fair Work Convention report](#)<sup>1</sup> shows some sign of improvement, but it is very clear that more progress is required. Similar to work the CIPD has done before, there are significant differences in fair work between industry sectors, so it would be reasonable to focus policy and research on those with the worst outcomes first.

### **Recommendation 1: Continue embedding fair work across all Scottish government policy**

Any policy work, however, relies on robust data and evidence. The Scottish Government's 2019 [Fair Work Action Plan](#) included a commitment to develop and adopt a set of indicators to measure progress. These have been under development since, with the Fair Work Convention's progress report from December 2020 laying them out for the first time.

Despite the progress, gaps in data remain. For example, statistics around effective voice, job autonomy and conflict at work are some that are identified by the Fair Work Convention. The CIPD's annual [Working Lives Scotland](#) report,<sup>2</sup> first published in June 2020, covers some of the gaps, but this is not a survey that can take the place of an official national statistics publication. The Scottish Government should therefore commission and fund a regular robust survey that would complete the measuring framework.

### **Recommendation 2: Complete the Fair Work Measuring Framework**

While the Scottish Government can show leadership and effect change across the public sector, the biggest gains to be made are across the private sector. Close collaboration with the business community, with guidance and advice on changing practice, is therefore a crucial piece of the puzzle. In addition to this, support for ongoing research into the links between job quality and productivity (and dissemination of its findings) can provide a good evidence base for employers thinking about job quality.

However, there is a step before this that needs to be taken. We know from our own conversations with CIPD members and employers that there is a significant gap in understanding what fair work actually means. In addition, it is often mistakenly perceived as an onerous additional scheme competing with other kitemarks and badges, even by employers who would by any measure be defined as fair work employers.

Improving this understanding should be a key objective of the next Scottish Government. We believe that a large-scale fair work awareness campaign should be run throughout the next session of parliament. This could be broken down into the five fair work dimensions – respect, security, opportunity, fulfilment and effective voice. It would serve to raise awareness among both employees and employers, highlighting the key elements of fair work, and would be coupled with advice and guidance on practical steps businesses can take.

There is a particular need to target some of the poorer-performing industry sectors as well as some of the smallest businesses across Scotland. Many simply do not know where to turn or what specific steps can be taken on issues like flexible work, inclusion or health and wellbeing. The potential for job quality improvements through relatively easy steps is considerable.

### **Recommendation 3: Conduct a large-scale fair work campaign**

<sup>1</sup> Fair Work Convention. (2016) [Fair work framework](#).

<sup>2</sup> Zemanik, M. (2020) [Working Lives Scotland](#). London: Chartered Institute of Personnel and Development.



### **Flexible work**

The COVID-19 homeworking experiment has undoubtedly been a watershed moment for flexible work across Scotland and the UK. After many years of stagnation, we have seen businesses rapidly adapt due to the circumstances. However, while we welcome a more flexible approach to working lives, there is a danger that the focus on homeworking results in both employers and employees losing sight of the broad range of other flexible work options.

Our *Working Lives Scotland* report, conducted before the pandemic struck, shows that while more than half of all Scottish employees reported unavailability across any of the flexible work options we asked about, for some of the options (term-time working, compressed hours, job-sharing), more than two-thirds of employees reported unavailability. In some cases, there is a lack of understanding about these options and the pandemic may exacerbate that. Furthermore, more recent CIPD research suggests that Scottish employees have the lowest availability of flexible work across Great Britain.

Legislative attempts to shift the dial have so far not been successful, which is why the CIPD campaigns for the right to request flexible working to become a day-one employee right. In addition to this, we are encouraging employers to advertise their jobs flexibly – something that the pandemic has changed considerably in the interim, but underlying challenges remain. In a Scottish context, it is important that the Scottish Government continues to work with organisations like Timewise and Flexibility Works, supporting their programmes of research and events.

Given the significant differences between industry sectors, we also think that the Government should introduce a Flexible Work Challenge Fund to find the most creative business solutions to enable flexible working, which could then be scaled up. This would build on best practice as informed by the pandemic response, but would seek to embed change for the long term. More broadly, the perception of flexible work only being for those with family responsibilities needs to be challenged, as there can be considerable benefits of such arrangements for both employees and employers.

### **Recommendation 4: Introduce a Flexible Work Challenge Fund**

#### **Labour productivity and management skills**

Scotland's and the UK's productivity puzzle has been on policy-makers' agendas since the 2008–09 economic downturn. Little progress in closing the gap with competitor countries has been made in that time. We do not yet know the full impact of the pandemic on productivity, although initial signs suggest that individual productivity has not suffered as much as some expected during the large shift to homeworking. More research is needed to explore this as well as the long-term impact on economic productivity over the next few years.

What is unlikely to change, however, is what we know about the key drivers of productivity and the importance of capital investment, business innovation or skills development. Furthermore, an increasing amount of research is being done to explore the links between job quality and productivity, overlapping with existing work around skills or management quality.

The last of these – management quality – is of particular interest to the CIPD. Our own [research](#), corroborated by discussions with members and employees, highlights the crucial importance of good management to employees' job quality. Improving

management capabilities can therefore achieve better results – for managers, employees and the organisation as a whole.

One of the clearest examples of where good management can play a key role is in shaping an organisation’s culture around health and wellbeing. The impact of this culture on levels of ‘presenteeism’ (where employees feel the need to work when unwell) and ‘leavism’ (where employees use their holiday allowance to work), both of which are widespread across workplaces, can be significant.

When it comes to management skills, we know that some of the smallest businesses often struggle to find advice, often on some of the most basic people management matters. This was acutely highlighted by the COVID-19 crisis, where navigating the ever-changing regulations, legislation and forms of support was a significant challenge. We believe government can play a role here and should support a national rollout of the [People Skills](#) model, piloted in Glasgow, among other places, a few years ago.

The free People Skills service was a pilot programme aiming to offer small businesses expert support. The participants had access to a range of services, including one-to-one advisory support, learning from a team of experienced HR professionals who had worked with other small businesses. Through the service, small businesses could make sure that they had the right policies and practices in place for finding, recruiting and developing the best staff. It also served as a source of help towards improving management skills. Take-up of the service considerably exceeded expectations (especially in Glasgow) and an independent [evaluation](#) concluded it was a highly effective operating model.

More broadly, Scotland’s enterprise agencies provide a range of services in this space. For example, Scottish Enterprise offers a programme of workplace innovation support, including financial contributions, workshops and masterclasses. Feedback we have received from our members suggests that this offer should be evaluated and dedicated management skills support scaled up.

**Recommendation 5: Support the development of management skills, including through a national People Skills rollout**

## 5 Skills for tomorrow

With CIPD members driving workplace skills development across many organisations, skills policy is one of our key areas of interest. While the pandemic changed the context within which policy-makers and people professionals have to operate, it has not changed some of the fundamental trends that our economies – and our skills development systems in particular – need to prepare for. The arrival of Industry 4.0, with its associated changes driven by automation and technological advances, Scotland’s changing demographics and our ageing workforce in particular, as well as persistent economic inequalities, all require a flexible, responsive skills development system. Reforming our policy framework in this area will require a re-evaluation of three kinds of balance.

**First**, the balance between vocational and academic skills development. Scotland and the UK as a whole have certainly in the last two decades favoured the latter – both in terms of the levels of funding committed by governments and the cultural perceptions over the value of particular qualifications that exist. Given the levels of overqualification we see in Scotland, it seems clear that some rebalancing towards vocational education is necessary.

**Second**, the balance between adult and youth skills development. Evidence from past recessions tells us that young people are most likely to bear the brunt of an economic downturn. Understandably, the policy response by the Scottish Government has been to focus interventions on young people, for example through the Young Person's Guarantee. However, as the OECD's excellent review of the Scottish apprenticeship system has said quite clearly: *'while the COVID-19 crisis may reinforce a short-term emphasis on young people, future reforms will have to give much more attention to adults.'* Considering the underlying trends described above, this is something the next government must address.

**Third**, the balance between long courses leading to qualifications and shorter, flexible, buildable routes to qualifications. A greater emphasis on lifelong learning will need to be coupled with a different approach to skills development, be it in-work or classroom-based. The pandemic has forced some rapid changes in how some courses are delivered, but much more needs to be done to add flexibility into the system.

### **Boosting apprenticeships**

Scotland's apprenticeship system has seen a series of reforms over the last few years, with more in the pipeline. Much of the recent developments – like the introduction of foundation and graduate apprenticeships – have been welcome across the board, with the system as a whole comparing favourably with some of our competitors. Nonetheless, if we want to be adequately prepared for the significant challenges posed by underlying economic trends, further reform is needed.

Lessons for Scotland's apprenticeship system can be found across some of the best-established vocational skills development systems around the world. In August 2020, the OECD published the latest in its series of international reviews, with a focus on long-term reforms to Scotland's apprenticeships. The findings in the report, alongside many of its recommendations, are in line with the conversations the CIPD has been having with our members as part of the manifesto process.

One of the key bits of feedback we have received is that Scotland's system can feel unresponsive and too centrally directed. While improvements have been made through the establishment of the Scottish Apprenticeship Advisory Board, there is a case for going further. After all, the OECD concludes, *'it is very difficult to be sure that the scale and mix of provision is meeting the needs of the labour market or of individuals.'*

Under the current system, the Scottish Government (through Skills Development Scotland) determines the mix of apprenticeships that are necessary, then contracts training providers who approach employers to employ apprentices, with a government contribution to fund the training element of an apprenticeship. This does not have to cover the full training costs and, among other things, decreases by age band. Turning the system on its head would allow employers to employ the apprentices it needs by the Government guaranteeing that full training costs will be covered regardless of apprenticeship type, industry or any other characteristic.

Arguably, this would change the balance of academic and vocational funding, potentially significantly so. But as the OECD makes clear, while the net impact on the Scottish Budget is uncertain, the costs of apprenticeship training funding are several times smaller than the costs of a degree, some of which would likely be displaced. Such reforms would rely on quality assurance and robust high-quality frameworks linked to qualifications – a programme of review that is currently under way between the Scottish Qualifications Authority (SQA), Scottish Funding Council (SFC) and Skills Development Scotland (SDS).

A gradual move to a direct demand-led system should also be coupled with additional grant incentives for employers linked to desired outcomes – for example more STEM apprentices, improved gender balance or additional payments for apprentices with disabilities. This is commonplace in other apprenticeship systems around the world. The COVID-19 response has seen the Scottish Government introduce generous incentive payments, the efficacy of which should be assessed to inform future policy delivery. Given the context of the next few years, it also makes sense to focus apprenticeship funding on young people, with the levels of funding for older apprentices equalised over a longer time horizon.

**Recommendation 6: Rebalance public funding towards demand-led vocational routes like apprenticeships**

We know that an economic recession is most likely to hit young people’s employment prospects the hardest. This is a combination of the demographic spread across industry sectors likely to be impacted the most as well as the impact on entry-level jobs and in-work training opportunities, which employers tend to scale back.

However, research also shows that the re-employment rates for those over 50 are lower than for any other group. In other words, while older workers’ job security is higher, once they lose their jobs (in a particularly strong recession), they are least likely to find one again. Retraining and upskilling opportunities for adult workers therefore have to be a part of our response too.

Apprenticeships are often not the most suitable forms of training for adult learners. Individual Learning Accounts for upskilling or targeted retraining schemes have greater potential, and we make recommendations on these later. That being said, for some adult workers in need of comprehensive reskilling, apprenticeships and other pathways to linked qualifications can be appropriate. A gradual move to an employer demand-led system as outlined above – beyond our pandemic response – would remove the disparity in government funding between age groups.

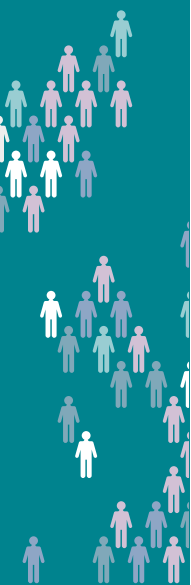
In the short term, there are other steps that can be taken. First, while there is some recognition of prior learning in the Scottish system, we do not have fast-track routes to qualifications for those who already have the existing skills acquired through experience in the job. Introducing this route would help adult workers and their competitiveness in the labour market.

Second, in line with the OECD, we think there should be an element of progression introduced into the system. This could take the form of the German master craftsperson qualification for adults who want to build on their existing vocational qualifications.

**Recommendation 7: Introduce new qualification routes for adult learners**

The introduction of the Apprenticeship Levy and its operation has been a hotly contested topic in any skills employer forum. It is clear that the levy was introduced without much thought to the devolved skills development systems, which even now causes frustrations among employers. For those operating UK-wide, in particular, but also larger Scottish employers, linking the levy paid to training received is a challenge, undermining the very purpose of the scheme.

Guaranteeing funding for the training element in an apprenticeship as outlined above would go some way to addressing some of these concerns, but apprenticeships are not the only form of training that employers seek for their employees. The Flexible Workforce



Development Fund is therefore a very welcome feature of the Scottish system, as is its recent increase to £20 million and expansion to SMEs. That being said, this is still just a fraction of the funds raised by the levy in Scotland and could be scaled up to meet demand. In particular, the £15,000 individual employer limit should be raised and the mix of college and independent provision re-evaluated.

### **Recommendation 8: Expand the Flexible Workforce Development Fund**

#### **Skills in a digital world**

One of the running themes throughout our member engagement has been the absolute importance of digital, regardless of sector. If anything, the pandemic has only highlighted the digital divide further – be it in skills or infrastructure. The latter goes well beyond the CIPD’s remit, but it goes without saying that the digital infrastructure rollout in Scotland is key to many of the issues raised in our manifesto.

When thinking about digital skills, we should make a distinction between digital skills themselves and the provision of skills development opportunities in a digital world. On the former, the Government should build on the success of the series of [CodeClan academies](#) and consider whether the UK Government’s digital skills bootcamp model is worth replicating in Scotland.

The provision of skills development opportunities, on the other hand, also needs to reflect the changing demand for flexible, modular courses, with a mix of delivery models. These should be buildable micro-credentials that could be combined to larger qualifications over time. This is something that is currently being [explored](#) by the Scottish Funding Council, among others, and should be a priority for the next government. Furthermore, navigating skills development opportunities through a well-designed and resourced Career Information, Advice and Guidance (CIAG) offer from school age throughout adult working lives is essential.

Lastly, there is more progress to be made on so-called meta-skills. These are the essential, transferrable skills such as co-operation or problem-solving that will be crucial in the age of automation. SDS has done some great work in conceptualising meta-skills in Scotland and they are now being embedded in apprenticeship frameworks. There is, however, an opportunity to go further in getting buy-in from employers and improving their understanding of what these skills are and the role they can play in a business.

### **Recommendation 9: Improve the supply of digital skills courses and smaller bite-sized flexible learning opportunities**

#### **Lifelong learning**

In addition to the reforms to the apprenticeship system as outlined above, a broader policy shift needs to happen to support a culture of lifelong learning in Scotland. Even setting the pandemic response to one side, much of the policy focus over recent decades has been on youth skills development. This is of course understandable, but it is a public policy framework that has been set up to prepare young people for one career throughout their life. The pace of economic change, combined with an ageing workforce, now means that we are looking at several careers throughout our lifetimes. Our skills development system – and the funding thereof – is simply not geared towards this new reality.

The Scottish Government’s National Performance Framework (NPF) contains a set of 81 national indicators, all linked to national outcomes as well as the UN’s Sustainable



Development Goals. One of the indicators is the *'percentage of young adults (16–19-year-olds) participating in education, training or employment'*. To drive policy and recognise the importance of adult skills development, we think the Scottish Government should include adult skills participation targets in its NPF too.

### **Recommendation 10: Introduce adult skills participation targets into the National Performance Framework**

Earlier this year, CIPD Scotland in co-operation with IPPR Scotland published our *Skills to Grow* report with a series of recommendations around enhanced Individual Learning Accounts. Drawing on best practice across international models and the experience of ILAs and ITAs (Individual Training Accounts) in Scotland, we have outlined a set of principles that should be used to boost this model. Our original primary objective was to flesh out what contribution ILAs could make to meet the challenges posed by our changing economy and evolving skills needs, but our recommendations now also offer a timely assessment of how enhanced ILAs can be used in Scotland's COVID-19 recovery.

We believe that ILAs offer particular strengths to learners, employers and skills providers across Scotland. They offer flexibility and individualisation, which enables them to be valuable and adaptable tools to support learners throughout their working lives, and through challenges from multiple fronts: be it as a tool to support early-career progression, as an opportunity to learn to work with new technologies, or as a means of accessing retraining that can support a smooth transition from high- to low-carbon industries.

They are not a silver bullet and have to be set within the context of broader reform, but they can make a valuable contribution to fostering a lifelong learning culture across Scotland. Evidence shows they have been most effective as a tool for stimulating demand for lifelong learning among working-age adults over 25. Our key recommendations are for the funding to be increased from the existing £200 to £500, with a buildable entitlement over several years. The scheme has the flexibility to be targeted at areas of economic need, but also learner need where particular barriers to skills development exist.

Achieving employer buy-in, for example through career progression agreements as well as financial incentives, should also be a part of the model. We also make the case for additional support with living costs to support take-up among the lowest earners, which could include using the devolved social security system to provide income replacement for the period of training as well as additional incentives for course completion. Lastly, any enhanced ILA model has to be digital-learning friendly, which will require specific steps around quality assurance and accreditation.

### **Recommendation 11: Roll out enhanced Individual Learning Accounts**

While enhanced Individual Learning Accounts can make a useful contribution in the upskilling space, they cannot, however, take on the heavy lifting of retraining in the face of unemployment. For one, getting existing employer buy-in for full reskilling could prove challenging, but it is also likely that deeper interventions are required.

We were pleased to see the announcement of the National Transition Training Fund in last year's Programme for Government. The fund was a natural evolution of the National Retraining Partnership and has the support of all relevant stakeholders. As things stand,

however, the fund is designed as a temporary measure in response to the COVID-19 crisis. Given the pace of economic change that we are likely to see over the next decade, this should become a permanent feature of the skills development system in Scotland, with sufficient funding available to meet demand.

### Recommendation 12: Make the National Transition Training Fund permanent

## 6 Wellbeing after COVID-19

The importance of good mental and physical health goes beyond individual wellbeing. We know there is a clear relationship between health and work engagement and job satisfaction, with impacts on productivity. The CIPD's previous *UK Working Lives* reports have shown health and wellbeing as having the strongest relationship with job satisfaction and job enthusiasm out of all job quality dimensions.

Even before COVID-19 struck, some health and wellbeing indicators were of concern, with various CIPD surveys showing gradual declines. In Scotland, our first *Working Lives Scotland* report found that 16% of employees described their mental health as poor, with 15% describing their physical health as poor. The survey also found 30% of employees believed their work impacts negatively or very negatively on their mental health, with 25% reporting the same for their physical health.

The pandemic has only exacerbated the pressures on wellbeing. The Scottish [data](#) from our COVID-19 *Working Lives* survey series are particularly revealing in respect of financial security, physical health and mental health. While a narrow majority of Scottish employees reported no change in all three aspects of wellbeing, nearly 40% said their financial security got slightly or much worse, a third said the same about their physical health and, concerningly, 42% said their mental health had deteriorated.

The importance of public policy and practitioner interventions around wellbeing has never been greater, with mental health in particular standing out. With additional restrictions imposed well into 2021, it is likely that these adverse impacts have not peaked yet, with some lasting far beyond the pandemic. Employers and public policy-makers need to plan for long-term support.

### Wellbeing at work

While occupational health and safety is a reserved area of legislation, and the Health and Safety Executive operates across Britain, the Scottish Government does have a role to play in the relationship between health and work. This includes linking employees and employers to relevant services across the devolved health service or providing appropriate support and advice.

Two initiatives in particular stand out. The Healthy Working Lives (HWL) programme, now sitting under the newly created Public Health Scotland, provides a range of support to employers of all sizes. This includes a small selection of online resources, some training (currently online-only as a result of the pandemic) and a relatively well-known award programme. Considering the importance of this type of work, HWL's budget is miniscule and its level of activity could be significantly increased – be it in the pure volume and type of training provided or the level of resource online.

Second, with a specific focus on employees and employers in SMEs, as well as the self-employed, Working Health Services Scotland (WHSS) provides free and confidential advice



and health support, especially around returning to work. Its focus on the self-employed is unique and particularly important in the context of the pressures of COVID-19 as well as the statistics showing a significant increase in self-employment over the last decade.

Employees can be referred to WHSS by a GP, an employer or employability adviser, but it also accepts self-referrals. Its [evaluation](#) in 2018 found that the service was associated with positive changes in health and return to work – 93% of the total number of cases remained in work or returned to work. Despite this, the service is still relatively unknown, its funding has not been mainstreamed and it is still notionally in a pilot stage. Putting it on a permanent footing, alongside steps to improve awareness, could have a significant positive impact on employee wellbeing.

### **Recommendation 13: Scale up Healthy Working Lives and Working Health Services Scotland**

#### **A focus on mental health**

Recent years have seen an increasing focus by employers and policy-makers on mental health. While there clearly have been improvements, there is still a long way to go before achieving parity between physical and mental health – as is the stated ambition of the Scottish Government’s ten-year Mental Health Strategy.

The importance of tackling mental ill-health cannot be understated. The impact of poor mental health goes well beyond individual wellbeing – it impacts on our productivity, on business performance and on public finances. The [Thriving at Work](#) report,<sup>3</sup> published in 2017 as the output of the Stevenson/Farmer Review of mental health and employers, estimated the cost of poor mental health to the UK economy as a whole at between £74 billion and £99 billion per year.

Furthermore, we already know that wellbeing – and mental wellbeing in particular – has deteriorated further during the pandemic. Our own CIPD surveys suggest that 42% of Scottish employees say that their mental health is much or slightly worse since the onset of the pandemic.

Employers have a key role to play in supporting employee wellbeing and the CIPD has provided a range of resources to support our members in this task. We were also one of the first organisations to sign up to the [Mental Health at Work Commitment](#) – a framework for employers who recognise the importance of promoting staff wellbeing, designed as a result of the [Thriving at Work](#) report.

In order to drive change in this area among employers of all sizes, a Thriving at Work Leadership Council was convened by the UK Government in early 2019. Even though it operates UK-wide, we believe there is a case for setting up a Scottish equivalent, which would bring employers of all sizes, their representative organisations and mental health charities together – with full support of the Scottish Government – to drive change across Scottish workplaces.

### **Recommendation 14: Convene a Scottish Thriving at Work Leadership Council**

<sup>3</sup> Stevenson, D., and Farmer, P. (2017) [Thriving at work](#). London: Department for Work and Pensions and Department of Health and Social Care.

The Mental Health at Work Commitment is intended to support an organisational approach to mental health within businesses of all sizes. Such an approach is crucial if we are to unlock positive mental health outcomes across workplaces in the long term. This should also include broader training and education for managers and employees around mental health.

There is a range of training that employers can access in Scotland, some of which is supported by the Scottish Government – either directly or through funding for trainers, who then deliver courses in workplaces. This, for example, includes mental health first aid, suicide prevention and mentally healthy workplace training programmes and the associated trainer training. Such interventions can be useful if delivered as part of the above-mentioned organisational approach to mental health.

We know from discussions that the demand for training opportunities significantly outstrips the supply, which is likely to increase post-pandemic once face-to-face training is allowed to resume. Given the importance of mental health to employees, stable and long-term funding should be provided to these schemes.

**Recommendation 15: Provide stable funding for workplace health and wellbeing training**

Beyond supporting mental health at workplaces, the most direct way of improving the mental health of employees is to boost the capacity of services. As things stand, mental health services are primarily delivered through NHS psychology services, but as is clear from waiting time statistics, the demand is outstripping provision significantly.

There is therefore scope to improve provision significantly and one way of doing that would be by boosting funding for services beyond the NHS. The recent [cross-party group on mental health report](#),<sup>4</sup> for example, recommends that the Scottish Government fund training in counselling and in psychology for people outside of the NHS, simply to increase the workforce in Scotland. This would then help scale up self-referral or employer routes to services, which in turn would lower the pressure on NHS services. Ultimately, the Government should seek to boost capacity through all possible routes.

**Recommendation 16: Improve mental health services capacity in Scotland**

Lastly, we have also been told that for some employers – especially SMEs – it can be difficult to find easy, practical advice on supporting mental wellbeing across their workplace. This can make a significant difference to employee wellbeing.

We think there is therefore perhaps a case for guidance to be collated, updated and, where necessary, developed, and make it easily accessible in a one-stop-shop model. This could be combined with easier signposting to relevant services (for example the various training offers as described above). An updated and boosted [Healthy Working Lives](#) programme and website could serve this purpose.

**Recommendation 17: Make it easier to access mental health guidance and support, especially for SMEs**

<sup>4</sup> SAMH. (2020) *Priorities for prevention and early intervention in Scotland*. Glasgow: Scottish Association for Mental Health.

## 7 Supporting inclusive workplaces

The pandemic has had an impact on everybody, but we know that it did not have an impact on everybody equally. At its most direct, it has been shown that COVID-19 mortality rates are worse for those from ethnic minorities or older people. Surveys show mental health has deteriorated further for women than for men. People with disabilities report worsening physical health. And as the public health crisis evolved into an economic crisis, the unequal impacts of a recession began to materialise too.

Buoyant labour markets with record levels of employment, as we have seen over the last few years across Scotland and the UK, also mean better employment outcomes for those further away from the labour market – be it people with disabilities or the long-term unemployed. In consequence, with more diverse workforces, companies put more effort into inclusion strategies. The current economic recession puts some of this progress at risk.

However, we know we had a long way to go in achieving inclusion across workplaces in Scotland even before the pandemic struck. For example, our *Working Lives Scotland* report found that over a fifth (22%) of Scottish employees believe that people in their team sometimes reject others for being different.

The Black Lives Matter movement has had a profound impact across the world. Last year's events have been a reminder of how deeply rooted racism is in society and how it remains a lived experience for all ethnic minorities and particularly for black people. There is much more to be done to build fair and inclusive societies and organisations. It is incumbent on us all to challenge others as well as ourselves to stamp out covert and overt racism.

It is important, in this context, to make a distinction between inclusion and diversity. Both employers and policy-makers are prone to focus on diversity – be it various targets, data-gathering or discrimination legislation. While this is absolutely crucial, it is only a part of the journey towards equality. Where diversity recognises the many differences between people (alongside everything we have in common), inclusion sees these differences as a benefit – to individuals, to businesses, to communities and to countries.

While there is much more for employers to do in this space, the Government also has a role to play. And even though much of the legislative power is reserved, the Scottish Government can provide advice, support and guidance, it can lead by example as an employer and – crucially – it can use its devolved powers to act as an enabler. This means it should take specific steps that eliminate barriers to work, and – by extension – enable inclusive and diverse workplaces.

We believe there are three areas (disability, age, caring responsibilities) where meaningful changes can be made in Scotland, not at the expense of others, but in order to unlock the same opportunities regardless of individual circumstances.

Recent years have seen an increased focus from both the UK and Scottish Governments to tackle the disability employment gap – the difference between the employment rate of people with and without disabilities. Statistics show that in Scotland, the difference in employment rates stands stubbornly at over 33%. It remains to be seen what impact the recession will have on this figure, but we know that people with disabilities report lower levels of job security, which is a cause for concern.

Job quality and the disability employment gap are intrinsically linked. Equal opportunity to access employment is linked to the experience of people with disabilities once in the

workplace. A disability should not be a barrier to positive relationships at work, skills development, career progression or fulfilment at work. Our own research shows that there are gaps in job quality for people with disabilities – higher levels of presenteeism or poorer relationships with managers in addition to the above-mentioned weaker job security.

Keeping fair work at the heart of Scottish government policy, for example through the steps we describe in our first section, is therefore crucial if we want to make further progress. The Scottish Government's stated ambitions as an employer and the recent establishment of the Public Social Partnership, of which the CIPD is a part, are also positive developments.

In addition, the recent changes to employability services in Scotland offer an opportunity to improve the support for some of those furthest away from the labour market. However, the latest statistics show that job outcomes are worse for Fair Start Scotland participants with disabilities, which needs to be kept in mind as we await the outcome of several reviews of relevant employability initiatives.

**Recommendation 18: Maintain focus on closing the disability employment gap**

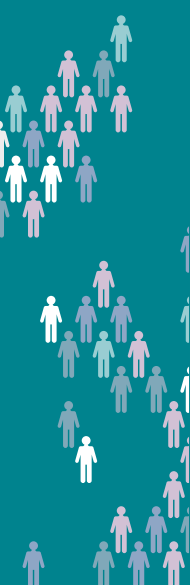
Scotland's demographic projections are one of the most significant underlying labour market trends that precede the pandemic. According to the latest statistics, the number of people of pensionable age is projected to increase by over 240,000 over the next 25 years. While similar estimates can be seen for much of Europe and for the rest of the UK, due to our current demographic make-up, Scotland is projected to have slower population growth than all the other UK countries. This should make it a public policy priority.

An increased proportion of older people will translate into an increased proportion of older workers across Scotland, so a focus on their job quality as well as their routes into employment will be needed. Many of our recommendations in the skills space – boosting lifelong learning or enhanced ILAs – are of relevance here, as are considerations of flexible work, which we know are of importance to older employees.

However, when it comes to finding employment, especially in later life, there are other gaps that need to be filled. While we welcome that Scotland has an all-age employability system, Fair Start Scotland (FSS) job starts and sustained outcomes were lower for older age groups compared with younger age groups. With FSS extended for another two years, this is another trend that needs to be analysed to inform changes in future arrangements.

In addition, the role of Career Information, Advice and Guidance (CIAG) is crucial. During our stakeholder and member engagement sessions, we have heard that there are significant gaps in the levels of engagement with CIAG by older workers, particularly those over 50. This was also identified in Skills Development Scotland's CIAG [Equality Action Plan](#), with some recent developments in how the services are marketed and delivered. That being said, there is still more to be done in this space, particularly around developing a local partnership approach with relevant stakeholders.

**Recommendation 19: Ensure employability services and Career Information, Advice and Guidance (CIAG) work for older employees**



Despite some recent progress, there is a mountain of evidence that shows the gendered nature of care in the UK. Women are still significantly more likely to be the primary carers for children or elderly relatives, with associated impacts in the labour market. Our own research in Scotland points to this too, with the usage of reduced hours heavily skewed towards women – reflecting the choices women make to look after children or elderly relatives.

The pandemic has unfortunately only exacerbated this. The ONS estimates that women provided two-thirds more childcare than men during lockdown. Research also shows that women were more likely to lose jobs, to be furloughed and to experience deteriorating wellbeing.

There has been a significant expansion in the number of funded childcare hours by both the UK and Scottish Governments in recent years. Even though delayed, the Scottish Government aims to provide 1,140 hours of free early years care for three- and four-year-olds, as well as eligible two-year-olds – an increase from the previous 600 hours.

While welcome, this leaves a significant gap in funded support between the end of parental leave and funded childcare, with a particularly disproportionate impact on women who want to maintain and progress their careers. The Scottish Government does not have powers over parental leave, but it could take steps to offer some support – universal or targeted – for parents who wish to return to work. Several options exist here, ranging from an expansion of the current model, through the provision of childcare accounts (compatible with the UK Government’s tax-free childcare scheme) to more complex spending limits tied to household incomes.

**Recommendation 20: Bridge the gap between parental leave and funded childcare**

The devolution of a range of social security schemes to Scotland offers the Scottish Government the opportunity to design them to fit differing needs, but it also gives us a chance to lead by example. We believe one such area is in supporting unpaid carers.

Carer’s Allowance is the primary benefit to support unpaid carers in Scotland and, while significant complexities have delayed its full devolution, the Scottish Government aims to have full control over the design and rates of Carer’s Allowance by the end of the next parliament. Carer’s Allowance is not designed to be an income replacement benefit, but it can be a significant source of support for unpaid carers, as recognised by the Scottish Government’s Carer’s Allowance Supplement payment.

Beyond the rate at which it is paid, the eligibility rules for Carer’s Allowance have a significant impact on its uptake. We know, for example, that the full-time study rule (banning more than 21 hours of study per week in order to remain eligible), in particular, acts as a disincentive for unpaid carers to engage with the skills development system. Given everything we have said about lifelong learning, we think it would be valuable for the rule to be scrapped completely when designing the devolved benefit.

**Recommendation 21: Reform Carer’s Allowance eligibility rules to support skills development**

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