



SCOTTISH BUDGET 2024-25: CIPD SUBMISSION

About the CIPD

1. The CIPD has been championing better work and working lives for over 100 years. It helps organisations thrive by focusing on their people, supporting our economies and **societies. It's the professional body for HR, L&D, OD and all people professionals** - experts in people, work and change. With over 160,000 members globally - and a growing community using its research, insights and learning - it gives trusted advice and **offers independent thought leadership. It's a leading voice** in the call for good work that creates value for everyone.
2. 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.
3. Uniquely, our membership in Scotland is spread across organisations from the public, private and third sectors and across businesses of all sizes. The last few years have seen a succession of crises in Scotland - from COVID-19, through skills and labour shortages to the cost-of-living crisis. Our members have been at the heart of the response to all of these - navigating organisations and their people through unprecedented territory. We have the experience and expertise that policy-makers draw on as they look to future challenges.

Key points

4. It is clear that the 2024-25 Scottish Budget required some difficult decisions to be made by the Government. Some of them are a result of policy choices and others are a result of a challenging economic picture.
5. The decisions made in the skills and training space, however, do not align with the priorities set out in the National Strategy for Economic Transformation (NSET), in particular the plans under Programme 4: Skilled Workforce. The Budget risks undermining the broad support NSET has had so far.
6. The loss of the Flexible Workforce Development Fund in particular has been met with dismay amongst CIPD members. As one of the key interventions in the upskilling space, as well as a unique offer for Scottish Apprenticeship Levy payers, the decision is disappointing. It is also particularly surprising, given an independent evaluation unequivocally recommended its continuation.



Skills and training

7. The importance of skills to the economy as a whole - and employee well-being individually - can not be understated. Ensuring that our skills system is aligned with the needs of the economy is crucial to productivity and economic growth. However, employees utilising their skills at work and having the opportunities to develop throughout their working lives are also key components of fair work. Our [research](#) has highlighted considerable gaps in both of these areas.
8. Scotland has a highly skilled workforce, but many graduates end up in non-graduate jobs, resulting in high rates of graduate over-qualification as highlighted in our [report](#). This suggests that there is a clear need to strengthen alternative training routes and provide a better balance between vocational and technical skills and academic qualifications.
9. **While much of the policy focus of recent years has centred on young people’s skills** development, there has been very little recognition of the importance of lifelong learning - and even less policy action. The speed of changes in the economy, **combined with Scotland’s demographic challenges, makes it pivotal that policy** - and more funding - is directed at developing models that allow for flexible lifelong skills development.
10. The 2024-25 Budget includes disappointing reductions in several budget lines relevant to skills development - Further Education, Higher Education as well as the Lifelong Learning and Skills budget lines. Skills Development Scotland sees another reduction **in its budget after last year’s cuts**. The delivery of the apprenticeship programme must not be put at risk.
11. The overall reductions have to be seen in the context of ongoing uncertainty over deep structural reforms to our skills landscape. Employer investment in training - as evidenced by the recent Employer Skills Survey - needs a considerable boost. However, uncertainty over skills pathways, structures and budgets is not conducive to employer investment in skills either.
12. Skills are highlighted as a key component of the National Strategy for Economic Transformation and rightly so. Encouragingly, the strategy recognises the importance of upskilling and reskilling, highlighting the Flexible Workforce Development Fund (FWDF) and Individual Training Accounts (ITAs) as key interventions in this space.
13. The Skilled Workforce [Delivery Plan](#), from October 2022, includes this paragraph:
“The Flexible Workforce Development Fund and Individual Training Account evaluations are due to publish in the Autumn at which point we will consider revisions as part of the lifetime skills offer for 2023/24. Early findings indicate that both programmes are performing well against initial policy outcomes and are seen **as important programmes for skills support**”.



14. The evaluations, to both of which the CIPD contributed our evidence, were eventually published. The FWDF [evaluation](#) in particular, was very positive. A selection of quotes follows:

“This evaluation found that the FWDF is largely working well and is delivering against its purpose. The guiding principles that underpin the FWDF were found to have been substantively achieved and remain relevant to the FWDF today.”

“The Fund was universally considered by all stakeholder groups consulted in this evaluation to be a much needed and valued intervention.”

“The evaluation evidence found there to be a clear and strong continuing rationale for the Fund.”
15. In stark contrast with the evaluation, we understand that the Scottish Government decided to discontinue the Flexible Workforce Development Fund. This puts the entire purpose of an independent evaluation in question.
16. The FWDF was in the past hailed by the Government as a key intervention to support upskilling across the Scottish economy and it has become firmly established in the skills landscape. In addition, it is a unique offer for Scottish Apprenticeship Levy payers, which the CIPD recommended be boosted and replicated in Wales and Northern Ireland.
17. Since the Budget was published in December, the CIPD has received a plethora representations from our members who are dismayed at the decision to discontinue the Fund. We urge the Scottish Government to reconsider.
18. Furthermore, as far as we are aware, there is also no clarity over the future of Individual Training Accounts or, indeed, the long-gestating Lifetime Skills Offer. The withdrawal of key upskilling programmes, without an announcement of any replacement initiatives, undermines the priorities set out in the National Strategy for Economic Transformation.

Fair work

19. Job quality is at the heart of what the CIPD does. An increasing body of evidence shows that good work is fundamental to individual well-being, supports a fair society and creates motivated workers, productive organisations and a strong economy. Policy-makers and employers need to take action if they are to improve job quality across the workforce - not only aiming for more jobs, but better jobs.
20. There has been an increasing interest from politicians and policy-makers in good work, evident in several initiatives across UK cities and regions. In Scotland, however, the Scottish Government and the Fair Work Convention have been leading the way since 2015. The CIPD in Scotland works closely with both, having formed a strategic partnership with the FWC in 2022, to ensure policy is informed by our membership and our research.
21. Our research has become an integral part of the fair work evidence base in Scotland. Our annual Working Lives Scotland [report](#) series uses our own survey data



to provide insight into employee views across the five fair work dimensions, offering a unique Scottish snapshot of job quality. Now in its fifth year, it provides invaluable evidence around the persistent gaps, trade-offs and changes in job quality dimensions in Scotland.

22. Several budget lines are of relevance to this policy area, but we will focus our remarks on only one - Fair Work and Labour Strategy, which has seen a 51.4% budget cut (£3.7m). The Level 4 budget breakdown includes the following justification for the reduction:

“Reduction in resource reflects planned closure of the Workplace Equality Fund and Disability Public Social Partnership, retirement of the Scottish Business Pledge and decisions not to start the Centre for Workplace Transformation or private sector 4 day week pilots.”

23. All five of these initiatives were promoted by the Scottish Government as either having made or planning to make a difference to Scottish workplaces. This is a miniscule Budget line, but its parts were designed to either directly help or add to evidence around labour market participation, inclusion or workplace practice. The post-Covid world of work needs more of that.

24. The Workplace Equality Fund, among other things, funded projects around age inclusion and supporting older workers. This is a stated priority of the Government, given concerns around the rise of economic inactivity among those aged 50+.

25. The Apt Public Social Partnership - of which CIPD is a member - supported the recruitment and retention of disabled workers, tackling Scotland's stubbornly high disability employment gap.

26. The Scottish Business Pledge has been regularly hailed as pushing fair work into organisations. It is important that its retirement does not lead to less support for **the Fair Work Convention and the Government's commitment to supporting employers to create better workplaces.**

27. The Centre for Workplace Transformation was to explore and support post-pandemic changes to ways of working. CIPD research suggests that improving job design and a focus on a whole range of flexible working options has the potential to boost not only employee well-being, but also employee and - by extension - employer - productivity. Scottish Government leadership on this was welcome.

28. Lastly, while it is good that the four-day week trials are continuing in the public sector, it is the private sector - and particularly non-service industries - where much more evidence is needed if we want to reach conclusions about the impact a four-day week could have across the economy.

29. The Scottish Government has in the past recognised that smaller pots of funding can make a difference to workplaces and individual employee working lives - be it directly or indirectly through better evidence around what works. It is disappointing to see this approach discontinued.

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