



CIPD

Fair, skilled and innovative work for Scotland

CIPD 2026 manifesto

February 2026

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.

The CIPD has around 11,000 members in Scotland, spread across organisations from all sectors, industries and sizes. Our independent consultants work with some of the smallest businesses, which usually do not have dedicated HR teams.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers. It also seeks to promote and improve best practice in people management and development and to represent the interests of our members.

Report

Fair, skilled and innovative work for Scotland: CIPD 2026 manifesto

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1 Introduction

The last decade has been characterised by considerable turmoil in the worlds of politics, society and the economy. From an unprecedented pandemic, through a difficult cost-of-living crisis, to global geopolitical shifts, navigating instability has become a part of our working lives.

Looking forward, the next decade is unlikely to bring about a period of stability. With key megatrends reshaping the world of work and significant political shifts predicted to be on the horizon, employers will need to continue to adapt at pace. HR practitioners will support them on this journey, guided by CIPD resources along the way.

However, policy-makers within Westminster and Holyrood also have a crucial role to play to ensure public policy is aligned to labour market needs. This manifesto sets out the CIPD's priority areas, focusing on job quality, skills and innovation. It is these three areas that can help the Scottish economy to move forward in a productive way that works for all.

2 Key challenges

Employers and people practitioners face a host of challenges on a daily basis. While they do have control over internal decisions, most of the environment they operate in is shaped by external trends and policy choices across all levels of government, whether they're made in Westminster, Holyrood or at a local level. Conversations with members during the preparation of this manifesto highlighted key issues across three main areas.

Megatrends

- **Demographic change:** The ageing workforce across the UK is shining a spotlight on the importance of health and wellbeing, upskilling and labour market participation.
- **Technological change:** The rapid rise of generative AI, on top of automation, is putting pressure on the skills system, which needs to respond fast and flexibly.
- **Climate change:** The move to decarbonisation is changing the UK's industrial profile and requires a boost in upskilling and reskilling interventions and more thorough workforce planning.

Policy environment

- **The Employment Rights Act 2025:** The biggest change in employment law in a generation is putting pressure on employers, particularly on small and medium-sized enterprises (SMEs), risking a potential cooling effect on the labour market.
- **Rising business costs:** Increases in minimum wage rates, National Insurance contributions and elevated energy and material costs are putting considerable pressure on organisations.

- **Skills policy:** The Apprenticeship (Growth and Skills) Levy continues to be seen by CIPD members as a tax with little direct benefit to Scottish payers, compounded by the uncertainty surrounding structural change to the Scottish skills system.

Workforce challenges

- **Skills and labour shortages:** Employers continue to struggle with attracting the right talent, reporting hard-to-fill vacancies due to skills or labour shortages in their organisation.
- **Staff turnover and retention:** A tight labour market also means the competition for talent is high and employees are more motivated to move in pursuit of better pay and benefits, as well as a better work–life balance.
- **Skills mismatches and overqualification:** Skills gaps within organisations continue to be a problem and high rates of overqualification point to a mismatch between supply and demand of the skills system.

Improving organisations' HR and people management capability is at the heart of responding to all these challenges. The CIPD has been helping organisations of all sizes navigate issues like these for decades. This manifesto, centred around fair, skilled and innovative work for Scotland, offers the CIPD's experience and expertise to help policy-makers improve the world of work for everyone.

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Fair work

Job quality is central to the CIPD. Our purpose is to champion better work and working lives, which we pursue through our practitioner advice, qualifications, research and public policy work.

Fair work is not just a moral issue; it is also linked to organisational outcomes. There is a growing body of evidence, including from the CIPD's *Working Lives Scotland* report series, that shows improving job quality boosts individual wellbeing, but also employee performance, which can drive organisational productivity and, in turn, the country's prosperity.

Fair work is good for employees, for organisations and for Scotland.

The Scottish Government should be commended for its fair work focus to date. Its support for the Fair Work Convention over the last 10 years, as well as the establishment of the Fair Work Oversight Group of which the CIPD is a member, drives collaboration to boost job quality across Scotland.

However, as public budgets face increasing pressures, the government will need to increase its focus on its soft power in addition to carefully targeting resources where it matters.

Embed fair work through all Scottish Government departments

The Scottish Government has several direct and indirect powers under devolution at its disposal. Not only is it a large employer and can lead the way, but it can also embed fair work in its strategy, measuring progress against targets, and use its procurement and grant-giving muscle to nudge organisations towards fair work.

Recommendations for policy-makers

- Commit to supporting fair work across government policy, including through the Fair Work Convention and the Fair Work Oversight Group.
- Explore how to expand fair work criteria attached to procurement and public grants.
- Lead the way as a fair work employer across all levels of government and throughout public agencies.

Support fair work research into practice

Considerable gaps remain in employer understanding of the concept of fair work, its elements and impact, gaps and opportunities, as well as some of the steps that can be taken in organisations of all sizes and all sectors. The inaugural Fair Work Festival, as well as the launch of refreshed fair work tools and the Fair Work Digital Hub, were welcome steps in 2025. Additional lessons can be learned from other nations and regions of the UK, as well as organisations like the CIPD.

Recommendations for policy-makers

- Launch an employer information campaign around fair work, in addition to the Fair Work Festival.
- Invest in additional statistical evidence to support measurement of progress against fair work targets.
- Boost the Fair Work Digital Hub to include clear employer resources, case studies and guidance and ensure that business support services signpost appropriately.

Focus on labour market inclusion and health policy

Tackling economic inactivity has rightly reached the top of policy-makers' agendas. Given the key barriers to labour market participation, childcare and health and social care systems must be seen as integral to the economic agenda. Providing employer support with health interventions, as well as tailored support for workers facing additional barriers, must be part of the solution.

Recommendations for policy-makers

- Boost funding for the Healthy Working Lives service and Working Health Services Scotland.
- Work with employers to identify and remove barriers to employment, including trialling creative flexible working and leave policies.
- Accelerate the expansion of funded childcare to children under two years old.

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Skilled work

Skills are a golden thread running through the labour market. The evidence around skills and labour shortages, skills gaps and mismatches, as well as graduate overqualification, suggests that the relationship between the skills system and the labour market in Scotland is not as optimal as it could be.

There is a mismatch between skills demand and skills supply at a time when demographic, technological and climate change requires the skills system to evolve. With pressures on government budgets, and low employer investment in skills, we need a concerted effort to boost the supply and demand for skills.

Policy-makers, employers and individual learners all have a role to play in an intertwined skills system. Funding new skills interventions is pointless if individuals face insurmountable barriers to accessing them. Supporting employers to access organisational training is counterproductive if they don't take steps to understand their own skills profile. And the only way adult learners won't be left behind is if they themselves take charge of their learning and explore opportunities their employer or public agencies provide. All three have a responsibility to drive change.

On the supply side, the Scottish Government needs to focus funding on relevant training interventions for the right learners. This means an increased focus on apprenticeships, vocational pathways and core transferable skills. Furthermore, it also means a boost in upskilling and reskilling and a targeted approach that primarily reaches learners furthest away from the skills system and in the most exposed sectors.

On the demand side, the Scottish Government needs to focus on getting employers interested and co-investing in training, as well as learners wanting to develop their skills throughout their lives. This can be done through boosting people management capabilities, careers guidance and direct financial incentives.

Position apprenticeships as integral to the Scottish labour market

Evidence from Skills Development Scotland suggests that apprentices have positive labour market outcomes. We also know that demand for apprenticeships continues to outstrip the number of available places. However, the Scottish Government is focusing on structural changes to apprenticeship delivery, which risk additional budget pressures just as the system should be expanding.

While apprenticeships can play a role in the reskilling of older workers, this should be on top of their primary purpose as a work-based learning pathway for young people. Additional upskilling and reskilling interventions are required to foster a culture of lifelong learning in Scotland.

Recommendations for policy-makers

- Introduce an apprenticeship guarantee for 16–24-year-olds and commit to boosted multi-year funding and ambitious apprenticeship targets.
- Offer apprenticeship hiring incentives, targeted at SMEs, with higher rates for young apprentices.
- Ensure apprenticeships are flexible and responsive to labour market changes, with a strong voice for employers in designing frameworks and funding rules.

Boost upskilling and reskilling interventions

Upskilling and reskilling programmes need to target individuals as well as organisations in order to make a difference to the Scottish economy. For individuals, the focus should be on need, be it those who are furthest away from the skills system, are on the lowest incomes or are working in transforming sectors. For organisations, the primary skills focus should be sectoral, but with additional people management support for small businesses – only that can unlock skills demand in those organisations.

Recommendations for policy-makers

- Reintroduce Individual Training Accounts and reform them into genuine, buildable accounts that are targeted at learners in particular sectors, with additional reskilling pathways.
- Create a ring-fenced fund for Apprenticeship (Growth and Skills) Levy-payers in Scotland to use for shorter upskilling interventions.
- Provide dedicated upskilling funding for SMEs, covering a set percentage of training costs, linked to organisational size.

Support careers services and formalise transferable skills

People in a changing economy, especially in the context of AI automation and industrial transitions, need to be supported by a well-resourced, impartial, all-age careers service, underpinned by solid labour market intelligence. In addition, the importance of transferable soft skills like collaboration, critical thinking or communication has increased exponentially. While there are good examples of use, primarily by Skills Development Scotland, Scotland still lacks a coherent system-wide framework for learners, educators and employers to follow.

Recommendations for policy-makers

- Develop a coherent and staged transferable meta (soft) skills framework that can be used across the education system and in workplaces.
- Embed these transferable skills in every apprenticeship framework and encourage adoption by employers.
- Fund a responsive, all-age careers service, with face-to-face careers advice available to all secondary pupils and a refreshed interactive portal available to anyone looking to develop or change careers.

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Innovative work

The rapid rise of generative AI over the last few years has been one of the defining trends across workplaces, leading to conversations about the safe and responsible adoption of AI, as well as the implications for our labour market and skills development systems.

Generative AI, however, is only the latest development in the era of automation, which has been reshaping work across most industries. CIPD evidence suggests that automation has a disproportionate impact on lower occupational classes, while generative AI is likely to impact higher-skilled, more professional, occupations (especially across entry-level roles). Therefore, a one-size-fits-all approach to skills will be insufficient.

Investment in innovation, be it through skills or technology, is directly linked to productivity. Unlocking and incentivising business investment, therefore, should be a core objective of business support services. The CIPD has long advocated that a missing link in successive government strategies has been people management and development support, particularly for SMEs. It is only through effective people management that we can unlock demand for training and ensure technology is implemented well.

In addition to people management, innovative practice and investment can be incentivised by developing closer links, either peer-to-peer or employer-to-provider. Business networks for sharing best practice and ideas are invaluable, especially for smaller businesses. Close relationships between employers and training providers (schools, colleges or independent) can also boost talent pipelines and training programmes that employers may have been unaware of.

Boost people management capability across Scotland

The drivers of productivity are well understood, but recent years have seen more focus on management quality as the key to unlocking growth. CIPD research shows that effective people management is not only linked to employee retention and performance but can also improve employer understanding of skills gaps and drive relevant interventions, in addition to enabling workplace inclusion. The adoption of innovative practices and technology also relies on effective management and open, honest two-way communication with employees.

Recommendations for policy-makers

- Introduce a people skills model that allows SMEs access to independent and free people management advice around workforce issues, including for upcoming employment law changes.
- Boost the provision of management training available through business support services.
- Offer additional opportunities for peer-to-peer business engagement on a sectoral and regional basis.

Broaden and embed business support services

Scotland's business support services, primarily delivered through enterprise agencies and the Business Gateway network, are well known and mostly well rated by employers. CIPD discussions with members undertaken as part of this report suggest that they aren't in favour of a radical overhaul of business support, but they would support a broadening of its scope.

In addition to a boost to its overall funding, we have heard that there is a gap in the level of financial support provided to businesses looking to transition from small to medium-sized, as well as insufficient direct operational support for the smallest businesses. In addition, while support for startups was highlighted as excellent, less focus is given to larger SMEs and their relationships with training providers.

Recommendations for policy-makers

- Boost enterprise agency funding and commit to multi-year budgets in this area for long-term stability.
- Review growth funding to ensure that support for small to medium-sized businesses is available.
- Provide a personalised match-making service, delivered through Business Gateway or enterprise agencies, to connect SMEs with training providers.

Support organisations to innovate in the face of AI automation

The responsible adoption of AI and technology more broadly is dependent on a range of people factors. For smaller organisations without dedicated HR support, technology adoption can seem daunting and carries implementation risks. The CIPD is developing its own guidance in this space for members, but business support services should include these (bespoke or signposted) through their own channels.

We know that existing relationships with training providers are associated with higher employer skills investment. Relationships with further and higher education institutions can lead to the adoption of innovation. Boosting these links should be a priority for business support. Statistics published by the Scottish Government suggest considerable gaps remain in employer awareness of Developing the Young Workforce Regional Groups.

In addition, CIPD members told us that job creation should not be the sole metric for business support effectiveness, instead focusing on innovation and productivity in the round.

Recommendations for policy-makers

- Co-develop and/or signpost to guidelines around the people impact of AI automation and technology adoption.
- Boost convening capacity to develop partnerships between education providers and business, with additional support for the Developing the Young Workforce network.
- Ensure innovation adoption and productivity gains are seen as equally important business support outcomes as job creation.

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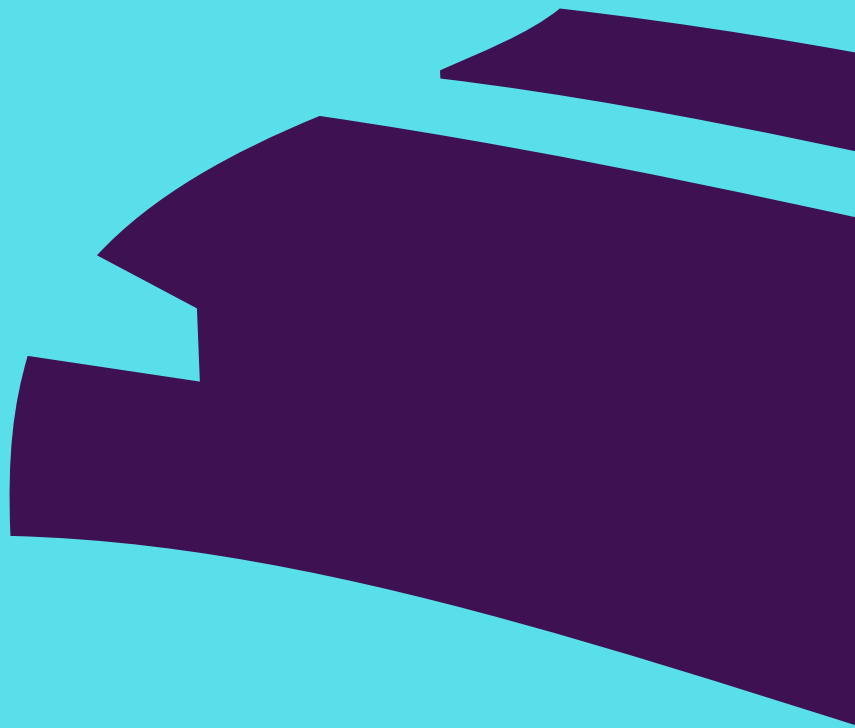
The opportunity for Scotland

Scotland is at a time of profound change. From megatrends reshaping our economies and public services, through political developments, to persistent workforce challenges, employees, organisations and policy-makers must navigate an uncertain future.

CIPD members are used to turbulence, but we see it as an opportunity for Scotland. We can work together, in partnership, to drive changes towards a better-aligned skills system, a productive labour market and a growing economy. A focus on fair work, skilled work and innovative work can lead us there.

This manifesto pulls together our public policy asks ahead of a pivotal 2026 Holyrood election, with the following key measures:

- an ongoing commitment to fair work, employer guidance and tools, and proactive use of devolved powers, including childcare
- an apprenticeship guarantee for young people, targeted hiring incentives and reformed Individual Training Accounts to drive upskilling
- a programme to boost people management capability, business services that support growth and help with AI adoption.



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