ITEM 15
FOR NOTING

GLASGOW KELVIN COLLEGE

Learning and Teaching Committee – 4 May 2022

Pathways from Poverty Report

Report by Vice Principal Curriculum and Quality Enhancement

1. Introduction

In March, the Institute for Public Policy Research and the College Development Network's Research and Enhancement Centre, published a new report, *Pathways from Poverty: Current Challenges and the Role of Colleges.* This report highlights the central role that Scotland's colleges play in tackling poverty and in creating a more inclusive society.

2. Pathways from Poverty: Current Challenges and the Role of Colleges

The attached report evidences the vital position of colleges as anchor institutions in local communities, providing a focal point for education, community engagement and action in relation to poverty.

The report details the impact of Covid-19 on Scotland's economy and highlights how Scotland's colleges have proactively sought to reduce the impact of this on those already most vulnerable to poverty and to support the well-being of our learners.

The report concludes by proposing two enhancement themes as summarised in the diagram below:

Pathways from Poverty: Enhancement Themes

Preventing poverty through **access to college**: transitioning people's potential	Colleges could consider, with support from CDN and in collaboration with key stakeholders, the further development and extension of good practice in relation to the five transitions facing Scotland – automation and technological change, Brexit, climate transition, demographi change and ageing, economic inequalities.
	Colleges and their stakeholders could keep under review their fair access provision and priorities in the context of the Covid-19 crisis.
	Colleges, together with their key stakeholders, could consider the potential for the development of new open college offers in Scotland and developments to learning accounts in collaboration with employers.
Preventing poverty **post-qualification**: driving change in Scotland's economy	The college sector could explore and enhance its focus on job skills and brokerage and consider the further development of formal career pathways with sectors.
	The college sector could work together with key stakeholders to develop and test progression agreements between learners, employers and colleges, to drive increased skills utilisation in Scotland.
	The college sector could consider how it can work with the Scottish Government to develop its support to business through grants, loans, tax allowances, and procurement with a view to encouraging skills investment and fair work.

3. Resource Implications

There are no resource implications arising directly from this report.

4. Equalities

There are no equality implications arising directly from this report.

5. Risk and Assurance

There are no risk issues arising directly from this report.

6. Data Protection

There are no data protection implications arising directly from this report.

7. Recommendations

Members are recommended to:

i. note the contents of the report.

8. Further Information

Members can obtain additional information on the contents of this report from Robin Ashton, Vice Principal Curriculum and Quality Enhancement.

Glasgow Kelvin College
RA
07/04/2022

APPENDIX

cdn Research and Enhancement Centre

PATHWAYS FROM POVERTY

CURRENT CHALLENGES AND THE ROLE OF COLLEGES

A RESEARCH REPORT PREPARED BY IPPR SCOTLAND WITH THE CDN RESEARCH & ENHANCEMENT CENTRE

March 2022

IPPR Scotland | cdn College Development Network | Colleges Scotland

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REPORT CONTEXT

In Spring 2020, CDN agreed to oversee a national sector inquiry into the role of colleges in addressing complex poverty challenges in Scottish communities. This built on work done in partnership with Edinburgh College in 2019, shared nationally through College Expo and a series of practical, developmental meetings.

A steering group was established to provide advice and guidance, and IPPR Scotland were retained to produce the draft report. While the impact of the COVID pandemic has been to extend the length of the project it has also enabled the authors to consider the impact of the past two years and the role that colleges have played.

In Spring 2021 CDN launched its Research and Enhancement Centre, and with the support of the project steering group the centre team has further developed the draft report to focus on its role as a catalyst for enhancement within the sector.

The publication of the report will mark the start of two further strands of work:

- In the first strand, the Research and Enhancement Centre will examine in greater detail the excellent practice demonstrated by colleges addressing complex poverty challenges, through a series of usable case studies that will be published as an additional report.
- In the second strand CDN, in partnership with Colleges Scotland and other key stakeholders, will deliver a series of events and activities including a symposium to explore the issues raised in the report and encourage further innovation and development.

FOREWORD

The challenges of the past 18 months have exacerbated already significant issues for our students in engaging with education, in an environment of growing health and income inequalities.

This research report, commissioned from IPPR Scotland, identifies the many challenges facing society and our colleges from technological change, Brexit, the climate emergency, demographic change and widening economic inequalities. But it also highlights the vital, positive role that colleges can and do play in supporting students to overcome these challenges as they develop their skills and move forward in their careers.

As the authors identify, around a third of college students in Scotland come from the 20% most deprived postcodes in the country, and our colleges are the first port of call for many young people affected by poverty, with 41.8% of first degree university entrants from those most deprived postcodes progressing via a college course. We support a much wider range of pathways however, and the report also highlights our current and future role in working with schools and employers to provide vital vocational skills pathways that allow young people to achieve in a supportive environment.

The report demonstrates that the key role we can play in our communities goes far beyond the courses we provide: what the authors call 'the essentials of life' for students and their families, from food, finance and technology to mental health, trauma and period poverty. The examples in the report are just a glimpse of the impact colleges make, and following publication a second phase of research will be undertaken to produce a series of detailed case studies that will examine this further.

We know that the next few years will be challenging for the communities we serve, but colleges will continue to develop their role as anchor institutions, assisted by the enhancement conversations this report will generate around maximising people's potential and driving change in Scotland's economy. The report lays out a number of proposed actions that will enable the sector to make use of the evidence presented here in developing our future role, and we look forward to the discussion that it will generate.

We commend this research to our colleagues in the college sector and in doing so thank IPPR Scotland for providing us with an excellent basis for discussion and further enhancement of the vital service that our colleges provide.

Lydia Rohmer
Principal, West Highland College UHI

Jim Metcalfe
CEO, College Development Network

EXECUTIVE SUMMARY

The Covid-19 crisis has affected everyone, but it has not done so equally. For more than 18 months, Scotland, the UK and the globe have faced a near-unprecedented challenge. What began as a health crisis, costing thousands of lives and the health of thousands more, quickly also became an economic crisis, with billions of pounds spent to attempt to limit the social and economic damage. However, it is those that were struggling the most before the pandemic struck that have been hit the hardest through it, with hardship and financial insecurity levels rising during the crisis, exposing and exacerbating the inequalities seen prior to the pandemic.

Colleges have always had a crucial role in tackling poverty and inequality, and driving a more inclusive economy. This report aims to understand the role colleges had prior to the crisis, and the crucial role many colleges took on during the peak of the crisis, to begin to understand the role that colleges in Scotland will need to take in tackling poverty post-pandemic. A national approach, and a national understanding, will be important, as will colleges' regional role within communities and economies across Scotland. But without question, whether in cities or in rural Scotland, and whether directly with the students they serve or with the communities they operate in, it has been the local role played by colleges through the crisis, and beyond, that has been an important part of Scotland's pandemic response.

A focus on poverty, inequality and inclusion is not new for colleges. The college student population has traditionally come from more deprived backgrounds, with colleges offering a route to connect people to the skills and experience needed to take on new opportunities to study and to work. Without this role as a driver of educational and career progression, fewer people from more deprived backgrounds would have the support and chance to gain the qualifications that can be a passport to better work and greater wellbeing. As the Covid-19 crisis took hold, colleges adapted this role to become even more important 'anchor' institutions, supporting some of the people hit hardest by the pandemic and most vulnerable to financial insecurity and hardship.

The scale of the Covid-19 crisis has been unprecedented in modern times. Over the course of 2020, the UK faced an economic contraction the size of which has never been seen before. By the end of 2020, GDP had dropped by almost 10 per cent compared to the end of 2019[1], dwarfing previous recessions by some way (ONS 2020). Around £280bn[2] has been spent in 2020/21 to support the economy and jobs, including on new furlough schemes to pay the wages of staff, without which we would have seen huge increases in unemployment (UK Government 2021). Alongside this we saw some temporary increases in social security entitlements but these were not enough to prevent significant income shocks for many, with those struggling the most in financial terms prior to the crisis hit hardest through it. Poverty in Scotland, which stood at around 1m people and 250,000 children prior to the pandemic, was already projected to increase to unprecedented levels by the 2030s[3], even before Covid-19 (Scottish Government 2018). While there has been something of a bounce-back in the economy following the removal of some of the most significant measures introduced to protect public health (which had tended to exacerbate poverty-related challenges in areas such as education), with the damage seen through the crisis and the many years of recovery we can foresee in both economic and social terms, it is likely that poverty and inequality levels will continue to increase markedly without significant action.

1 https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2020

2 https://www.gov.uk/government/news/billions-of-pounds-of-support-helps-businesses-up-and-down-the-country

3 https://www.gov.scot/publications/tackling-child-poverty-delivery-plan-forecasting-child-poverty-scotland/pages/2/

Furthermore, the Covid-19 crisis came along at a time of key transitions for Scotland, the UK and the world. The 2020s were already due to be a 'decade of disruption' with five key transitions around:

- Automation and technological change.
- Brexit.
- Climate emergency and just transition.
- Demographic change and ageing.
- Economic inequalities widening.

The challenge is now greater, given the need to renew and recover once we can leave the global pandemic behind. The crucial question facing policy makers and the country as a whole, is how we can rebuild following Covid-19 in a way that can meet the challenges brought by these key transitions, and in a way that builds a stronger Scotland than went into the crisis.

Colleges can and should have a key role to play in helping Scotland to rebuild following Covid-19 and in ensuring that Scotland's recovery places tackling poverty, inequality and economic injustice at its heart. The impact of colleges on Scotland's economy have been demonstrated in major reports from Fraser of Allander (2017)[4] and EMSI (2015)[5], both of which demonstrate that by developing a more productive workforce and boosting participation, colleges help deliver long-term sustainable and inclusive economic growth.

Colleges' role in driving educational and career progression will be crucial. The college cohort is on average more likely to be from deprived areas than for the Scotland population as a whole. For 2018/19 34.7 per cent of full-time further education students and 29.4 per cent of full-time higher education students in college came from the 20 per cent most deprived areas (SFC 2020a[6]). This builds on many decades of colleges' work in some of the most deprived communities in Scotland. It should be noted however that the SFC and Scottish Government currently rely on the Scottish Index of Multiple Deprivation (SIMD) measure which uses population/post-code density and is therefore ineffective at reflecting rural poverty and deprivation. Better measures of rural deprivation will be needed in future to ensure that college funding is targeted appropriately.

Funding and measurement methodologies notwithstanding, colleges are able to link people from deprived backgrounds into new opportunities to study and to work that can drive the progression opportunities so crucial in tackling poverty. In 2018/19, 27.7 per cent[7] of first-degree entrants to university in Scotland arrived via colleges, rising to 41.8 per cent of first-degree entrants from the most deprived backgrounds (SFC 2020b). In 2018/19, of the qualifiers that left the sector, just under half entered work (47.9 per cent) with just under two-thirds stating that their work was related to the course they studied (66.2 per cent[8]) (SFC 2020c).

Furthermore, the role of colleges as key institutions in in the communities and regions they work in cannot be overlooked, working to provide financial support, and other help with the essentials of life, for students but also for students' families and the wider community. As seen in the examples below, colleges do not just operate in the classroom, or with the student cohort, instead operating as crucial institutions to countless communities up and down Scotland.

4 https://fraserofallander.org/wp-content/uploads/2021/02/2017-09-27-The-value-of-college-graduates-to-the-Scottish-economy.pdf

5 https://collegesscotland.ac.uk/our-work/demonstrating-the-economic-value/460-demonstrating-the-economic-value-of-scotlands-colleges-report-main-report/file

6 http://www.sfc.ac.uk/web/FILES/statisticalpublications_sfcst062020/ROWA_2018-19.pdf

7 http://www.sfc.ac.uk/web/FILES/statisticalpublications_sfcst082020/SFCST082020_Articulation_from_Scottish_Colleges_to_Scottish_Universities_2014-15_-_2018-19.pdf

8 http://www.sfc.ac.uk/web/FILES/statisticalpublications_sfcst072020/College_Leaver_Destinations_2018-19_Full_Report.pdf

These roles in terms of cohort, the classroom and the community have been at the heart of the function of colleges since their inception, but these roles came to the fore throughout the Covid-19 crisis. This report gives a small number of examples of where the role of colleges through the crisis helped to limit the damage brought for students and for wider communities. These are just a sample of the many ways in which colleges have fulfilled their role as anchor institutions. There is considerable scope to build on these examples with a formal set of case studies in a future phase of research.

Looking beyond the crisis, it is important to consider the future context in which the college sector in Scotland may be operating as we hope to leave the crisis behind and enter what will likely be years of recovery. This report provides three think pieces focused on the economy of the future, the college system of the future, and poverty and inequality in the future.

On the future economy, the report considers where Scotland's economy was pre-pandemic, what has happened through the crisis, and some of the potential trends for the future. It outlines how underemployment and hours reductions may be ongoing trends, alongside potential increases in unemployment for some population groups as the new shape of the economy (by sectors and geography) becomes clear. The recovery from Covid-19 is very likely to be at different speeds for different parts of Scotland, different sectors and different population groups, with skills shortages and high levels of job vacancies likely to sit alongside heightened unemployment and underemployment for some. Ultimately it points to how colleges in Scotland could be crucial to avoiding the mistakes of the past, ensuring that our recovery from Covid-19 is a fair work recovery rather than an 'any job' recovery.

In terms of the college system of the future, the report considers some of the changes seen pre-pandemic and through the pandemic, looking ahead to some of the trends we may need to see in terms of who learns and how. In particular, the report looks at some of the population groups the system may need to focus on, and crucially, the potential need for a sectoral approach to help those workers hit hardest by the crisis (such as retail, tourism and hospitality). This will need the college sector to reduce the 'barriers to entry' for learners and employers, through offering more bite-sized and fully flexible learning through a mix of online and face-to-face learning, building on the innovation seen through the crisis. This may also need colleges to take on a greater role in brokering opportunities for qualifiers and employers, and the adoption of formal 'career pathways' to ensure learners and employers know the potential benefits from developing new skills for their career. Other factors in play in rural areas include the availability of affordable housing and healthcare, the lack of which drives people to the cities and prevents employers from attracting people into areas where skills gaps exist that the local college could help to address. Lastly, it may need greater levels of conditionality, through business support and the tax system, to encourage employers to engage with the skills system.

In terms of poverty and inequality in the future, the report points to a number of impacts of the crisis that will likely have implications for poverty and inequality for years to come, unless we see significant action. These points were emphasised in the submission of Colleges Scotland to the Scottish Government's Advisory Group on Economic Renewal in May 2020[9]. This includes the potential effects of gaps in learning at school on the attainment gap and the effects of the economic crisis on particular population groups and geographical areas. Access and retention priorities and activity will need to ensure they are responsive to the inequalities that have been exposed and exacerbated through the crisis. It may also require improvements in student support, including a living wage for students, alongside further work to tackle the cost side of poverty and insecurity.

9 https://collegesscotland.ac.uk/briefings-and-publications/briefings/1525-call-for-views-advisory-group-on-economic-recovery-colleges-scotland-response/file.html

Enhancement Themes

The report concludes by highlighting two key **enhancement themes** for further consideration by the college sector and its stakeholders as they plan for the future. Within these over-arching themes a range of practical ideas and proposals for further consideration and development are presented. Finally, a range of next steps are proposed that, in collaboration with key sector agencies, will make use of the evidence presented in the report in the context of the enhancement themes, which are:

1. **Preventing poverty through access to college** – transitioning people's potential.

2. **Preventing poverty post-qualification** – driving change in Scotland's economy.

This report outlines the scale of the crisis over the last 18 months and the huge response to it made by the college sector. It makes the case that to respond to the potential future context in which colleges in Scotland operate, we will need to see a commitment to the sector and potential reform and refocussing of priorities for the sector, so that colleges can take a full role in ensuring the recovery delivers a fairer and stronger Scotland than the Scotland that entered the crisis.

1. COVID-19, THE ECONOMY AND POVERTY

The Covid-19 crisis defined the last 18 months. What began as a health crisis in one part of the world developed into a global health crisis, and now an economic crisis of equal scale. In Scotland, so far we have seen thousands of people lose their lives, lose their health, and many lose their livelihoods. The indirect effects of the virus will likely be with us for many years to come, even once the virus is eventually brought under control. Without question, there will be significant indirect health effects caused by an NHS whose focus has been forced to shift onto Covid-19 to the exclusion of many other conditions, and the mental health consequences of the social restrictions throughout much of 2020 and 2021. Our health and education systems, and more broadly the country as a whole, will be attempting to catch-up for some time to come. Equally, it is likely the economic damage caused by the crisis will be with us for many years, with increasing levels of unemployment and underemployment already beginning to show.

However, as the roll-out of the vaccine and booster jabs continue, and an increasing percentage of Scotland's population build protection against the virus, we can hopefully begin to look beyond the crisis. As we rebuild and recover following Covid-19 there may be new behaviours and new ways of working we want to keep, and parts of the 'old normal' we wish to reject. If we are to take the possibilities for progress that may be present following Covid-19 we will need to take deliberate policy decisions, and will need action beyond only government. If we are to come through Covid-19 with a Scotland better than the one that went into the crisis, we will need to show the same collectivism and unity displayed during the crisis, and likewise in taking up the vaccine, to deliver the possibilities for transformational change in Scotland. To make faster progress on tackling poverty, to reshape the economic model to deliver fair work across far greater parts of the economy, to tackle some of Scotland's most stubborn and entrenched inequalities, and to take on the challenges and opportunities posed by automation, Brexit, climate change and ageing we will need concerted action from every part of Scotland.

At the centre of these new challenges, and at the heart of the old ones Scotland faced even before Covid-19, will be how we provide people and communities in Scotland with the opportunities to maximise their potential, and link them into the opportunities that can convert potential into increased wellbeing and increasing quality of life. This will, without question, need to see a skills system, and a college sector as a key part of that, able to stand shoulder to shoulder to people and communities in Scotland to anticipate change and equip people and communities with the skills they need to manage it.

Economic effects of Covid-19

The Covid-19 global pandemic has caused the most significant economic damage in over 300 years.

Across the UK we have seen the largest contraction in the economy in modern history, with an estimated drop in GDP of 19 per cent between April and June 2020, vastly higher than the recessions seen following the financial crash and through the 20th century (ONS 2021a[10]). Annual GDP for the UK as a whole stood at 9.9 per cent lower for 2020 than for 2019, and it is unlikely the UK returns to pre-pandemic levels of GDP for a considerable time after 2021 (ibid).

The UK and Scottish governments have invested unprecedented amounts of money into the economy, totalling around £280bn in 2020/21 alone, through grants and loans to business and through the UK-wide furlough schemes (UK Government 2021[11]). However, even with this level of support we are likely to enter a jobs crisis unlike anything we have seen for many decades.

We have seen huge increases in claims for Universal Credit (UC) since the crisis, reflecting that many households have faced an income shock through lost work and hours. In the first two weeks of the first Covid-19 lockdown we saw 1.1m new claims for Universal Credit, and between March and October 2020 we saw an additional 2.7m people in receipt of Universal Credit across the UK (UK Government 2021[12]). These increases are unprecedented with new claims in this period accounting for more than a third of the total claims for Universal Credit made since its introduction (Ibid). In Scotland we have seen similar proportional increases, with the number of people in receipt of Universal Credit almost doubling over the same period, moving from 244,000 people in January 2020 to 480,000 in December 2020 (Scottish Government 2021a[13]).

In March 2020, the UK Government announced temporary increases to the benefit system. This included a one-year uplift in the standard allowance of UC (and Tax Credits) of £1000 and increases in the generosity of local housing allowances – used to calculate levels of housing support. The cost of the UK Government's additional welfare measures is expected to be £8.3bn in 2020/21 (OBR 2020[14]).

While these temporary increases have been very important through the crisis so far, they still leave a significant gap between levels of UC entitlement and average wages, meaning many workers who lose their job will still face a significant income shock. Recent research has estimated that on average a worker who loses their job and receives UC will see a 47 per cent reduction in their income, compared to only a 9 per cent income shock for those who have faced furlough (Brewer and Handscomb 2020[15]).

We have seen an increase in unemployment through the crisis, though increases have been much smaller than projected prior to the introduction and then extension of government economic support, such as the furlough schemes. Projections now see unemployment falling gradually over the coming years (Bank of England 2021[16]). Equally, we are now beginning to see labour shortages and skills shortages appear, at least in the short-term, as Covid-19 recovery, Brexit and disrupted supply chains, combine to leave significant numbers of vacancies unfilled (ONS 2021[17]).

10 Office of National Statistics [ONS] 2021 GDP first quarterly estimate, UK: October to December 2020 https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/octobertodecember2020

11 https://www.gov.uk/government/news/billions-of-pounds-of-support-helps-businesses-up-and-down-the-country

12 https://www.gov.uk/government/statistics/universal-credit-statistics-29-april-2013-to-8-july-2021/universal-credit-statistics-29-april-2013-to-8-july-2021

13 https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2021/01/universal-credit-scotland-dashboard-2021/documents/universal-credit-scotland-dashboard-january-2021/universal-credit-scotland-dashboard-january-2021/govscot%3Adocument/Universal%2BCredit%2BScotland%2BBulletin%2B-%2BJanuary%2B2021.pdf

14 https://obr.uk/efo/economic-and-fiscal-outlook-november-2020/

15 https://www.resolutionfoundation.org/app/uploads/2020/05/This-time-is-different.pdf

16 https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2021/august/monetary-policy-report-august-2021.pdf

17 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2021

However, the pattern of unemployment could be more important than the overall level. In previous recessions, we have seen increases in unemployment impact disproportionately on young people, those with the least qualifications, and other population groups such as lone parents, older and disabled workers. This seems to be being borne out in unemployment statistics so far, with the number of people on company payrolls across the UK dropping by 726,000 since the pandemic began, with almost three-fifths of these people aged under-25 (ONS 2021b[18]). This is even more the case given the parts of the economy hit hardest so far through the crisis are those that tend to employ greater proportions of young people such as non-food retail, restaurants and hotels, passenger transport, personal services and arts and leisure services (IFS 2020[19]).

Poverty and wellbeing

Scotland went into the Covid-19 crisis with significant and increasing levels of poverty. We outline the statistics on poverty later in this report but over 1 million people, and 250,000 children, in Scotland are in relative poverty and projections from before Covid-19, if correct, would see child poverty rates increase to unprecedented levels by the end of the 2030s (Scottish Government 2018[20]). Despite a clear focus on the area from the Scottish Government, and legally binding targets to significantly reduce child poverty by 2030, trends are going backwards and are due to continue to do so.

Looking beyond poverty to a measure of financial insecurity, we can see a similar picture. In many ways financial security goes beyond poverty, and will be crucial to deliver the improvements in wellbeing sought by the Scottish Government. Financial security means having an income that is not just adequate, but can be relied on, and costs that are manageable. It means being in control of your finances and having a reasonable expectation that you will be able to make ends meet both now and in the future. And it means having access to 'shock absorbers' and safety nets that offer resilience in the face of unforeseen circumstances and hard times, ensuring that a period of financial strain does not spiral into a life-altering event. In this way, being out of poverty is necessary to achieving financial security, but it is not sufficient to doing so.

Measures of financial security include self-reported perception of how manageable peoples' finances are, whether people are behind on key bills or not, and equally perceptions on how well people could manage with an income shock. On all measures, significant proportions of people and families in Scotland were experiencing financial insecurity, and as the Covid-19 crisis hit, we can see evidence of increasing levels of financial insecurity. This will be crucial to address to improve resilience throughout the rest of the Covid-19 crisis, but also to strengthening the recovery once we leave the global pandemic behind us.

As we consider the role the college sector can play in tackling poverty and insecurity following the Covid-19 crisis it is important to understand the key trends Scotland faced going into the crisis and through the crisis. The economic and social effects of the Covid-19 crisis have already been severe, and will likely continue to be for some time to come. This report considers some of those changes we can see so far, changes we can begin to anticipate in the future, and what they may mean for the role of colleges and the sector in the future.

18 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/february2021

19 https://ifs.org.uk/publications/14791

20 https://www.gov.scot/publications/tackling-child-poverty-delivery-plan-forecasting-child-poverty-scotland/pages/2/

2. THE TRANSITIONS WE FACED PRE-COVID-19

Where were Scotland and the UK going into the crisis?

It is crucial to understand the transitions and trends that were facing Scotland and the UK prior to the Covid-19 crisis in order to understand how to shape our priorities in restarting, rebuilding and renewing the economy in Scotland.

A decade of disruption?

Prior to the arrival of the virus, we already faced a decade of disruption throughout the 2020s with five key transitions facing us:

- Automation and new technologies
- Brexit and the UK/Scotland's international partnerships
- Climate justice and just transition
- Demographic change and ageing
- Economic inequalities widening

At the heart of each there requires a significant skills response to ensure Scotland's people, communities and the economy as a whole are best prepared to take the opportunities from these transitions and live to the potential risks and challenges. If these transitions are left unmanaged, there are risks that whole parts of the population are left behind and locked out from the new opportunities that will come through change. However, if we can get ahead of these changes, shape them, and manage who wins and who loses, we can take the opportunities these transitions offer to deliver a fairer and stronger economy in Scotland.

Automation and new technologies

One of the biggest transitions we have begun, and will continue to face over the coming years, is automation and technological change. Sometimes referred to as the fourth industrial revolution, new technologies offer the opportunity for machines to undertake tasks which have usually been reserved for workers. This will offer the combination of significant disruption and significant opportunities for improvements in productivity over the coming years.

Automation is unlikely to mean that jobs vanish, more than jobs will change. Recent IPPR research has found that only around 5 per cent of jobs now are fully automatable in theory. However, over 60 per cent of jobs have more than a third of tasks that could be automated (IPPR 2018a[21]). This will mean far from fearing rising unemployment and worklessness, we should instead be conscious of the significant need to deliver skills provision to ensure people can adapt to this disruption and link to the new job opportunities on offer from automation.

Supporting employers to embrace these new opportunities across the economy in Scotland, ensuring these new opportunities are open to people from all backgrounds, and ensuring that the proceeds of increases in productivity are fairly shared across Scotland, are the key challenges as we face this transition. At the centre of each we need to see a skills system, and a college sector, able to anticipate to these changes and help learners and employers to respond.

21 https://www.ippr.org/research/publications/preparing-for-automation-and-ageing

Brexit and the UK's international partnerships

With the UK officially leaving the European Union on 31 December 2020, the next few years could see significant changes in trade, migration and investment patterns between the UK and the rest of the world. While the new relationship with the EU ensures there will be no tariff and quotas on trade between the UK and the EU, it does allow for changes to the immigration system, and to changes in the ease with which people in Scotland can move, work and learn across borders in Europe. In addition, for the college sector in particular, it remains to be seen how EU funding will be replaced, if at all, in the post-EU context.

While the long-term consequences from leaving the EU are unclear, and many of the short-term consequences are being masked by the Covid-19 crisis we are still experiencing, it does seem clear that there will be less ability to recruit students and workers from the EU than before. This will likely see a greater need to for employers to invest in the skills of workers already domiciled in the UK, if we are to avoid increasing damaging skills gaps. How colleges and the skills system more generally can best work with employers of all sizes, and their workers, to upskill and reskill, to drive pay and productivity increases, and to narrow skills gaps is one of the key challenges we can clearly see from Brexit.

Climate justice

The Scottish Government has signed up to legally binding targets to become a net-zero society by 2045, eliminating Scotland's climate emissions within a generation (Scottish Government 2019[22]). This is a target five years earlier than for the UK as a whole, and in line with the Committee on Climate Change recommendations. To deliver against this target will require a huge transition, and to do so in a fair way, without leaving people and communities behind, will require the transition to be just.

As we look ahead to how we recover from the Covid-19 crisis, green jobs and green stimulus have been clear priorities for both the UK and Scottish Governments. We will see over the forthcoming budgets and spending reviews for Scotland and the UK as a whole what this means in terms of investment, but it is without doubt that the skills system will be at the centre of readying people, workers, employers and the economy as a whole for this transition, and linking people to the significant opportunities for fair and green work. At its heart the just transition will be about encouraging behaviour change across our society and economy. Colleges, and the skills system, could have a significant role to play in delivering the changes we need to see.

Demographic change and ageing

Like many parts of the UK, Scotland's population is ageing. Estimates from 2018 show that the number of people over retirement age compared to those of working age moves in Scotland from 29 per 100 to 36 per 100 by end of the next decade, with an acceleration in ageing from the end of the 2020s onwards (IPPR 2018b[23]). It is as yet unclear whether Brexit is likely to accelerate these trends.

An older population without question brings new opportunities, and it is a huge success of generations of social policy in Scotland. However, equally, it will bring significant challenges and changes. Chief among these is that an older population will bring considerable challenges for public finances, with pressures on tax revenues and increases in demand for public services. If we are to protect living standards, and quality of life, this will likely mean an increasing need to get the most out of the remaining working age population. At its heart, an ageing population will further increase the need to drive productivity increases within Scotland, to protect tax revenues as the working age population becomes smaller relative to the older

22 https://www.gov.scot/news/scotland-to-become-a-net-zero-society/

23 https://www.ippr.org/research/publications/preparing-for-automation-and-ageing

population. This will need, among other things, skills investment throughout peoples' lives, and the ability to link people from all backgrounds to opportunities that help them to maximise their potential.

Economic inequalities and delivering economic justice

As outlined throughout this report, Scotland has an economy and society that delivers significant levels of poverty and inequality. There are risks that left unmanaged these transitions could further widen inequalities. That would be bad in principle and for reasons of justice. However, there is increasing evidence that inequalities are a drag on the economy, weakening the strength of the economy (IPPR 2018c[24]; Poverty and Inequality Commission 2019[25]). Each of the transitions outlined above, if managed incorrectly, have the potential to increase inequality in Scotland. Equally, increasing levels of inequality have the potential to undermine our ability to respond to these transitions in a way that maximises the opportunities on offer for Scotland.

A fairer economy is a stronger economy. Over the long-term, an economy that has economic justice hard-wired in will perform more strongly than a short-term low-investment economy. Managing these transitions, and the recovery from Covid-19, in such a way as to narrow inequalities could become a virtuous cycle, further improving Scotland's chances of taking the opportunities on offer from these transitions both economically and more generally in terms of improved living standards and enhanced wellbeing. Key to that will be ensuring everyone has the skills and opportunities to access the new opportunities on offer through these transitions, sharing the gains of these changes collectively. In this way we can shape who wins and who loses.

While the full implications of Covid-19 are not yet clear, the challenges and opportunities facing Scotland prior to the crisis will become more, not less, pronounced. The crucial question facing us as a country will be how we can recover from Covid-19 in a way that also meets the challenges and opportunities we already face through multiple disruptions over the course of the 2020s. This will likely make key Scottish Government agendas prior to the crisis more, not less, important. Inclusive growth, fair work, delivering a wellbeing economy, climate justice and tackling child poverty and inequality are policy agendas set to be even more relevant in these challenging times. And at the heart of many, if not all, of these sits a skills system able to link people across Scotland, regardless of background, to the new opportunities that will be on offer from the transitions and recovery we face. Rather than the Covid-19 crisis eroding our commitment to these agendas, it is likely that we will need to further strengthen our commitment to them in order to rebuild the economy to be more resilient to future shocks. The possibilities for making faster progress in these areas are present if the Scottish Government and UK Government make the right decisions over the coming time.

24 https://www.ippr.org/research/publications/prosperity-and-justice

25 https://povertyinequality.scot/wp-content/uploads/2019/06/Poverty-and-Inequality-Inclusive-Growth-final-report.pdf

3. COLLEGES AT THE HEART OF RESPONSES THROUGH THE CRISIS

Prior to the Covid-19 crisis colleges across Scotland were already working hard to tackle poverty and inequality.

The student population that attends Scotland's colleges are on average more likely to be from deprived areas than for the Scotland population as a whole. For 2018/19 34.7 per cent of full-time further education students and 29.4 per cent of full-time higher education students in college came from the 20 per cent most deprived areas (SFC 2020a[26]). This builds on many decades of colleges' work in some of the most deprived communities in Scotland.

Colleges in Scotland are also a crucial route to entering university, for those that wish to do so. In 2018/19, 27.7 per cent of first-degree entrants to university in Scotland arrived via colleges, rising to 41.8 per cent of first-degree entrants from the most deprived backgrounds (the most deprived quintile in the Scottish Index of Multiple Deprivation) (SFC 2020b[27]). This shows colleges' role in connecting people from more deprived backgrounds into opportunities for learning and ultimately degree-level jobs and earnings in Scotland.

In referring to the SFC's (and the Scottish Government's) use of SIMD as a method of measurement for widening access, it is important to note that it does not capture rural poverty, since SIMD methodology is based on population/post-code density, and cannot reflect poverty and deprivation occurring in sparsely populated rural areas. As a result, there is currently a disjoint in deprivation-related funding, which is based on SIMD only. As an example of alternative approaches, Highland Council operate the James Hutton Institute's Social Economic Performance (SEP)[28] methodology to ensure rural deprivation is captured in policy and funding allocations.

Equally, of course, colleges in Scotland offer an opportunity to reskill and upskill for work. Of the just over 40,000 college qualifiers in 2018/19 with a confirmed destination, just over 17,000 qualifiers left the college sector for work or university (the remaining qualifiers continued their studies within the college sector). Of the qualifiers that left the sector, just under a half-entered work (47.9 per cent) with a third (33.3 per cent) leaving a higher education course for university, and 1 in 15 (6.6 per cent) leaving a further education course direct for university (SFC 2020c[29]). Of those that entered work, just under two-thirds stated that their work was related to the course they studied (66.2 per cent).

This shows that, prior to the pandemic, colleges were working to connect people, often from more deprived backgrounds, into new opportunities within the college sector, to study at university and to (re)enter the world of work. The contribution to improving pay and narrowing income inequality is clear.

In addition, many colleges across Scotland have put in place specific support and activity to help people

26 http://www.sfc.ac.uk/web/FILES/statisticalpublications_sfcst062020/ROWA_2018-19.pdf

27 http://www.sfc.ac.uk/web/FILES/statisticalpublications_sfcst082020/SFCST082020_Articulation_from_Scottish_Colleges_to_Scottish_Universities_2014-15_-_2018-19.pdf

28 https://www.hutton.ac.uk/research/departments/social-economic-and-geographical-sciences/mapping-rural-socio-economic-performance

29 http://www.sfc.ac.uk/web/FILES/statisticalpublications_sfcst072020/College_Leaver_Destinations_2018-19_Full_Report.pdf

struggling to get by. In addition to the 'core' financial support offered to students through the higher education and further education support systems, and a range of additional 'non-core' discretionary and hardship funds, colleges had a number of support measures in place to attempt to tackle specific aspects of poverty and hardship and reduce financial barriers to studying. This has included both financial and in-kind support.

For this project, we surveyed colleges across Scotland to gain an insight into some of the work they were undertaking even prior to the Covid-19 crisis. We found a huge range of work both prior to and during the pandemic. This included work to tackle **food poverty** among students, through food banks on campus and through food vouchers available to students struggling to make ends meet. There is evidence that colleges in Scotland have stepped up work to tackle **period poverty** with provision of free sanitary products increasing in recent years and a quick response to providing remote services through the crisis itself, once face-to-face contact became impossible. Given the greater use of technology in everyday life but also increasingly in the learning environment, **digital poverty** has become an increasing focus of colleges, to ensure that as many learners as possible can access the devices and data they need.

Furthermore, while colleges across Scotland have a consistently strong record on widening access for people from deprived backgrounds, there has been an increasing focus on improving retention rates, and the proportion of positive destinations among college qualifiers, including an increasing focus on promoting articulation routes to universities. Equally, while colleges' access record is strong in general, tackling gender segregation on particular courses and access and retention rates by other protected characteristic groups has become an increasing focus for the sector as a whole.

Covid-19 response

Through our survey, conducted in mid-2020, we found a large number of examples of where colleges had built on these good foundations to respond to their students', and their communities, through the Covid-19 crisis.

We found really strong evidence of colleges responding quickly, and with tailored interventions, to help with the new needs that surfaced throughout the first lockdown in 2020, and equally to respond to the new nature of the existing inequalities many colleges were attempting to tackle even prior to the pandemic.

We heard examples of colleges moving quickly to open bursary and hardship funds early so that students could access help over the summer, to sending sanitary products to students who needed them, and who could not physically travel due to restrictions, and to creating lending services and loan or grant schemes to ensure students could access the digital equipment and data they needed to take part in distance learning. Likewise, there are a number of examples of colleges extending food support through breakfast clubs and increased food bank and food voucher support, to help students and sometimes the broader local community access food in those early months of the Covid-19 crisis.

Furthermore, colleges have clearly moved quickly to anticipate some of the indirect effects of the crisis. In the context of social distancing and furlough, and more recently redundancies and reduced hours, work-based learning has been much more difficult, if not impossible, to achieve for some. We have seen examples of colleges move quickly to attempt to plug that gap with additional learning to teach work skills in the classroom.

And, of course, all of this was while colleges themselves moved to home working and Covid-19-secure learning over only a few working weeks around the summer break.

Examples of college responses to the pandemic

Income poverty and practical help

As the pandemic took hold and the country entered its first lockdown a number of colleges reported moving quickly to provide new and additional hardship payments. This was made possible through increased funds from the Scottish Funding Council and colleges responded by opening hardship and bursary funds over the summer, and opening 2021/22 bursary funds early.

Orkney College had a particular challenge, given travel off and onto the island was stopped for all but essential work and services from March 2020. The economy in Orkney is hugely dependent on tourism, with people on the island often dependent on the industry for two or three short-term or zero-hours contract jobs, and therefore often not eligible for support through the Furlough schemes. Equally, given many students are unable to access Universal Credit while they study, this left many students in difficult financial circumstances, with no student support payments between May and September, and few summer job opportunities on the island and no way of leaving for work. The moves to increase bursary support and open hardship payments over summer were critical to students, but also critical to many families on the island.

Equally, across the country, colleges found ways to continue much of the practical support, including food support, available prior to the pandemic. These included breakfast clubs, often in partnership with student associations, and referrals to food banks where necessary. For example, Borders College became a referral agency for foodbanks across the Scottish Borders. At the same college, due to the tragic increase in funeral costs for students through the crisis, a number of funeral cost payments were made to the most vulnerable students who had experienced the death of a family member through the crisis, to help to pay for the costs of holding funerals. Other colleges, including Edinburgh College and North Highland College UHI were able to offer housing support for some students who either did not have a family home to return to, or were unable to return home due to restrictions.

Tackling digital poverty became an even greater priority as restrictions forced learning online. Many colleges reported increasing provision of laptops and dongles through lending schemes or financial help through discretionary funds. South Lanarkshire College reported how they were able to repurpose laptops previously used for classroom learning to significantly expand the laptops available to students through their lending scheme.

Mental health support

The crisis clearly had a double impact for colleges across Scotland when it comes to providing mental health support, increasing demand for services while also forcing colleges to adapt services to be Covid-19-secure. Many colleges moved their mental health and counselling services online to provide ongoing support throughout lockdown, and updated their websites, email and social media channels to offer support. South Lanarkshire College also updated their website channels to include support for students experiencing domestic violence, given the increased rates witnessed through the pandemic. Many colleges reported having formed partnerships with TogetherAll (formerly Big White Wall) to ensure students could access mental health support from wherever they were. It was clear that many colleges were working with their student associations to provide outreach and support to potentially vulnerable students.

Period Poverty

A number of colleges reported moving quickly to ensure free sanitary products were available to students, even while learning moved to online provision. A number of colleges, including Ayrshire College, City of Glasgow College, Edinburgh College and South Lanarkshire College moved provision to online providers such as Hey Girls and Girl Post (a new project based in Skye), to ensure period poverty could be tackled throughout the pandemic.

Job skills

A number of colleges have responded to the jobs crisis caused by the pandemic by designing new courses to help students and workers in sectors hardest hit by Covid-19 and, more generally, to help students gain the work skills they would ordinarily develop through work experience and work-based learning.

Edinburgh College moved quickly to create a new 18-week online course, with bursary funding, aimed at workers within customer-facing industries to offer options for upskilling within the industry or in order to bridge to other sectors. Equally, Orkney College reported that they had created a new 6-month 'progression course' aimed at students who faced difficulties finishing their studies or people who had left school without employment. It included many young people wishing to gain skills to help their families' finances once the restrictions are over. The college was able to work with the council to receive special dispensation for the course to qualify for EMA funding, even though the course was for less than 12 months.

4. WHAT DOES THE FUTURE HOLD?

THINK PIECE 1

The Economy of the future – the key trends colleges may need to respond to

To consider the potential contribution of colleges to tackling poverty and inequality in Scotland following the Covid-19 crisis, we must consider some of the key economic trends we may see over the coming years. This chapter considers the economy before the crisis, some of the economic trends we have seen through the crisis, and – as far as we can tell at this stage – some of the key economic challenges that may define the next few years.

Tackling poverty cannot be done through social security alone, or by government action alone. One of the only sustainable ways to tackle poverty is to tackle its root cause: structural inequalities built-in to the economic model in Scotland and across the UK. Colleges can play an important part in tackling poverty and economic injustice in Scotland through their potentially significant role in reshaping the economic model in Scotland, away from a predominantly short-term low investment business model, to one that prioritises the long-term and prioritises investment now for the long-term good of people and communities across Scotland. The potential for colleges to be active contributors to this process rather than simply responders is worthy of further exploration. Only by successfully adapting the economic model in Scotland can we hope to make significant and fast progress on key agendas around wellbeing, an inclusive economy, fair work and tackling poverty.

The crucial factor that makes this more pressing is that there is increasing evidence that inequalities are in fact a drag on the strength of the economy (IPPR 2018c[30]). A fairer economy and a stronger economy, far from somehow working against each other, complement each other. A country where potential is held back, where inequality wastes talent, will be a country where the economy is held back, alongside living standards and wellbeing. This means it is as much in businesses' long-term interest, as in the long-term interests of the country, to tackle the significant inequalities that have been entrenched in Scotland for many decades.

Colleges' role in reshaping the economy will always need to be in collaboration and in partnership with others. This is clearly not colleges' only role, and nor can it be the dominant one. However, without question, colleges are in a unique position to contribute to delivering a more inclusive economy. This could be through their role in serving some of our most deprived people and families, working to maximise peoples' potential and to link them to new opportunities for work and for increased wellbeing. Equally, this could be through the everyday interactions with business that colleges need to ensure an up-to-date curriculum, that meets students' and employers' needs, and links students to new opportunities after qualification. Furthermore, this could be through colleges' role, particularly following regionalisation, as key regional economic actors and community anchors. Colleges clearly cannot do it all when it comes to tackling poverty and inequality, but there is a great deal that colleges can and do already do and the potential clearly exists for them to take an active role in future both regionally and nationally.

30 https://www.ippr.org/research/publications/prosperity-and-justice

Following the 2007/08 financial crash

The just over ten years between the financial crash and the global pandemic were characterised by an unprecedently weak recovery following the Great Recession of 2008.

Austerity

2010 marked the beginning of austerity and a severe and sustained contraction in public spending throughout much of the decade. In an attempt to bring down a high budget deficit when the Conservative/Liberal Democrat UK Government took power in 2010, the government embarked on significant public spending cuts. This included cuts to capital spending, day-to-day departmental spending (particularly in 'unprotected' policy areas), and cuts to benefit spending. This also saw the introduction of controversial policies such as the tripling of tuition fees in England, significant cuts to further education and adult learning budgets in England, and the introduction of the pernicious benefit cuts through for example the benefits cap, benefit freeze and two-child limit, alongside cuts to housing support. As outlined below this led to significant increases in poverty across the UK, and projections for poverty to reach levels never seen in modern Britain over the coming decades (prior to the pandemic at least).

Given the budget for the Scottish Parliament was, and remains in many ways, tied to UK Government spending decisions for England, much of the public spending cuts were passed on to the Scottish Parliament budget through consequentials. While the Scottish Government took notable decisions to spend money differently in Scotland, and to protect some departments more than in the rest of the UK, the decade was also a decade of austerity in Scotland. Only since the devolution of further powers in relation to tax, following the 2014 independence referendum, has Scotland taken a different approach on taxing and spending in Scotland from the rest of the UK – in terms of the overall budget.

Economic indicators

Alongside ten years of austerity, and in many ways as a consequence, we saw a period of weak economic growth.

While employment rates grew throughout 2010s, to unprecedented levels at the point that the Covid-19 crisis began, there were worries over the quality of job growth. The 2010s saw the longest period of stagnation in living standards since Napoleonic times. Real pay dropped for a number of years following the crash and had only just reached around the levels seen pre-crash just before the Covid-19 crisis (ONS 2019[31]).

Equally, while GDP grew throughout the last decade, again albeit relatively slowly, productivity levels flatlined across the economy as a whole (ONS 2017[32]). Productivity is a crucial factor in driving increased living standards and pay, and is related to investment levels in the economy – whether in skills, capital or in business practices. While a trend across the developed world, the UK's productivity record over the last ten years has been particularly poor by international standards. Furthermore, the UK went into the financial crash with lower rates of productivity than many international competitors (ONS 2016[33]).

Connected to poor rates of pay growth, and poor rates of productivity growth, are poor rates of career progression in Scotland and across many parts of the UK. IPPR Scotland's previous work has focused on poor levels of career progression in Scotland compared to other parts of the UK (IPPR 2016[34]).

31 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019

32 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/ukproductivityintroduction/julytosept2016

33 https://cy.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/internationalcomparisonsofproductivitysummary/2016-04-06#:~:text=The%20UK%E2%80%99s%20%E2%80%9Cproductivity%20gap%E2%80%9D%20of%20about%2014%25%20is,the%20gap%20for%20the%20rest%20of%20the%20G7.

34 https://www.ippr.org/publications/jobs-and-skills-in-scotland-addressing-productivity-progression-and-in-work-poverty

Fewer opportunities to progress are both a cause and a consequence of lower levels of pay growth and productivity growth.

Prior to the advent of Covid-19 one of the crucial challenges facing Scotland and the UK was how to drive pay, productivity and progression rates, particularly within low pay parts of the economy. Without question, it is a challenge that the skills system would need to play a central role in tackling.

The economy through the pandemic

As outlined above, the Covid-19 health crisis has led to a significant economic crisis. Through the crisis GDP dropped by a staggering 19 per cent. In Scotland, the number of Universal Credit claimants almost doubled across 2020, with an increase of over 2.7m people across the UK through the first lockdown (UK Government 2021[35]). In addition, the UK and Scottish governments have invested billions of pounds in an attempt to minimise the long-term damage to the economy, and to protect peoples' jobs in the face of temporary – but indefinite – social restrictions.

The Coronavirus Job Retention Scheme, or furlough scheme as it was commonly known, was critical in minimising redundancies and unemployment throughout the economy. By allowing employers to stop or reduce workers' hours with wage top-ups for employees, the schemes were designed to produce underemployment as a policy aim rather than unemployment, and in doing so protect incomes, jobs and businesses through the short-term. Even as vaccines are rolled out and restrictions removed, it is likely that **reduced hours** and **underemployment** become features of the labour market for medium-term, as the economy recovers.

The furlough scheme came to an end in September 2021 amid growing concerns that scrapping the scheme could lead to increased unemployment across the UK. The temporary £20 uplift in Universal Credit also came to an end in September 2021. In anticipation of immediate economic disruption following the end of pandemic support, the Scottish Government launched the Young Person's Guarantee (YPG) in November of 2020. Fearing the prospect of an uneven recovery from Covid-19,along generational lines, the YPG offers all 16- to 24-year-olds living in Scotland the opportunity to study, engage in formal volunteering, gain an apprenticeship, work experience, or achieve employment emerging out of the pandemic (Scottish Government 2020[36]). Additional, targeted support such as this will most likely be necessary to guide Scotland's economy beyond the pandemic and towards longer term recovery.

Without question, there are sectors of the economy for which the 'old normal' will be unattainable. Covid-19 will have created permanent changes in peoples' behaviours, and as such permanent changes to our society and economy. Sectors such as retail and hospitality, even if they recover employment levels seen prior to the crisis, will be unlikely to see the same roles and skills profiles following the crisis as before. More broadly, technological adoption is likely to have significantly increased through the crisis, as more of our lives and more of our economy have been forced to move online and into digital forms. This could have many benefits but will undoubtedly lead to permanent changes in the economy.

Most of all, the Covid-19 crisis has led to incredibly high levels of uncertainty, for everyone, but of course including employers. Recruitment decisions have been put on hold, with vacancy levels plummeting to record low levels. Likewise, even for those employers with lower concerns in relation to surviving the crisis, investment decisions, including in relation to skills, have become difficult if not impossible to make. Uncertainty has, of course, affected everyone, including workers too.

35 https://www.gov.uk/government/statistics/universal-credit-statistics-29-april-2013-to-8-july-2021/universal-credit-statistics-29-april-2013-to-8-july-2021

36 https://www.gov.scot/publications/young-persons-guarantee-childrens-rights-wellbeing-impact-assessment-crwia/

This means skills demand is likely to be in flux as the future remains out of focus. As vaccines and boosters continue to roll-out throughout the remainder of 2021, and as the future of the virus becomes somewhat clearer, the economic damage and the economic future may come into greater focus allowing longer-term decisions to become more possible, and allowing the level and shape of skills demand from employers and learners to become clearer.

The economy of the future

While the future of our health remains uncertain, it is obvious that the future of our economy will remain uncertain too. However, there are a number of economic trends that look to be likely to be with us for some time to come.

Through the Covid-19 crisis the economy has already changed in important ways. For those able to work from home, home working rates have increased, and with it use of technology. As health restrictions have forced our economic and social interactions to become more local, our lives have become less about commuting to town or city centres, and more centred around where we live. As health restrictions have impacted some sectors of the economy harder than others, we have seen the biggest levels of redundancies and hour reductions concentrated on specific sectors such as retail, hospitality and tourism, while others such as health and distribution (and specific parts of retail – online and food) have expanded (ONS 2020[37]). Elements of these changes are likely to become permanent features of our economy and our lives in the future.

There are new, or increased, risks that have been visible through the crisis. Most notably the structural inequalities on display prior to the crisis have been highlighted and exacerbated through the crisis. The deadlier effects of the virus by deprivation, and the harder effects of the economic crisis on those already struggling, show we must do more to narrow inequalities not just out of a sense of justice, but also to keep everyone safe, and to strengthen us collectively. Likewise, the clear disparities in outcomes by race, by disability and by age show that while the virus and crisis have affected us all they have not done so equally. And the direct and indirect effects on women from the virus, with the vast majority of increased caring responsibilities through the crisis (both for adults and children, as childcare and schools closed), and on young people through redundancy and unemployment, show that inequalities before the crisis have led to very different experiences for people through the crisis (UK Government 2020b[38]; Barry 2021[39]). Without action, we risk worsening these inequalities through the recovery.

In short, the economy has changed already. But equally, the economy needed to.

As outlined above, even before Covid-19, we faced a series of significant transitions over the 2020s, what IPPR Scotland has dubbed the 'decade of disruption'. The A to E of automation, Brexit, climate change, demographic change and widening economic inequalities, were significant changes we needed to face up to. The challenge now is how do we recover from the Covid-19 crisis in a way that meets these changes head on, addressing the challenges and taking the opportunities they bring.

The college sector, and more broadly the skills system, needs to be at the heart of how we recover to Covid-19 while managing the pre-existing transitions Scotland faced.

37 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/december2020

38 https://www.gov.uk/government/publications/covid-19-understanding-the-impact-on-bame-communities

39 https://www.jrf.org.uk/blog/we-cannot-allow-pandemic-set-gender-parity-back-decades

The economy, colleges and poverty and inequality

It is incredibly important to understand the economy that colleges will be operating in, and the economy that students and employers will be experiencing, to understand how colleges can continue and strengthen their role in tackling poverty and inequality in Scotland.

Some of the trends that we have seen through the crisis are likely to stay with us for some time following it.

Clearly, we are very likely to see high levels of labour disruption and of **unemployment** among young people, those with the least qualifications over the coming years and particular population groups, now that the Coronavirus Job Retention Scheme has been phased out and broader government support starts to be withdrawn. For the skills system, this could split along roughly three target groups. Firstly, unemployment among those entering or re-entering the labour market after a significant period of time. This will likely require a greater proportion of full-time and potentially longer periods of learning. Secondly, those who have been made redundant or become unemployed recently. This will likely require shorter more intense bursts of provision. Thirdly, those at risk, or in sectors at risk of redundancy will also need provision alongside their existing work, likely requiring bite-sized and lower intensity learning.

Each of these factors are likely to have a sectoral dimension, given the asymmetrical impact of Covid-19 on parts of the economy, a regional dimension, given, for example, the dependency on some parts of the country on some sectors (for example parts of rural Scotland and tourism), and a population group dimension, with these trends hitting some people harder than others. The access policies of colleges, and the fair access priorities for the sector, will need to be live to these sub-national trends in relation to the economy of the future. This regional dimension is clearly evident in the regional skills assessments delivered by Skills Development Scotland[40] and in the creation of the Regional Improvement Collaboratives[41] in the education sector. Colleges have a significant role as regional anchor institutions and yet this is not currently recognised in the funding structure for the sector which remains uniform and centralised. Further research into the potential regional role of colleges and how that could be supported at national level would be valuable.

Furthermore, and at the same time, we are likely to see ongoing **skills shortages and unfilled vacancies**. The combination of Covid-19, Brexit and severe disruption to supply chains has already seen job vacancies in the UK reach unprecedented levels, with more than 1m vacancies in September 2021 (ONS 2021[42]). However, the asymmetrical nature of Covid-19, both by sector and geography, is likely to mean high levels of job vacancies may well co-exist with heightened levels of unemployment and underemployment, with the recovery likely to be at very different speeds for different parts of Scotland, sectors of the economy, and population groups.

Equally, we must learn one of the key lessons from the recovery following the 2007/08 financial crash. The recovery following the Covid-19 crisis must be investment-led – including in skills provision. We must not return to an 'any job' labour market strategy in this recovery, instead **prioritising a 'fair work recovery'**. At its core must be work to increase **productivity, pay and progression** alongside increasing employment. This will require work with employers to prioritise long-term growth, and likely require a focus on lower paid/low progression sectors within the economy. In terms of skills provision, work to boost productivity, pay and progression will require fully flexible, bite-sized and tailored provision, in a mix of face-to-face and online settings. Tests of employer demand will need to be in place, alongside financial support for employees, to ensure new skills are utilised and lead to progression or pay increases.

40 https://www.skillsdevelopmentscotland.co.uk/what-we-do/skills-planning-alignment/regional-skills-assessments/

41 https://schoolsonline.education.ed.ac.uk/south-east-improvement-collaborative-landing-page/

42 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2021

Conclusions and key points for further consideration

As outlined above Scotland already faced key transitions even prior to the pandemic.

The 'A to E' of automation and technological change, Brexit and Scotland's place in the world, the climate transition, demographics and ageing, and of course pre-existing economic inequalities were all there before Covid-19's arrival.

As we have seen, the key challenge when it comes to Scotland's economic future will be how to recover and renew from Covid-19 in a way that meets these transitions head on. If we can get ahead of them, and shape these changes, we could deliver a Scotland that's fairer and stronger than the one that entered the Covid-19 crisis. If we fail to do so, we could leave countless people and places behind, locked out from the potential opportunities on offer.

Colleges should consider how they can meet these transitions and support recovery from Covid-19. This will involve developing an understanding of the economy within which colleges will operate in future.

The development of thinking around the wellbeing economy and community wealth creation represent a significant opportunity for colleges to take a leading role as community anchors and active participants in their local economy.

As community anchors, colleges should consider how they will further develop their provision to help to address the three key trends in unemployment:

- Unemployment among those entering or re-entering the labour market.
- Those who have been made redundant or have become unemployed recently.
- Those at risk of redundancy.

In doing this, colleges should consider the sectoral and regional dimensions of the transitions, including the asymmetric impact on different parts of the economy and regions of the country.

There is a skills dimension that runs through Scotland's ability to prepare for these changes and to respond to them, and at its centre the college sector could have a key role to play in shaping Scotland's future economy through developing tailored provision to support a fair work recovery.

THINK PIECE 2

College system of the future – Demand and supply for skills in Covid-19 context

As well as considering the effects of the Covid-19 crisis on the economy as a whole, it will be important to consider the potential effects of the crisis on individual employers, workers and learners to understand how colleges' role in tackling poverty may have changed through the crisis and as we begin to leave the crisis behind us. This chapter considers some of the early evidence in relation to workplace disruption and what that could mean looking ahead through the rest of the crisis and into recovery.

To sustainably reduce poverty in Scotland we will need to deliver behaviour change across the economy, including in relation to individual employers' business practices. How employers pay, progress and recruit their employees, and how they invest in their business, will have a huge bearing on levels of inequality and poverty in Scotland.

The previous chapter outlined that there is strong evidence that a fairer economy is a stronger economy, and that inequality, far from being a necessary by-product of economic growth, can weaken the economy. The same is true at the individual business level. Increasingly it is clear that the key to long-term sustainable businesses is to factor-in social, economic and climate justice to day-to-day decision making and the long-term aims of the business itself. For example, improving terms and conditions for staff can improve performance and productivity over the long-term, helping both worker and employer (ILO 2013[43]). Likewise, investing in the skills of staff can help the business and worker over the long-term. By attempting to shift individual businesses to this longer-term, investment-led business model, the college sector could make a significant contribution to delivering an inclusive wellbeing economy, fair work and tackling inequality and poverty levels.

The role of colleges is often to work at the intersection between the needs of employers and learners and with other key partners through groups such as community planning partnerships. By helping each to recognise their long-term interest, colleges could be a crucial actor, as community anchors and as active participants in delivering behaviour change across the economy, that can deliver a more inclusive economy that can tackle poverty and improve wellbeing across Scotland.

Prior to the Covid-19 crisis

Before the global pandemic hit Scotland and the rest of the world, there was a clear need to improve skills engagement and participation among employers in Scotland.

From the latest pre-pandemic Employer Skills Survey we can see a significant proportion of employers are not investing in training for their staff, or only in minimal training. The survey, taken in 2017, found that only 59 per cent of establishments in Scotland trained their staff, and 29 per cent of all employers in Scotland did not train their staff at all, with 38 per cent of staff in Scotland not receiving training that year. Smaller employers were less likely to engage in skills development than larger employers, with around one-fifth (19 per cent) of employers with 5-24 employees not offering any training at all. Only around a half of employers (51 per cent) provided off-job training for employees. For those that did receive training, the average number of days training in 2017 per employee was 6.5 days. At the same time, a third of employers (33 per cent) in Scotland reported having under-utilised staff, where employees' skills and qualifications surpassed the job role they were in (UK Government 2018[44]). In the same survey, 70 per cent of

43 https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_227760.pdf

44 https://www.gov.uk/government/publications/employer-skills-survey-2017-scotland-toolkit

employers reported that they did not train as their staff were fully proficient in their roles, and a further 9 per cent reported that training their staff was not a priority for them.

Through the Covid-19 crisis

We have seen unprecedented levels of disruption to how we work and how we live through the Covid-19 crisis.

Workplace disruption

Through the crisis, we saw significant increases in working from home, for those able to do so, with increasing levels of digital adoption. Equally, we saw significant reductions in hours worked, with the furlough schemes, and the successor Job Support Scheme, stepping in to protect a proportion of workers' wages up to a cap of £30,000 per year, with workers allowed to retrain and upskill while not working. In theory, this could have addressed one of the key barriers to training employees expressed by employers – a lack of time for employees to train.

However, potential new opportunities for training have been accompanied by severe disruption for employers and a near-complete lack of certainty for the future. Many businesses have been focused on the transition from pre-Covid-19 to Covid-19-secure working practices, and focused on short-term survival rather than long-term investment. For many, the focus has been on protecting employees from redundancy rather than investing in new skills for workers. Equally, and obviously, the financial risk of conducting training has not been possible for much of the crisis, and in particular for the sectors hardest hit by restrictions.

Disruption in learners' lives

Many of the trends affecting employers have been just as much a factor for learner demand. While furlough and short-time working has freed up hours for some, many have seen caring responsibilities increase as childcare providers closed, and support from public services, and wider networks of friends and family, has vanished due to Covid-19 restrictions. These increased caring responsibilities have particularly hit women carers, with the vast majority of increased caring time being undertaken by women through the pandemic.

Equally, a lack of certainty and a lack of financial security for the long-term is as much a barrier to learners seeking and taking up training as it is to employers offering it. When job security is low, and people have concerns for their future, it is understandable why investing time in upskilling and reskilling could be difficult for many. This is even more so the case when the course of the virus is uncertain and restrictions have changed a number of times, meaning learners may not be certain of completing their studies even if they could start them.

Skill provider disruption

Colleges across Scotland have also had the crisis to deal with too. As we saw in the previous chapter, colleges have moved quickly in many instances, to meet increasing and new demand for financial and in-kind support through the crisis. In addition, as with many workplaces up and down the country, colleges had to move quickly to understand how to deliver learning safely and well in the context of Covid-19.

However, the Covid-19 crisis has deprived colleges of certainty too, in relation to the near and long-term. Understanding the type of provision required through the crisis and beyond the crisis is difficult given the shifting nature of the crisis, and its indefinite duration. Ensuring the right shape and mix of provision, by subject and mode, has been difficult across the country. Furthermore, adopting an outcome-based approach, and choosing the correct outcomes to adopt, has been close to impossible through the crisis. This is likely to be difficult throughout the duration of the pandemic.

Looking further ahead, the funding environment facing the skills system and the college sector looks uncertain. It remains to be seen if the UK Government will adopt a period of austerity to help to pay for the costs of Covid-19. If so, given the Scottish Parliament's budget is still pegged to spending decisions taken for devolved departments in England, the spending environment in Scotland will become tighter. Though increased devolution around income tax provides an opportunity to raise additional funds, there will be a political and economic limit on how far these powers can be used to offset significant spending reductions, beyond a limited range of protected policy areas. For the college sector, the challenge will be to ensure skills investment is prioritised as a protected area.

After the crisis has ended – how should colleges operate post-Covid-19?

For who? Supporting an inclusive economy

In the next chapter we consider some of the potential trends for poverty and inequality following the Covid-19 crisis. However, it is clear that while the crisis has affected us all it has not done so equally. Those already struggling financially going into the crisis have been hit hardest by both its health and economic effects. Young people, while less susceptible to the virus itself, are already facing the brunt of the unemployment crisis even before government support begins to be phased out (ONS 2021c[45]). Carers, and women carers in particular, have faced the huge additional burden of undertaking care as child-care, public services and networks of families and friends became off limits through the crisis (UK Parliament 2021[46]). These trends may outlast the crisis itself and will need concerted and proactive action to counter.

This is likely to mean a refresh to the fair access and retention strategy, and a more broadly outcome-based approach, already in place across the college sector. As considered in the Cumberford/Little report, and the SFC's recent Phase 3 review of the college and university sector, a more focused set of priorities and outcomes for the sector may lead to even faster progress (Cumberford-Little 2020[47]; SFC 2021[48]). However, these outcomes will need to be right, and they will need to take full account of the asymmetrical impacts of Covid-19 both in terms of people and place, and the new economic challenges that will be brought by recovery from Covid-19 and the pre-existing transitions Scotland faced even prior to the pandemic.

45 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest

46 https://publications.parliament.uk/pa/cm5801/cmselect/cmwomeq/385/38511.htm

47 https://view.pagetiger.com/inlhij/1

48 http://www.sfc.ac.uk/web/FILES/Review/coherence-and-sustainability_summary.pdf

Equally, given the sectoral nature of the economic restrictions in place through the crisis, and those that may potentially be last to be ended, we may need to look closely at the geographical focus of investment on publicly-funded skills provision, building on the SFC's push for greater regional collaboration and planning within tertiary education (SFC 2021[49]). Tourism and hospitality, the foundation of many rural economies in Scotland, have been among the hardest hit through the Covid-19 crisis. This may require concerted action to invest in new opportunities for rural Scotland. In considering this investment, the issue of being able to attract and retain people in rural areas where they then can be supported with skill development by the college sector also need to be addressed. For example, the lack of affordable and available housing in rural areas (caused in part by tourism and the number of second homes) drives young people away into cities and prevents employers from being able to attract people into areas where there are skills gaps.

Likewise, other sectors such as retail – some of the largest employing sectors in Scotland – will very likely see significant levels of job losses and job change, as behaviour changes through the crisis, such as increased digital purchasing, become permanent. Bridging learners that are at risk of unemployment, or have experienced it, from these sectors, will be important. Given many of these sectors are lower paid sectors, there are opportunities to see the college sector work on a regional and sectoral basis to boost pay and progression, and productivity, within the smaller sectors that emerge from the crisis, and broker new opportunities for career progression for workers made redundant, or at risk of being so, from these sectors. Overall, this could be a driver for increased levels of fair work.

Across the economy, we must find new ways to open up the skills system to the smallest employers and those in self- or gig-employment. With a particular focus on lower paid workers, and those most likely to have been hit hardest by the crisis, the college sector could be at the centre of driving a new level of engagement with these employers that could help to drive a recovery towards a more inclusive economy, built on the foundations on social, economic and climate justice.

Finally, there is a central role for the skills system, and the college sector within it, to aid Scotland's ability to respond to a series of disruptions likely to hit Scotland, the UK and the world over the course of this decade. Whether automation, climate transition, ageing or increasing inequalities, the college sector must be focused on the key challenges Scotland faces, and taking a central role in Scotland's response. In this way, the sector can link people from all backgrounds to the opportunities on offer through these transitions, and help to work with employers to reshape business practices more generally.

49 http://www.sfc.ac.uk/web/FILES/Review/coherence-and-sustainability_summary.pdf

How? Conclusions and key points for further consideration

In a time of uncertainty for learners and employers, and with the aim of engaging with employers, and smaller employers in particular, to deliver behaviour change across the economy, the overarching aim of the skills system should be to **lower the 'barriers to entry' for the skills system in Scotland**.

This can be done in a number of ways. For example, adopting **bite-sized learning** that can be picked up and dropped as circumstances change, and would require a much shorter-term commitment, could help to allow employers and learners to commit to learning in these uncertain times. **Fully flexible learning** that can be undertaken in intense bursts of learning or very part-time would cater to both those at risk of redundancy or who face unemployment, alongside those working or caring fulltime. Equally, a better **blend of online and face-to-face learning** across the sector could ensure provision is Covid-19-proofed and a lower time commitment from employers and workers alike. It should be noted that this will require investment in the college workforce to ensure the capacity to deliver on these innovations.

Furthermore, given the levels of flux facing the economy, and therefore individual learners and employers, we will need to see an increased capacity for colleges to broker, or work with others to **broker, new opportunities for learners to progress after qualification**. These could be new job roles or further learning, and could be part of a formal attempt to place more of the economy onto formal career pathways, agreed at a sectoral level, to outline the potential qualifications and experience required to enter and progress in specific professions and job roles. At a time of uncertainty for the future, brokerage and the development of formal **career pathways**, agreed with employers, could provide some certainty that investing time and effort in adopting new skills will make sense for the learner.

> **Colleges could consider the linkage between developments in teaching and learning and the adaptation of courses to meet the need to support learner and employers in a changing skills environment and an uncertain employment situation.**
>
> **Lowering barriers to entry, supporting bite-sized and fully flexible learning, and bridging those in uncertain roles into new sectors, as well as developing new formal career pathways, are all areas in which colleges could function as regional anchors in the skills system and support employers, in particular smaller employers and the gig economy.**

Consideration will need to be given to how the student support system should respond and adapt to the new Covid-19 context. For example, if underemployment becomes further ingrained in the economy in Scotland, consideration will need to be given to how student support can be used to offer a new **'earn and learn' principle**, compensating for the hours spent learning rather than earning. Equally, if learners see hour reductions, or are unable to find the part-time jobs that so often sustain full-time study, then retention will likely become more difficult. Finding ways to ensure the idea of a **living wage for students in Scotland**, including within FE, will need to be placed back on the policy agenda in Scotland. It is important to note here that the recommendations made by Jane-Anne Gadhia on student funding and finance in 2017 in 'A new social contract for students'[50] were only partially implemented for care-experienced learners; there remains a significant inequity in funding approaches for college learners, both full-time and part-time. Gadhia's report recommended equity of FE and HE student funding approaches, including a living wage, amongst other things. Wales has moved to implement an approach to student funding for FE since then which is very close to the Gadhia recommendations for Scotland.

50 https://www.gov.scot/publications/independent-review-student-financial-support-scotland/documents/

Lastly, the vast sums of funding being provided to businesses in the form of grants, loans and tax reliefs through the crisis (and indeed even before the crisis) offer the opportunity – over time – to seek behaviour change in response. We are collectively doing the right thing by many employers through the crisis, it is only right we consider what we expect back in return. Given how central delivering fair work is to delivering a stronger economy in the future and to tackling poverty rates, consideration should be given to what **fair work obligations can be attached to business support** over time. In particular, given the need to engage the smallest employers with the skills system, special attention should be given to how the **Small Business Bonus** operates in the post-Covid-19 context. By placing fair work obligations on employers in return for business support, we could provide the incentives and disincentives required to encourage more employers to become fair work employers, and in doing so encourage the behaviour changes we need to see to deliver a fairer economy, a stronger economy and a Scotland that sees sustained reductions in poverty and inequality levels.

> **We recognise that student financial support and employer obligations are not areas in which colleges have direct influence. However colleges could consider their role in helping students to maximise the financial support available to them, and in helping employers to become fair work employers by working with them to understand the business benefits that transition will bring. Colleges could consider this in the context of their role as regional anchors at the intersection between employers and the skills system regionally and nationally.**

THINK PIECE 3

The nature of poverty and inequality in the future – existing, exacerbated and new inequalities in the Covid-19 context

In the previous sections we have considered what the wider economic trends and the effects on individual employers and learners may be as we go through and get past the Covid-19 crisis. In this section we want to explore some of the trends we may see around poverty and inequality and what they mean for colleges role in tackling poverty post Covid-19.

Poverty and financial security before Covid-19

Following many years of poverty reductions, the financial crash of 2007/08 and the austerity policies of the UK Government from 2010 onwards, saw increasing levels of poverty across the UK. A combination of cuts to the benefit system, and reductions in real-terms earnings, combined with increasing housing costs for many, saw living standards drop for the poorest households.

The Scottish Government has maintained a focus on tackling poverty and inequality throughout devolution. Since 2015, when the current First Minister came to power, reducing poverty and inequality has been a more explicit aim. The Scottish Government has focused on closing the attainment gap in schools, delivering fair access to higher education in Scotland, created the independent Poverty and Inequality Commission and set ambitious targets to reduce child poverty rates significantly by the year 2030 (Legislation.gov 2017[51]). Tackling child poverty is seen in the wider context of delivering a wellbeing economy, inclusive growth, fair work and tackling gender, disability and race inequalities and inequalities by other protected characteristic groups.

In Scotland, while poverty rates are lower than for the UK as a whole, despite ambitious child poverty targets, we entered the Covid-19 crisis with significant and increasing levels of poverty across many measures. Similarly, there has been a lack of significant progress in closing the attainment gap between young people in Scotland from the most and least deprived backgrounds (Scottish Government 2021[52]).

For poverty rates overall, Scotland saw just under one-fifth of the whole population in relative poverty (between 2015-18) (JRF 2020[53]). Just under one quarter of all children in Scotland were in relative poverty over the same period. Around one in five of working age adults, and around one in seven pensioners are in relative poverty in Scotland. Since around 2012 all rates of relative poverty have been increasing.

In 2018, the Scottish Government commissioned research to attempt to project future trends in relative child poverty in Scotland. The research, of course, took place prior to the advent of the Covid-19 crisis but it attempted to take account of the UK Government's welfare reforms (including the roll-out of Universal Credit, the introduction of the Benefit Cap, and the two-child limit) alongside a range of assumptions for the future for the UK economy, and Scotland within that. For the headline measure for relative child poverty, the projections saw child poverty reach unprecedented levels in Scotland, increasing throughout the 2020s before plateauing at a rate that would see just under two-fifths of all children in Scotland in relative poverty. This would be higher than estimates for the early 1990s, when child poverty measures last peaked. Some population groups would be particularly hard hit in the projections, with around three-fifths of children among lone

51 https://www.legislation.gov.uk/asp/2017/6/crossheading/targets-relating-to-child-poverty/enacted

52 https://www.gov.scot/publications/summary-statistics-attainment-initial-leaver-destinations-no-3-2021-edition/pages/6/

53 https://www.jrf.org.uk/report/poverty-scotland-2020

parent families (one of the Scottish Government's priority family groups for tackling child poverty) projected to be in relative poverty over the same time (Scottish Government 2018[54]).

More recent work from the Resolution Foundation has outlined some provisional analysis of the likely trajectory for relative child poverty rates in Scotland following Covid-19. Their estimates show that relative poverty may have decreased through 2020/21 due to reductions in the median wage, and temporary increases in UK-wide benefit payments. However, by 2023/24 their analysis shows relative child poverty could reach over 29 per cent – higher than pre-pandemic – despite the introduction of the Scottish Child Payment (Brewer et al 2021[55]).

If we look beyond poverty measures, we also see a story of significant numbers of people and families in Scotland struggling at the point the pandemic hit. Around one in ten households in Scotland, some 220,000 households, were struggling financially prior to the Covid-19 crisis. Over 50 per cent of people who were struggling financially reported symptoms of anxiety and depression. At the same time, one in four adults, 1.1 million people, felt they could only cope financially for one month or less if they lost their main source of income. This rose to one in three for working age people. Even before the crisis, one in 10 people in Scotland were living in a household that was behind on bills – rising to one in four among the poorest fifth of households in Scotland (Statham et al 2020[56])

Overall, even prior to the Covid-19 crisis, Scotland had significant and increasing levels of poverty rates. Despite ambitious targets to reduce poverty levels and deliver a more inclusive economy, based on wellbeing, we have seen many indicators go backwards.

54 https://dera.ioe.ac.uk/31454/1/00533637.pdf

55 https://www.resolutionfoundation.org/app/uploads/2021/01/Living-standards-outlook-2021.pdf

56 https://www.ippr.org/research/publications/weathering-the-winter-storm

Poverty and financial security through the Covid-19 crisis

Given the fast moving nature of the crisis, and the time lag in data, poverty measures are not yet available for the Covid-19 crisis period. Equally, in many ways, they may not show the full picture even if they were, given that incomes have been in flux through the period, and much of the economic harm has not yet hit.

Without question, investment from the UK government to temporarily increase the Standard Allowance within Universal Credit, and to increase housing support, will have had a positive impact on material deprivation and poverty, as will the significant investment in furlough schemes and wider economic support. The withdrawal of this support will be devastating, bringing hundreds of thousands of people into poverty (Innes and Hawking 2021[57]). Equally, investment from the Scottish government into crisis funds and discretionary funds, such as Free School Meal payments, and the Welfare Fund and Discretionary Housing Payments, will have likewise helped many who were facing financial hardship. For students, the Scottish government invested additional funding into hardship funds, and allowed the college and university sector to bring forward funds for the summer.

Through the crisis, there is increasing evidence of significant levels of financial stress, which would confirm the anecdotal evidence many of us have seen through the media over this time. In May 2020, at the peak of the first lockdown, one in five people were concerned about making their financial commitments over the coming months. Just under half of all workers in Scotland experienced a pay drop at some point between April and June 2020. Those who were already struggling financially were twice as likely to see a significant pay drop compared to those struggling the least. In May, 49 per cent of families with children in Scotland

57 https://www.jrf.org.uk/blog/how-wind-down-furlough-scheme-while-protecting-people-poverty

were struggling to pay essential bills or to pay for food (IPPR 2020[58]). Recent research from JRF, pointed to qualitative evidence of increasing levels of destitution prior to and through the Covid-19 crisis (Fitzpatrick et al 2020[59]).

There is clear evidence that certain groups are being hit harder than others. Parents and carers have been more likely to see income drops than non-parents, and with the withdrawal of formal and informal care services and networks, women carers in particular have borne the brunt of increasing caring responsibilities (IPPR 2020[60]). This may impact heavily on women's participation in the labour market over time. Young people have been hit hard by the crisis, both in terms of schooling and education (with clear risks in relation to the attainment, access and retention gaps throughout education in Scotland) but also in terms of redundancy, hours reductions and unemployment.

Equally, disabled people were among the population groups struggling the most financially coming into the crisis, and given the health effects, and likely increases in unemployment for disabled people, we can see particular risks for financial insecurity. Across the UK, we also find concerning evidence that people from black, Asian and minority ethnic communities have been disproportionately hit by redundancy, alongside being disproportionately hit by the health effects of the virus itself. Alongside, these groups we can see that renters and the self-employed are groups that have been more financially exposed prior to and through the crisis.

58 https://www.ippr.org/files/2020-10/weathering-the-winter-storm-oct20.pdf

59 https://www.jrf.org.uk/report/destitution-uk-2020

60 https://www.ippr.org/files/2020-10/weathering-the-winter-storm-oct20.pdf

After Covid-19

Even if we are able to quickly leave the virus behind us, as vaccines roll-out and beyond, there will – without question – be increasing levels of hardship across Scotland and among the potential and current student population, and college sector staff teams.

For students, colleges have always had a key role in attempting to address poverty and inequality in Scotland. Through the role of colleges in recruiting students, and offering opportunities, for some of the poorest and most disadvantaged communities in Scotland, through student support for students while they study, and through enabling students to gain opportunities to progress in work or education after qualification, colleges have had a key role to play. These roles prior to, during and following studies, will continue but they will likely need to change. Equally, the sheer scale of the economic fallout from the Covid-19 crisis will mean significant increases in demand across the board.

There is a need to strengthen safety nets across Scotland, through UK-wide and Scotland-only social security payments, and within the college sector too, through student support. Furthermore, the student support system may need to adapt to the new dynamics and drivers within poverty and inequality trends post pandemic. For example, with the potential for higher levels of unemployment and underemployment among younger people and those with fewer qualifications, it will be important for student support to be able to operate alongside the UK-wide benefits system in order to work for low paid workers who need to earn to learn. Equally, student support will need to offer even greater levels of financial security to students in receipt to ensure the system does not compound the financial insecurity we will likely see more generally. Furthermore, with less part-time and summer work potentially available the system may need to look at whether levels of support are adequate. A system that attempts to deliver a living wage for college students, without jeopardising benefit entitlement for those that are, could be a priority.

Equally, it will be important to address the income-side of poverty and financial security. The student support system during studies, and the opportunities for high quality work and high-quality careers following studies, are important interventions in doing so. However, the system will also need to continue to address the cost-side of poverty and insecurity too. We have seen significant efforts to enhance the work of colleges in this regard, through work to address cost factors such as period poverty, digital poverty and food poverty through the crisis. This will likely need to continue, and potentially become more systematic as we begin to leave the crisis behind. Finally, it will be important to address the financial resilience aspects of financial security for students too. This can often be overlooked, but having access to financial help when things go wrong, can be just as important in avoiding poverty and in delivering security and wellbeing. Pastoral support, money advice, and funds for crisis will be important in this regard. However, it will also be important to ensure the student support system is clearly, and explicitly, focused on good principles around reducing poverty, delivering financial security and promoting wellbeing. This would place an emphasis on certainty and security of funding as much as adequacy of funding levels.

In relation to the student population, there is also a need to ensure that the access, retention and destination priorities prior to the crisis still hold. The Covid-19 crisis has exposed pre-existing inequalities and exacerbated them with new trends and drivers. Equally, we have seen population groups dragged into poverty and insecurity that had not experienced this before. As we look ahead to the shape of poverty and insecurity following the crisis it is important to begin to consider how the drivers and solutions may have changed through the crisis, whether temporarily or permanently. The issue of 'learning loss' also needs to be considered. At the time of writing, there is very little hard evidence of the impact of the crisis in this area.

The issue of the differing contexts of deprivation in urban and rural areas and the role colleges play as community anchors in addressing these differing challenges also needs to be further explored. Considerable work has already been done in this area through the Rural Lives project[61] which includes SRUC's Rural Policy Centre. Issues of rural deprivation will have been exacerbated along with those in urban areas and a focus on recovery in this context will be vital for the colleges that serve rural Scotland. As noted above, work in this area also needs to find reliable indicators that do not rely on the flawed SIMD model to assess and quantify issues of multiple deprivation in rural areas.

There is a need to check that the priorities and actions in place prior to the Covid-19 crisis are still right following the crisis. Given how the crisis has exposed many of the inequalities that the college sector was already working hard to address, it may be more about a change in emphasis rather than a change in focus, but it will be important to ensure that access, retention and destination strategies take full account of the new reality we all face, and the experiences of the last year. For example, with disruption among schools, there may be a need to focus on the school attainment gap in partnership with schools across Scotland, and to offer new top-up courses for the senior phase, to attempt to continue to improve fair access rates to higher education even through the crisis (CDN 2021[62]). Overall, access, retention and destination strategies will need to avoid the temptation to aim for the easiest to reach students or to carry on in the same way as pre-Covid-19.

61 https://www.rurallives.co.uk/rural-lives-final-report.html

62 https://www.cdn.ac.uk/school-college-partnership-report-co-creating-learner-journey/

Conclusions and key points for further consideration

Recovery from Covid-19 will take place in the context of pre-existing transitions that Scotland faced throughout the coming decade, around automation, Brexit, climate transition and demographics and ageing.

There are huge opportunities from some of the transitions Scotland faces, and if we are able to link people from all backgrounds to these opportunities, there is a chance to respond to these transitions in a way that reduces poverty and narrows inequalities. However, if these transitions are unmanaged, and left simply to happen to us, then we risk leaving many people and places locked out from the opportunities on offer.

We have identified above some of the key areas in which colleges could have an influence on these transitions post-Covid-19:

- Offering opportunities for students from some of the poorest and most disadvantaged communities in Scotland to progress in work or education.
- Providing student support that adapts to the changing nature of poverty and inequality trends post-pandemic.
- Work to address cost factors such as period poverty, digital poverty and food poverty.
- Developing an understanding of the issue of 'learning loss' from the pandemic and how to address it.
- Addressing the differing contexts of deprivation in rural and urban areas.
- Exploring different ways of measuring the impact of multiple deprivation that go beyond the limitations of existing measures and help to target support to the right students.
- Work in partnership with schools to help to address the school attainment gap and support changes to the senior phase as a result of current reviews.

Many of these areas are currently under active consideration and this report notes many positive developments led by colleges. In the final section of this report we propose a number of areas for further exploration by colleges under two main enhancement themes that lead on from the key areas described above and in the previous two think pieces.

At the heart of each transition, and at the heart of Covid-19 recovery, there is a skills dimension. If Scotland is to emerge from Covid-19 fairer and stronger than it went into the crisis, and if it is to remain so through the decade of disruption Scotland faces, then we will need to focus colleges and the sector as a whole on these challenges, working with employers and learners to deliver practical changes to their business practices at the micro level, to reshape Scotland's economy at the macro level. Only through this, alongside many other interventions, can we hope to reshape Scotland's economy, to drive-out inequalities at source, and to hardwire the economy for justice.

5. WHAT ROLE COULD COLLEGES HAVE IN TACKLING POVERTY AND FINANCIAL INSECURITY POST-COVID-19?

Without question, colleges have a strong record in tackling poverty and inequality throughout their history. While the roles of colleges have changed over time, and are not uniform across the country, the sector as a whole is there to provide opportunities for people and communities at risk of not fulfilling their full potential. By recruiting students from predominantly, but not exclusively, more disadvantaged backgrounds, offering opportunities to learn and study, and linking qualifiers to routes to progress in work or education, colleges have always had an important role in preventing poverty and inequality within communities prior to learning, among the student population during learning, and within the economy following qualification. The college sector was working to maximise its impact prior to the Covid-19 crisis, and has shown itself able to move quickly to respond to new drivers of poverty and inequality through the crisis.

As we look ahead to leaving the Covid-19 crisis behind, whenever that may be, there is a need to apply this role in a new context. The crisis has both exacerbated old inequalities and created new ones, bringing population groups into poverty and financial insecurity for the first time.

There are also significant opportunities to rebuild from Covid-19 in a way that addresses the significant transitions that Scotland faced prior to the global pandemic. Key transitions around automation and technological change, Brexit, climate change, demographics and ageing, and economic inequalities, already made the 2020s a decade of disruption. The Covid-19 crisis will only add significantly to this. However, as we leave the crisis behind us, there are possibilities for far faster progress in anticipating and responding to these transitions in a way that can leave Scotland fairer and therefore stronger. The wellbeing agenda, aims for an inclusive economy, fair work and poverty reduction, if built in to how we respond, could see far greater and quicker progress than would otherwise have been the case.

At the macro-economic level we can anticipate significant economic challenges for some time to come, even if the escape from the Covid-19 crisis is a quick one. Colleges will be recruiting staff and students, students will be learning, and qualifiers will be entering the labour market at an incredibly difficult time for many families across Scotland. We can anticipate heightened levels of unemployment among young people and other population groups (such as disabled people, lone parents, older workers and those with fewer qualifications) compared to the rest of the population, and increased levels of underemployment as formal short-time working schemes and more generally hours reductions take hold. These offer opportunities for colleges to anticipate and to respond to these trends offering provision able to cater to the new demands we are likely to see.

Crucially, and overall, we must learn the lessons from the recovery following the 2007/08 financial crash. The 2010s, in many ways, saw an 'any job' labour market strategy. While this led to significant

increases in employment rates, there were clear concerns over job quality and productivity levels across the economy. By focusing on a 'fair work' recovery following Covid-19 we can help to rebuild an economy both fairer and stronger than the one that entered the Covid-19 crisis. The college system will have a key role to play in this.

For individual learners and employers, at the micro level, huge levels of disruption and uncertainty are likely to remain for some time. This will make investing the time and funding in studying and skills more difficult. However, there are ways that the sector can de-risk skills investment, through for example moving to bite-sized, flexible, blended learning, that can be picked up and dropped as needed. This poses both a leadership and workforce challenge for colleges, requiring investment in transformational change of colleges as providers; also, colleges are facing huge competition from private sector and other initiatives, and need to be defined strategically as key providers for skills as public good and public value, in the same way as schools and universities are seen as public goods. Equally, by supporting learners to study, through a reformed student support system ready to adapt to a potentially shifting student population, demand could be maintained and increased. At the same time, with government support to put in place the right incentives and disincentives for employers to invest in training their staff (through for example conditions on business support, procurement and the local business tax system in Scotland) the system can help employers to navigate the short-term without risking the long-term health of their organisations and the economy as a whole. Furthermore, by working to place learning within colleges onto clear, and formal, career pathways, agreed with employers at the sectoral level, the purpose (and pay-off) for undertaking skills development could be made clearer to learners and employers.

For the college sector to continue its traditional role in contributing to tackling poverty and inequality in Scotland, it will need to adapt to the potentially changing nature of poverty and inequality over the coming time. The Covid-19 crisis has exacerbated pre-existing inequalities and brought new population groups into poverty and insecurity. The sector will need to consider its existing priorities around access, retention and destinations – and of course the mix of courses and modes of learning available – to ensure it can maximise its role in tackling poverty and inequality over the coming time. It needs to demonstrate that colleges are a positive choice, rather than just for those who need second and third chances; tackling poverty is very important, but key focus is on colleges enabling social mobility and value for all who chose college. The nature of the Covid-19 crisis may mean the sector will need to focus more investment and energy at particular places, sectors and population groups. This is even more the case given the likely increasing need for what colleges do across the board.

In doing so, the sector will need to ensure it is able to respond to new demand, without giving into the temptation of aiming for the easiest to reach parts of the population in recruiting students, and without aiming for the easiest to reach destinations (whether work or education based) for qualifiers. As we leave the Covid-19 crisis behind us we must learn the lessons from the weak recovery following the financial crash, which saw high employment, but weak pay, progression and productivity growth. By pursuing a 'fair work recovery' rather than an 'any jobs' strategy, Scotland as a whole, and the college sector in particular, can help to drive down poverty and inequality rates over the coming years.

Investment in skills and learning will need to be at the centre of the response to the Covid-19 crisis. The college sector will need to be at the centre of this investment, given the economic effects we are likely to see. Overall, tackling poverty and inequality as we recover will need to be at the heart of this approach so that we can deliver a fairer and stronger economy in Scotland than the one that entered the crisis.

Enhancement Themes

Based on our research, we propose two over-arching **enhancement themes** for further consideration by the college sector and its stakeholders. Within each theme we have highlighted potential actions that could be taken forward with the support of CDN and its networks over the coming years in support of national priorities.

To support these enhancement themes, CDN will commission a second phase of research that will look in depth at the way colleges are addressing the issues in this report and produce a suite of case studies that will provide a knowledge base for future developments.

This report outlines how colleges have been at the heart of significant responses to the Covid-19 crisis, whether in relation to supporting college students through the crisis, or the wider community as key anchor organisations. The same will need to be true of Scotland's recovery and renewal following the end of the crisis. Each of the transitions Scotland faced before the Covid-19 crisis had a clear skills dimension. If we are to recover from Covid-19 in a way that addresses challenges such as automation, Brexit, climate transition and demographics and ageing we will need to see investment and reform in skills provision in Scotland, in a way that responds to the asymmetrical effects of the Covid-19 crisis in Scotland in terms of both the people and places (and sectors) most affected. Unless we can successfully offer opportunities to people of all backgrounds to anticipate these disruptions and to respond to them, we will risk increased inequalities rather than take the opportunity to rebuild a Scotland after the Covid-19 crisis fairer than the one that entered it. The skills system, and colleges within that, are ready to take on a new and enhanced role at the centre of economic recovery and social renewal.

1. Preventing poverty through access to college – transitioning people's potential.

> **Colleges could consider, with support from CDN and in collaboration with key stakeholders, the further development and extension of good practice in relation to the five transitions facing Scotland – automation and technological change, Brexit, climate transition, demographic change and ageing, economic inequalities.**

Stepping into the gap between high-level and long-term ambitions and progress on the ground in the here and now will be a key consideration for colleges, as they take a more central role in recovery and renewal following the end of the Covid-19 crisis. Establishing centres of excellence could allow Scotland to take advantage of the benefits of regionalisation, allowing individual regional colleges, and groups of regional colleges, to develop national expertise against the key transitions Scotland faces. For example, by forming national centres for excellence on automation, climate, ageing and delivering fair work, colleges could be at the forefront of helping businesses to practically implement changes to aide transition, and in turn driving change across Scotland's economy. Crucially, by managing these transitions we could work to ensure we recover from the Covid-19 crisis in a way that meets the transitions we face, and that shares the opportunities from these transitions as widely as possible.

> **Colleges and their stakeholders could keep under review their fair access provision and priorities in the context of the Covid-19 crisis.**

Colleges are incredibly adaptive and innovative, able to reshape priorities quickly as needs change. This has been exemplified throughout the crisis as colleges have moved quickly to change how learning is delivered and to the changing needs of the student population and economy. As the ongoing

roll-out of vaccines and boosters throughout 2021 continues, hopefully allowing Scotland to begin to leave the Covid-19 crisis behind, there is a need to ensure fair access priorities prior to the pandemic are still focused correctly for the post Covid-19 world. In particular, we can ensure colleges are live to potential new inequalities caused by Covid-19, and the old inequalities that may have been exacerbated, as outlined in the Fair Access Commissioner's 2021 report (Scottish Government 2021b[63]). The Covid-19 crisis has hit particular sectors hard, and with it particular geographies hard. Equally, the virus has exposed how wealth, income, gender, race and disability (among other forms of inequalities) have interacted to lead to very different experiences of the crisis for people.

Crucial areas of consideration could be:

- to understand the potential enhanced role for colleges in Scotland in enabling school pupils to catch-up on lost learning through the crisis. This could build on CDN's recent School-College Partnership report (CDN 2021[64]).
- how colleges can prevent young people already most excluded prior to the crisis from being hardest hit through the crisis and recovery.
- how colleges can work with groups most likely to be excluded from the labour market over the coming time.
- how colleges can bridge workers from sectors hardest hit by the crisis to fair work in expanding sectors.
- how workers can be supported to move from minimum to median wage work through the recovery.

These fair access and retention priorities could then be incorporated at the heart of any development of the outcome agreement system.

> **Colleges, together with their key stakeholders, could consider the potential for the development of new open college offers in Scotland and developments to learning accounts in collaboration with employers.**

Recent work from IPPR Scotland, and the SFC's own review, have pointed to the need to provide more modular, bite-sized, and fully flexible learning opportunities. This could offer opportunities to build greater engagement with the skills system among employers, including SMEs, and could open up the opportunities on offer through the skills system to workers and learners unable to undertake blocks of traditional learning. At the same time, colleges across Scotland have moved to huge levels of online provision through the crisis. We could use this experience to begin to build a new, nationwide, online offer for college students, offering blended learning, in fully flexible bite-sized chunks of learning. Beginning by placing existing provision online in one place, and eventually building to a new Open College, Scotland's college sector could be at the forefront of reimagining how learning is delivered in the post-Covid-19 age. Developing a new open college, and delivering nationwide provision delivered through our existing college system, could allow the college sector in Scotland to offer high-quality blended learning, mixing face-to-face provision and online, in modular and bite-sized learning, and respond to a post-Covid-19 economy where social and economic interactions happen more locally than before the pandemic.

To open up college and skills provision to employees currently less able to access training, a new and enhanced learning account offer could be developed for Covid-19 recovery, offering greater support than the existing Individual Training Account (ITA) system. This could be crucial to ensuring the recovery from Covid-19 is one founded on fair work, rather than risking an 'any job' strategy. An enhanced learning account could open access to the college system to new groups,

63 https://www.gov.scot/publications/re-committing-fair-access-plan-recovery-annual-report-2021/

64 https://www.cdn.ac.uk/school-college-partnership-report-co-creating-learner-journey/

and in particular help workers and employers to drive productivity, pay and improved conditions through the recovery.

Consideration could be given to combining this enhanced learning account offer with new tests of employer demand for the skills being acquired, either through progression agreements with the existing employer, or data on skills gaps/vacancies in sectors relevant to the new training.

2. Preventing poverty post-qualification – driving change in Scotland's economy.

> **The college sector could explore and enhance its focus on job skills and brokerage and consider the further development of formal career pathways with sectors.**

Through the crisis we have seen a number of colleges respond to the starkly different job context. This has included introducing new job skills courses to aim to replicate, as far as possible, the work-based aspects of courses not possible in the context of social distancing, furlough, short-time working and unemployment. Given the likelihood of high levels of unemployment and underemployment over the coming years, alongside the key transitions Scotland faces, it will be important to enhance jobs skills provision and to enhance job brokerage activity for students following qualification. This could be delivered through a regional approach and/or through new sectoral bodies. By bringing employers together with colleges and trade unions, colleges could be at the centre of further enhanced activity to link college qualifiers to new opportunities that match their skills, and in delivering jobs skills in the classroom given work-based learning may be more difficult.

More broadly, the college sector could work with employer sectoral bodies to develop formal 'career pathways' that outline the experience and qualifications required to progress within different sectors, and match college provision to these pathways. There could be a clear role for SDS to work with colleges and the sector as a whole to support this work and to bring employers and colleges together at the sectoral level (such as retail, hospitality, tourism etc.) and national level. By bringing the college sector and employers together we could help shape learner and employer demand for skills, and maximise the impact from all of the hard work of colleges.

> **The college sector could work together with key stakeholders to develop and test progression agreements between learners, employers and colleges, to drive increased skills utilisation in Scotland and to encourage more joint planning and ownership at regional level..**

Given the transitions we face over the coming decade, and the challenges we face in recovering from Covid-19, there is a need to look at how we can drive greater skills utilisation among employers in Scotland. Public investment will always be precious, and there is a need to look at how colleges can further improve outcomes for learners post-qualification. Progression agreements could be a tool to bring tests of employer demand into the heart of the system.

Progression agreements could see an agreement between learner, college and employer that in return for public investment, and in return for the learner meeting certain learning outcomes, then the employer could agree to progress the learner through either pay increases or other forms of progress (such as promotion or improved terms and conditions). Access to some forms of skills provision, such as upskilling and reskilling for mid-career learners, could be contingent on a progression agreement being in place, allowing skills investment to go towards provision with the greatest chance of impact. For courses in key sectors, or where there is clear evidence of employer demand, an agreement need not be necessary.

> **The college sector could consider how it can work with the Scottish Government to develop its support to businesses through grants, loans, tax allowances, and procurement with a view to encouraging skills investment and fair work.**

Given how central delivering fair work is to delivering a stronger economy in the future and to tackling poverty rates, consideration should be given to how a fair-work-first approach could be delivered through the college sector.

This could see partnerships between colleges and employers become contingent on the employer meeting fair work standards. Equally, this could also see engagement with the skills system stipulated as conditions for receiving government support through loans, grants, and tax allowances (such as the Small Business Bonus). This would mean to access these forms of government help, employers would need to agree to increased levels of investment in skills and training for their employees, including through the college sector. Furthermore, this could also see minimum expectations in relation to skills and training investment placed on employers seeking to access public contracts, and public funding, through procurement. This could encourage employers to invest in training of their staff in return for receiving government support and investment.

Placing fair work obligations on employers who wish to engage with the skills system, and those seeking public support through loans, grants, tax allowances and procurement, could create the incentives and disincentives required to encourage more employers to invest in skills and training, and become fair work employers. In doing so, this could encourage the behaviour changes we need to see to deliver a fairer economy, a stronger economy and a Scotland that sees sustained reductions in poverty and inequality levels over the long-term.

What's next?

This report sets the context for the challenges faced by society in Scotland and beyond in terms of the impact of the key transitions facing society on the economy, poverty and skills, and reflects on the central role that our colleges play in helping to address them, and what more could be done. Through the three think pieces and the two enhancement themes, the report lays out a range of areas for further exploration, as colleges plan the development of their services and educational offer for the next five to ten years. The emphasis is on what colleges themselves can do, and although we acknowledge that in key areas this will be dependent on outside influences such as government policy and funding settlements, our emphasis in proposing next steps is on how colleges themselves can plan for their, and their students' and stakeholders', future.

The focus of the next steps should be on reflecting on the role of our colleges in tackling poverty and enabling social mobility and community wellbeing in a re-imagined Scotland.

With that in mind, we propose package of further work based around the enhancement themes identified in this report and set in the context of the key drivers mentioned above, including the SFC's *Coherence and Sustainability* implementation, the OECD review, the *College Sector Statement of Ambition*, the Royal Society of Edinburgh's work on Tertiary Education Futures and other key developments such as the *Scottish Colleges Statement of Commitment on the Climate Emergency* and the *Digital Ambition for Scotland's Colleges.*

Before the end of the 2021-22 college year a symposium will be held based on the themes in this report that will bring the sector together to share experiences, best practice, and plans for the future. This aim of this symposium will be to support the development of further work including:

- Case studies that will support the further development of practice in colleges around the key themes in this report.
- Further research into specific areas identified in this report to support understanding of the key challenges and how to tackle them.
- The development of a knowledge base (including the case studies and research work but also bringing together key metrics on the economy, poverty and associated issues), to support planning and advocacy for the role of colleges in the development of an inclusive economy.

These next steps are envisaged as a collaborative approach between CDN, Colleges Scotland, individual colleges and and key sector bodies and stakeholders. Following publication of this report the steering group that oversaw its development will make proposals on how this will be managed.

Pathways from Poverty: Enhancement Themes

Preventing poverty through **access to college**: transitioning people's potential	Colleges could consider, with support from CDN and in collaboration with key stakeholders, the further development and extension of good practice in relation to the five transitions facing Scotland – automation and technological change, Brexit, climate transition, demographi change and ageing, economic inequalities.
	Colleges and their stakeholders could keep under review their fair access provision and priorities in the context of the Covid-19 crisis.
	Colleges, together with their key stakeholders, could consider the potential for the development of new open college offers in Scotland and developments to learning accounts in collaboration with employers.
Preventing poverty **post-qualification**: driving change in Scotland's economy	The college sector could explore and enhance its focus on job skills and brokerage and consider the further development of formal career pathways with sectors.
	The college sector could work together with key stakeholders to develop and test progression agreements between learners, employers and colleges, to drive increased skills utilisation in Scotland.
	The college sector could consider how it can work with the Scottish Government to develop its support to business through grants, loans, tax allowances, and procurement with a view to encouraging skills investment and fair work.

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