

COVID-19 Recovery Committee

**27th Meeting, 2022 (Session 6), Thursday
8 December 2022**

Road to recovery: impact of the pandemic on the Scottish labour market inquiry

Introduction

1. This inquiry is focused on the long-term sick component of economically inactive people, as well as people who have taken early retirement. The Committee would like to understand what impact, if any, COVID-19 has had on these drivers of economic inactivity with a view to making recommendations for the recovery period to the Scottish Government.
2. This is the final evidence session of the inquiry, in which the Committee will take evidence from Richard Lochhead, Minister for Just Transition, Employment and Fair Work.

Scrutiny by other committees

3. The Covid-19 Recovery Committee's statement on priorities includes a commitment to focus on key policy issues where the Committee can add value to the work of other parliamentary committees. The Committee also aims to identify opportunities to work jointly with other committees to maximise impact, whilst avoiding duplication of scrutiny.
4. The Finance and Public Administration Committee has considered overall labour market performance with a focus on the impact on tax receipts. It has not considered underlying factors, such as long-term illness and early retirement, in detail. The Economy and Fair Work Committee has considered labour market participation in its supply chain inquiry, with a focus on the impact of post-Brexit migration policy.
5. This Committee's inquiry intends to add value by examining long-term illness and early retirement in the Scottish labour market, which have not been explored by other committee inquiries to date.

Background

6. The Scottish Parliament's Information Centre (SPICe) has produced the following briefings to support the inquiry—
 - [Summary of written responses to the call for views](#)
 - [The Scottish labour market](#)

Oral evidence

7. The Committee held its first evidence session on this inquiry on Thursday, 3 November 2022. The Committee heard from the following witnesses—
 - Dr Hannah Randolph, Economic and Policy Analyst, Fraser of Allander Institute
 - Professor Steve Fothergill, Centre for Regional Economic and Social Research, Sheffield Hallam University, National Director, Industrial Communities Alliance
 - Tony Wilson, Director, Institute for Employment Studies
 - David Freeman, Head of Labour Market and Households, Office for National Statistics
 - Louise Murphy, Economist, Resolution Foundation
8. A transcript from that meeting can be found at the following link—
[COVID-19 Recovery Committee 23rd Meeting, 2022 | Scottish Parliament Website](#)
9. The Committee then held its second evidence session on this inquiry on Thursday, 10 November 2022. The Committee heard from the following witnesses—

Panel 1: long-term illness from a public health and employment perspective

- Susie Fitton, Policy Manager, Inclusion Scotland
- Pamela Smith, Head of Economy and Poverty, Public Health Scotland
- Professor Sir Aziz Sheikh, Professor of Primary Care Research and Development, Director Usher Institute and Dean of Data, University of Edinburgh;
- Professor Gerry McCartney, Professor of Wellbeing Economy, University of Glasgow

Panel 2: long term illness from an economic perspective

- Tom Waters, Senior Research Economist, and Tom Wernham, Research Economist, Institute for Fiscal Studies
- Philip Whyte, Director, Institute for Public Policy Research Scotland

10. A transcript from that meeting can be found at the following link—

[COVID-19 Recovery Committee 24th Meeting, 2022 | Scottish Parliament Website](#)

11. The Committee held its final evidence session with stakeholders on this inquiry on Thursday, 17 November 2022. The Committee heard from the following witnesses—

Panel 1:

- Marek Zemanik, Senior Policy Advisor, Chartered Institute of Personnel and Development
- Bee Boileau, Research Economist, and Jonathan Cribb, Associate Director at IFS and Head of the Retirement, Savings, and Ageing Sector, Institute for Fiscal Studies
- David Fairs, Executive Director of Regulatory Policy, Analysis and Advice, The Pensions Regulator
- Liz Cameron CBE, Director and Chief Executive, Scottish Chambers of Commerce

Panel 2:

- Anna Ritchie Allan, Executive Director, Close the Gap
- Chris Brodie, Director of Regional Skills Planning and Sector Development, Skills Development Scotland
- Anjum Klair, Policy Officer, and Jack Jones, Policy Officer, Trades Union Congress

12. A transcript from that meeting can be found at the following link—

[COVID-19 Recovery Committee 25th Meeting, 2022 | Scottish Parliament Website](#)

Written evidence

13. The Committee issued a [call for views](#), which closed on 9 September 2022 and received [42 responses](#). The Committee's call for views asked the following questions —

- What are the key factors driving the increase in labour market inactivity?
- Has long-COVID been a factor in current levels of labour market inactivity? If so, is this likely to be a permanent feature of the labour market?
- What has been the labour market impact of the pandemic on people with pre-existing health conditions?
- What factors have influenced some people to take early retirement?
- Thinking about labour market participation, have certain groups of society and parts of the country been impacted more than others?

- Have there been sectoral differences from economic inactivity – for example, have Health and Hospitality sectors been more exposed than, for example, Finance?
- What policies might encourage people to re-enter the labour market?

Informal fact-finding sessions

14. The Committee hosted an informal, online meeting on the morning of Thursday, 24 November. The Committee heard from people who have a long-term health condition and people who have taken early retirement since 2020. The Committee also heard from people working in recruitment. A note of those discussions can be found at the following link—

[Note of discussion](#)

15. On Monday 28 November, the Committee visited Airdrie to speak with Remploy and Routes to Work, their service users and partners to understand what services they are providing to support people with a long-term illness into employment in North Lanarkshire. A note of that visit can be found at the following link—

[Note of visit](#)

Next steps

16. The Committee will report its findings to the Scottish Government in due course.

Committee Clerks
December 2022