



PACE FUTURE CHALLENGES – SCANNING THE HORIZON

PACE Conference Report: 28 March 2018

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Contents

Key Conference Messages	3
1. PACE and the Annual Conference	4
2. The Conference Presentations	5
3. Workshop Sessions and Panel Discussion	11

Key Conference Messages

- 1. The major contribution of PACE was showcased by the Conference Chair, and endorsed by the Minister for Business, Innovation and Energy, and Chair of the National PACE Partnership, who noted that in the latest research, 80% of PACE customers achieved positive outcomes.**
- 2. Despite a challenging economic outlook, Scotland needs to pursue the opportunities in the wider world, particularly in China and India – the new economic super powers.**
- 3. The impact of BREXIT on migration and trade poses severe threats to some key Scottish sectors, such as Food and Drink. BREXIT resilience planning is needed now for sectors and localities at risk due to trade disruption.**
- 4. Although less than 1 in 10 jobs are at risk due to ‘digital disruption’, the tasks involved in many more jobs will be transformed. There needs to be a major investment in digital skills to prepare for this.**
- 5. In the table discussions involving PACE practitioners, a number of areas for improvement were identified – including working more effectively with older redundant employees. Allied to this, NHS needs to become a key PACE Partner.**

1. PACE and the Annual Conference

Partnership Action for Continuing Employment (PACE) is the Scottish Government's initiative for responding quickly and effectively to redundancy situations. The PACE Partnership involves the Scottish Government, Skills Development Scotland (SDS), the Department for Work and Pensions (DWP), and a range of other partners in the public and private sectors. Through the collective work of these partners skills development, employability support, and a range of other measures are deployed to minimise the time redundant employees are out of work and maximise employment opportunities available to them.

The PACE Conference brings together many of the partner organisations to listen to presentations by leading experts, but also to discuss among themselves good practice, as well as emerging issues and changing priorities.

The 2018 Conference was chaired by Beth Corcoran who is on the board of SDS. Beth welcomed everyone to the conference, provided the opening remarks and introduced *PACE in Practice* visual material.

The platform speakers were:

- Paul Wheelhouse MSP, Minister for Business, Innovation and Energy, and Chair of National PACE Partnership.
- Professor Graeme Roy, Director of the Fraser of Allander Institute at the University of Strathclyde.
- Professor David Bell, Professor of Economics at the University of Stirling.
- Ewan Mearns, Strategy Partner in the Strategy Services Team, Scottish Enterprise.

A series of workshop sessions then took place involving the conference participants.

Finally, a panel session was chaired by Alan McGregor who is Professor of Economic Development at the University of Glasgow's Adam Smith Business School. The panel consisted of Beth Corcoran, Hazel Mackie who is Principal Officer, Employment and Training Unit at Falkirk Council, Brian Wallace who is Partnership Manager at DWP and Ewan Mearns of Scottish Enterprise.

2. The Conference Presentations

Introduction and Welcome: Beth Corcoran

The Chair welcomed the delegates to the conference. Her introductory remarks focused on a number of key aspects of PACE.

- The ongoing need for PACE despite recovery within the oil and gas sector.
- The serious consequences of redundancy for individuals and families in terms of loss of self-confidence, risk of depression and other challenging impacts.
- PACE is pivotal to helping people cope with the stress of redundancy and finding jobs for them – which is good also for the employers who take them on.
- A key role for PACE is helping people identify their skills and how to market them effectively.
- PACE teams need to be agile and flexible as no two redundancies are the same, nor do they come along at conveniently regular intervals.
- The purpose of the conference is to take stock of achievements to date, and look forward to any threats on the horizon, as well as identifying opportunities to improve PACE.

PACE in Practice

The Chair introduced visual material covering a range of aspects of PACE in practice. This presented the views of a range of different types of people and organisations involved in PACE.

- ICAS pointed out the potential to make all services available on a 24/7 basis using digital technology, while retaining a telephone service for some users.
- Scottish Enterprise are engaged with businesses across Scotland, and so have the scope to highlight, at an early stage, potential difficulties which might lead to redundancies.
- The Association of Business Recovery Professionals have worked closely with PACE over a number of years, but became the 23rd member of the partnership during 2017.
- Ageas – a major employer in Lanarkshire – had to close its call centre. It engaged at an early stage with PACE. As well as providing support to its employees, links were forged with other employers and a Jobs Fair organised bringing together 40 employers and 2,000 vacancies. 80% of the redundant employees secured a positive outcome.
- The Scottish Training Federation supports redundant employees with skills services, but also helps with links to vacancies through its employer contacts.
- Business Gateway is able to help redundant employees make an effective transition to self-employment and business start-up.
- The evidence suggests that redundant employees participating in PACE value the courses available and support to generate good quality CVs – as well as the professionalism and supportive behaviours of the frontline staff delivering the range of services which PACE makes available.

The final video evidence appropriately focused on a recipient of PACE services who described how:

- He had been taken through a discussion of a range of options open to him, leading to an action plan to help deliver the best option.
- He had received training and certification to help him access the type of job he was pursuing.
- His confidence had been built up and he had been coached in interview techniques.
- He secured the job he was targeting.

Ministerial Address: Paul Wheelhouse

The Minister set out the purpose of PACE and evidence on the positive results achieved.

- PACE is designed to provide early and comprehensive support to employees at risk of redundancy, and is available to all redundant employees.
- The key to success is maximising the contribution of the wide range of partners. The scale and quality of the partnership is central to the success of PACE.
- When major redundancies have been announced which will result in a severe economic shock to the area, the Scottish Government has set up Task Forces to deal with these, and positive outcomes in excess of 80% have been achieved.
- As Ageas has demonstrated, early information from employers of potential redundancies helps the process enormously.
- PACE is an exemplar of the Team Scotland approach.
- PACE participants are surveyed every two years. The most recent survey shows that 80% find employment or self-employment within six months. In addition, 85% say they are satisfied or very satisfied with the service provided.
- Satisfaction rates for the 50+ age group are lower, and so Pension Wise have been brought in. 'Unconscious bias' training has also been arranged for frontline staff.
- There is a need to increase the reach of PACE to all redundant employees who need support.

The Minister ended by offering his thanks to all the PACE Partners and their frontline staff involved in delivering this essential service to redundant employees.

Economy and Labour Market Overview: Professor Graeme Roy

Professor Roy highlighted a number of key features of the current economy and labour market.

- Economic growth is now proceeding at a rapid rate in the EU and globally. This is positive news for Scotland.
- UK economic growth has slowed significantly, and is likely to remain low for some years – before taking account of any impacts of BREXIT. This is negative news for Scotland.
- Currently Scotland's economic growth is around 0.6% on an annual basis – well below the UK rate. Although the oil and gas sector has stabilised, construction is lagging behind significantly.
- Since 2012, Scotland has done well in terms of rising employment and falling unemployment – but there are issues about the nature of work available and productivity is now declining.
- Self-employment has risen by 20% over 10 years, but there are issues about the quality of some self-employment.
- The employed workforce is ageing rapidly, in part reflecting the growing tendency for older workers to stay in employment past the state pension retirement age.
- Although more people are in work, there has been a fall in the average hours worked associated with the rise in part-time employment.

In terms of the outlook for the economy and the labour market:

- Business confidence levels are lower in Scotland than in the other UK regions.
- The Scottish Government's index of consumer confidence shows a similar picture, with significant declines since 2015.
- UK growth is projected to slow over the next few years, and economic growth in Scotland is projected to remain lower than the UK figure.

The Fraser of Allander Institute takes a more optimistic stance.

- Although the impacts of BREXIT will be negative, the global economy is growing strongly and the centre of economic gravity is increasingly moving East towards India and China and other Asian economies. Scotland needs to aim for a small share of the trade to these very large markets.
- Scotland has a skilled workforce, with good quality colleges and universities, and these will serve well in a competitive global economy.
- The nature of employment will change due to 'digital displacement', but we need to adapt and adjust quickly and effectively to turn a threat into an opportunity.
- As a country, we need to get better at knowing what works – and what doesn't work. Each pound of public money needs to be made to work harder. The new Strategic Board has the opportunity to make evidence-based investment the norm.

BREXIT: Professor David Bell

Professor Bell's analysis of the implications of BREXIT generated the following conclusions.

- Scotland's population growth is almost all due to migration, unlike other regions in the UK.
- The ageing of the population has potentially serious consequences for the costs of providing public services.
- To this point, the numbers entering and leaving the UK remain relatively stable. However, in the absence of migration from the EU, Scotland's population will level out.
- Just over 8% of Scotland's population consists of people born outside the UK, and the figure is 3.7% for people born in the European Economic Area. The corresponding figures for London are 36.6% and 10.9%
- The UK Migration Advisory Committee argues that, for the UK, increasing the pension age, with consequential impacts on people staying in the labour market for longer, will have a bigger impact on the ratio of retired to working age people than the prospective declines in immigration.
- There is a high dependence on migrant workers in specific occupations – 19.9% of employees in Food and Drink in Scotland, and 11.5% in Accommodation and Hospitality.
- The Migration Advisory Committee acknowledged fears that reduced migration could impact adversely on remote areas – but argued that the policy focus should be on understanding why so many people leave these areas rather than on in-migration policy.

- The Migration Advisory Committee also noted the views of employers that it is hard to attract UK applicants with the same level of work ethic and commitment to their organisation as that exhibited by EU workers.
- There is a danger that the UK will move to the Singapore model of weak employment regulation. However this is unlikely due to the need to demonstrate a level playing field for trade negotiations, and in any event by OECD standards labour market regulation is already relatively weak in the UK.

Professor Bell finished by listing some potential consequences for Scotland:

- Some production moves overseas.
- There will be increased pressure to upskill, and to substitute capital for labour.
- There will be a move to more capital-intensive products.
- Earnings may rise as employers confront recruitment problems.
- There may be a fall in foreign direct investment (FDI).
- Remittances to the EU are likely to decline.

Digital Displacement – Myth or Reality: Ewan Mearns

Ewan Mearns of Scottish Enterprise began his presentation by stressing the need to help employees and employers prepare for the world of work that is changing significantly due to digital applications. He then presented a short video that shows how digital developments have already transformed many types of jobs – and the examples displayed included bricklaying, taxi driving and preparing drinks in a bar. The key points made during his talk included the following.

- Digital developments will generate great benefits for companies, although there are serious debates around the ethics of applying digital technologies to certain occupations and services, such as caring for the elderly.
- Automation involves a convergence of technologies which make intelligent use of data. This could transform certain areas of the labour market, and we are already seeing big developments in relation to driverless cars and the ‘platooning’ of heavy vehicles on our motorways.
- Scottish Enterprise and Skills Development Scotland have carried out work to assess the impacts in different sectors. In relation to construction, for example, automation will accelerate the shift in the balance of work from on-site to off-site activity.
- Data is the ‘digital thread’ that brings it all together and, by designing appropriate software, tasks can be carried out more cheaply, more quickly and more accurately.
- This will transform the tasks involved in traditional professional skills such as conveyancing – and many other similar professional areas. Customer service is also in line for transformation to deal with the mass of routine customer enquiries, leaving more complex enquiries to be dealt with by customer service staff with high skill sets producing a higher value service. RBS have already begun to redeploy customer service staff along these lines.

- Significant benefits include lower costs and increased productivity, and a move to more high quality jobs with increased job satisfaction. However employers will need to make significant investments to bring through these benefits.

Ewan then showed an OECD video around the issue of ‘Will robots take our jobs?’ A number of important points were made.

- Only 9% of jobs are at a high risk of being eliminated, but many jobs – and tasks – will be radically transformed. This would generate the need for retraining to embed the digital skills. Employers will need not only to invest in the technology, but also in skilling their employees for the transformed tasks.
- New higher value jobs will be created – with better pay and higher job satisfaction.
- Jobs will be created that do not currently exist, which we cannot predict. However, digital skill sets will run across a wide range of jobs.
- A significant number of jobs, however, will be difficult to automate – particularly those requiring emotional intelligence and creativity.
- Work by SDS suggests that skill enhancement will be needed in relation to self-management and adaptability, managing relationships, problem-solving, and deploying creative capacity and emotional intelligence.
- Most of the people who will be in work in 2030 are already in the workforce – so there is a significant challenge to re-skill and upskill.

The key messages are:

- Innovation needs to be embraced.
- Employers need to think about the people as well as the technologies, and redesign tasks and jobs appropriately.
- Largely it will be tasks that are automated – not jobs.
- Not all tasks can be automated.
- Employers need to consider carefully what all this means for the future of the sector, but also sectors with which they interface.

3. Workshop Sessions and Panel Discussion

Workshop Sessions

Following the presentations by the panel members, conference participants met around 10 tables to discuss what they had heard from the experts. They were asked to identify the 3 key messages which they felt were of the most significance for PACE. The messages most frequently prioritised were the following.

- PACE needs to **get better at working with the 50+ age group**. Older workers are the ones most at risk of struggling to find work again within a reasonably short period. There is a perception that the services on offer for these older redundant employees – such as skills packages, Modern Apprenticeship opportunities and work experience placements – are more restricted than for younger workers.
- Redundancy situations can place great stress on those involved. PACE should pursue **greater integration with health services**, and this might be particularly valuable for the 50+ age group who are more likely to have health conditions than younger age groups.
- **Targeted support**, such as the Transition Training Fund for oil and gas, should be developed for other key sectors where redundancies are a significant risk.
- There needs to be some more concerted and positive thinking around the prospects for increased automation across many sectors. The emphasis needs to be not simply on the risks, but on the opportunities for employment. The risks need to be mitigated, but the **opportunities must be exploited**.
- Similarly, BREXIT will generate risks of redundancy across sectors more closely tied into foreign trade, but reduced economic migration can also create **opportunities for older redundant workers** to find sustainable employment.
- Advisory staff need to be regularly updated with **good quality and concise briefings** on potentially major developments around BREXIT, automation, etc. The staff of all organisations involved in PACE need these briefings.
- The PACE Partnership needs to **get much better at identifying good practice** in specific redundancy settings, and then **disseminating this quickly and effectively** across Scotland.
- There is a need to **improve the marketing of PACE** to small as well as large employers, but also to trade associations, employer federations and other appropriate bodies – and much more effective use should be made of social media to get the message out. Trade unions need to be involved in this process and their members, particularly in smaller businesses, need to know what is out there to help them.
- Some felt that **PACE funding was relatively inflexible and patchy** in terms of geographical coverage. Given the changes likely to flow from BREXIT and automation, the support funding available needs to be changed as agility of response will be important and the impacts are likely to be felt across all parts of Scotland.

Panel Discussion

The conference participants put a number of challenging questions to the panel.

Resilience is important for people having to deal with redundancy. How do we embed this to help people cope more effectively?

The panel agreed that resilience was a critically important characteristic, and is becoming increasingly important as technological change accelerates and impacts on the labour market. Responsibility was seen as a related valuable characteristic and also an increasingly important mind-set. This involved finding out more about labour market opportunities and what skills are required to access these, but keeping an eye to the future as technologies change tasks. However, there is a responsibility on government and its agencies to make everyone aware of the changing and volatile nature of employment opportunities.

Do we have the right infrastructure to deal with the training needs of workforces, and adequate funding for individuals to access that training?

The panel made a number of observations in response to the question.

- There is probably insufficient money and human resources to respond to the training needs of workforces and individuals. Part of the problem is that we do not have convincing evidence to demonstrate the rate of return to investing in training over 10-year period.
- The economy is now dominated by micro to small businesses. These businesses have limited capacity to assess the return on investment on skills, and indeed to make those skills investments. There is plenty of skills infrastructure. That is not a problem.
- There is too much emphasis on formal training and the money required to resource that. We need to develop more modules which individuals – employed or otherwise – can access in a flexible way to upskill themselves.
- As the average age of the workforce increases, we need to work harder to engage older people in upskilling and reskilling.

How do we get more people to stay in rural areas?

The growth of digital platforms, creating a base of business development, offer a great opportunity to people to start and run an effective business in quite remote communities. A skills contribution could include creating business development modules to help new starts and existing businesses maximise the digital edge of their business.

Could PACE do more to help redundant workers left behind?

Again, for this question the panel members made a number of observations.

- PACE needs to put more emphasis on older workers. They are most at risk of failing to find other work, and once unemployed are most at risk of becoming long-term unemployed.
- We need to get better at providing the skills to help people into self-employment, and to do well once they are working for themselves.
- We need to engage with redundancy situations as early as possible, and also get better at identifying those at risk of remaining unemployed post redundancy.
- It is worth exploring the proposal from Scottish Local Authorities Economic Development (SLAED) to use some of the Apprenticeship Levy monies to develop 'second chance apprenticeships'.

How do we get all 23 PACE Partners to work more effectively together?

This last question drew a number of important points from the panel members.

- It would help if there were fewer announcements and new programmes coming forward, as this increased complexity makes coordinated working harder to achieve and sustain.
- We need to get much better at working across the private and public sectors.
- We need to make the most of the resources already available, including DWP's Rapid Response Funding.
- Finally, PACE is already an example of great partnership working!

Closing Remarks: Beth Corcoran

In her closing remarks, the Chair highlighted three issues:

- The need to make the most of this great PACE Partnership.
- The importance of focusing more on the 20% of PACE participants who do not benefit in terms of redeployment.
- The need for PACE to adapt continuously to the changing nature of the economy and the challenges it faces, and to take on board feedback from the partners and others on our skill needs as we move forward.

The Chair then thanked everyone for their great contributions on the day, and wished them all a safe journey home.