

SCOTLAND SKILLS 2030

The future of work and the skills system in Scotland

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Rachael Thomas and Russell Gunson | May 2017

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60-SECOND SUMMARY

The world of work in 2030 will be very different to that in 2017. People are more likely to be working longer, and will often have multiple jobs, with multiple employers and in multiple careers. Over 2.5 million adults of working age in Scotland today (nearly 80 per cent) will still be of working age by 2030. At the same time, over 46 per cent of jobs (1.2 million) in Scotland are at high risk of automation. We will therefore need a skills system ready to work with people throughout their careers.

There have been improvements in the Scottish labour market in recent years in terms of pay and productivity, while qualification levels have been steadily improving and are higher than levels in the UK as a whole. However, Scotland continues to have lower rates of in-work progression and lower rates of productivity than the UK as a whole, and pay rates, although increasing, have reduced in real terms and are still behind rates in the UK overall.

Within the skills system, there are gaps and overlaps in provisions, with a clear gap in mid-career provision, which employers are not addressing. While we have the best record within the UK nations for employers investing in training, there is still much to be improved on, with too many employers adopting a low-skill business model.

We make a number of recommendations in this report, which include a proposal for a new Open Institute of Technology (OIT) for Scotland, to provide a flexible and transferable mid-career learning route, as well as a focus on in-work progression, productivity and pay outcomes and tests of demand from classroom to boardroom.

By making changes now, we can ensure the skills system is at the centre of supporting Scotland's economy through the short- and long-term challenges it faces, and delivering the inclusive economic growth we wish to see.

KEY FINDINGS

Scotland faces multiple opportunities and challenges around demographic change, technological change and decarbonisation. Changes brought about by Brexit and potential changes to Scotland's constitutional future and place in the world add to this moving picture. This report outlines how the skills system could be at the centre of navigating a path through to 2030 in a way that delivers the inclusive economic growth we need to see.

We go into these next few years with pre-existing weaknesses around career progression, pay and productivity – including a productivity gap in our low wage sectors compared to European competitors. Equally, we see a skills system that has overlaps and gaps, and in particular a gap in terms of mid-career provision with much of the skills system is focussed on early or pre-career learning.

In a future world of work – with longer working lives potentially in multiple jobs, for multiple employers and in multiple careers – we will need to do more in terms of mid-career learning. Over 2.5 million adults of working age in Scotland today, or 78 per cent, will still be of working age by 2030. Equally, over 46 per cent of jobs – some 1.2 million – in Scotland are at high risk of potential automation over the next few decades.

While there are gaps in the publicly funded skills system, these do not seem to be being plugged by employers themselves. Investment in training by employers has dropped in recent years across the UK, and too many employers are pursuing a low-skilled business model. This investment also has a social dimension, with high-skilled workers twice as likely to receive investment in their skills as low-skilled workers.

In this report, we outline a number of recommendations for reform.

1. An Open Institute of Technology: Plugging the mid-career provision gap

A new mid-career learning route, with a mix of online and face-to-face provision delivered through existing providers, in a fully flexible, transferable and modular approach. This route would be focussed on delivering improved rates of career progression, pay and productivity, starting in low-skill sectors.

2. A focus on progression, pay and productivity: Delivering clear outcomes at the national level

The skills system as a whole should be focussed on improving Scotland's rates of career progression, pay and productivity – moving to an outcome-based approach around these 'three Ps'.

3. Progression agreements: Delivering outcomes at the classroom level

New tripartite agreements between learners, employers and skills providers should be introduced. Employers would agree to a form of career progression if learners meet certain learning outcomes, and in return the skills provider would fund provision (through public funding). This would bring a focus on progression and a test of learner and employer demand at the micro-level.

4. Career pathways: Learner and employer co-design

Career pathways should be developed in Scotland that outline the education, qualifications and skills required to progress through a range of careers, co-designed by learners and employers.

5. Qualifications review: Improving flexibility and transferability

Skills qualifications should be reviewed to ensure they remain fit for their purpose – particularly in relation to further education – to explore the ability to modularise and move more of the system online, and to open up the transferability of qualifications across the full range of learning routes.

6. Innovation academies: Driving improved innovation and productivity through the skills system

New sector-based innovation academies should be established, tasked with driving productivity levels up, including through harnessing the potential of the work undertaken by colleges and skills providers every day to bring innovation to business practices in Scotland.

7. Business investment, the apprenticeship levy and business taxes: The specific role of employers

Business investment has been declining across the UK. With the introduction of the UK-wide apprenticeship levy, we need to see an increase in investment, and further work needs to be done to encourage and enable employers to adopt high-skill business models. To champion this, the Scottish government should consider how business tax allowances could be used to encourage investment in skills by employers.

8. A new progression unit: Tackling the 'progression gap'

This report identifies a 'progression gap' – low levels of career progression for low-skilled workers in Scotland – which we suspect is related to the attainment gap at school, and the fair access gap in post-16 education. Improving progression rates will also work to tackle rates of in-work poverty and drive social mobility in Scotland. A new progression unit would be tasked with researching, monitoring and evaluating activity designed to close this progression gap.

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In addition to these recommendations, in this report we outline the need for the Scottish government's current enterprise and skills agency review to bring greater regional alignment to the skills system as well as the need for the Scottish government's ongoing learner journey review to reduce duplication across and within learning routes.

For the full report, including all references, data sources and notes on methodology, see: www.ippr.org/publications/scotland-skills-2030

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