



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# COVID-19 Recovery Committee

**Thursday 8 December 2022**

**Session 6**



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**COVID-19 RECOVERY COMMITTEE**  
**27<sup>th</sup> Meeting 2022, Session 6**

**CONVENER**

\*Siobhian Brown (Ayr) (SNP)

**DEPUTY CONVENER**

\*Murdo Fraser (Mid Scotland and Fife) (Con)

**COMMITTEE MEMBERS**

\*Jim Fairlie (Perthshire South and Kinross-shire) (SNP)

\*John Mason (Glasgow Shettleston) (SNP)

\*Alex Rowley (Mid Scotland and Fife) (Lab)

\*Brian Whittle (South Scotland) (Con)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Dr Alastair Cook (Scottish Government)

Lewis Hedge (Scottish Government)

Richard Lochhead (Minister for Just Transition, Employment and Fair Work)

**CLERK TO THE COMMITTEE**

Sigrid Robinson

**LOCATION**

The David Livingstone Room (CR6)



# Scottish Parliament

## COVID-19 Recovery Committee

Thursday 8 December 2022

*[The Convener opened the meeting at 09:30]*

### Road to Recovery Inquiry

**The Convener (Siobhan Brown):** Good morning, and welcome to the COVID-19 Recovery Committee's 27th meeting in 2022. This morning, we will conclude our evidence taking for our inquiry into the pandemic's impact on the Scottish labour market.

I welcome from the Scottish Government Richard Lochhead, the Minister for Just Transition, Employment and Fair Work; Lewis Hedge, deputy director, fair work and labour market strategy; and Dr Alastair Cook, principal medical officer, mental health division. Before we ask questions, would the minister like to make brief opening remarks?

**The Minister for Just Transition, Employment and Fair Work (Richard Lochhead):** Good morning. I am grateful for the opportunity to appear before the committee for the first time to discuss the pandemic's impact on the labour market and key reasons for economic inactivity.

It is worth starting with a brief look at the labour market in Scotland overall. It remains in strong shape, with low unemployment rates—it is welcome that we have not seen the significant increase in unemployment rates after the pandemic that we might have feared. However, many businesses across the country and the economy still face labour shortages, even if vacancy rates are more stable now than they have been at points in recent months. The wider economic context is also concerning—the effects of Brexit are still being felt, there is an acute cost crisis and there could be a recession on the horizon.

It is important to put economic inactivity in the right longer-term and international perspective. Scotland's inactivity rate is not a significant outlier in comparison with the United Kingdom or other countries, but our population is increasingly older and less healthy, and inactivity has increased over a number of years, which means that we need to take the issue seriously.

In the medium-term picture, the UK and Scotland may be experiencing different effects from Covid. There are significant increases in inactivity rates in the UK, which have reversed the previous downward trend. Scotland's rate pre-

pandemic was higher than that for the UK, and the rate has increased in recent years—between 2019 and 2021, the net increase in inactive people was 42,000, which is 5.5 per cent. However, we have not seen the dramatic reversal in trends that other places have seen.

I emphasise that the data for the very short term is volatile and is subject to many dynamics, which makes it difficult to pinpoint and be totally accurate about some issues that we will discuss today. However, the latest data suggests that the inactivity rate may be falling in Scotland, which is good news, whereas it is still rising in the UK. The gap has been closing over the past year or two.

All of that means that we should be cautious about assuming that all the commentary about and analysis of economic inactivity elsewhere automatically reads across to Scotland—it may or may not. However, that does not mean that we can rest easy—inactivity has still increased in Scotland in recent years, and the longer-term picture remains of some concern.

Long-term sickness appears to be the main driver of the recent increases in inactivity in Scotland. It was the largest single contributor to the increase in inactivity between 2019 and 2021, when it accounted for 24,100 people out of the total increase of 42,000. I welcome the committee's engagement on the topic and I look forward to seeing your report and recommendations in due course.

The picture on early retirement is less clear than the picture on long-term sickness. It is too early to draw strong conclusions, but we do not see clear evidence of significant recent increases in the number of people who are inactive because of early retirement in recent years. Inactivity has increased among 50 to 64-year-olds, but that increase appears to be driven more by sickness and caring for others than necessarily by retirement. Our emerging sense is that early retirement is not on the same scale as long-term sickness as a driver of increasing inactivity.

On the health side, our emerging sense is that Covid and long Covid are not directly driving the increase in inactivity because of ill health, although they could be indirect factors. Health and health services are enormously important, but we should not forget that the drivers of inactivity overall can be complex and multifaceted and vary for each person. We cannot take a one-size-fits-all approach to the problem or the solutions.

I could talk about what we are doing to address some of those issues, but I think that the convener wanted my remarks to be relatively brief. I will therefore say only that I look forward to working with the committee on these issues, which are important to Scotland's future.

**The Convener:** Thank you, minister. I will begin by asking the first question.

You will be aware that the committee has been looking at economic inactivity specifically in relation to long-term illness and early retirement. One of the issues that has come up is the number of people who are off work with long Covid, which the minister touched on briefly. Does the Scottish Government agree with the suggestion from the Institute for Fiscal Studies that many working people may be off on sick leave with long Covid, rather than being economically inactive?

**Richard Lochhead:** There is low incidence of Covid in the population generally at the moment, and the inactivity statistics show that it is long-term sickness that is a challenge for Scotland. There are various surveys of samples of the population. If we take a brief look at them, we see that 0.8 per cent of people who are inactive in Scotland say that they have long Covid. The Scottish health survey estimated that 7 per cent of those with limiting, long-standing illnesses reported having long Covid in 2021; in comparison, 3 per cent of those with non-limiting, long-standing illnesses reported having long Covid. Although there are people with long Covid, the statistics therefore show that it is perhaps not the predominant issue.

**The Convener:** In the new year, the committee will be doing an inquiry into long Covid specifically, because the issue has been raised during this inquiry. Inclusion Scotland highlighted that long Covid is not necessarily considered a disability. I appreciate and understand that a lot of people with long Covid are self-diagnosed, and that there is a lot of work still to be done and a lot that is unknown. It is not one of the conditions that is listed in the Equality Act 2010. Does the Scottish Government have a view on whether long Covid should be recognised as a disability?

**Richard Lochhead:** That issue was brought to my attention by trade unions and others, particularly during the pandemic. The Scottish Government's view is that we have many people with long-term illnesses and that to pick one condition and categorise it as a disability would mean having to redefine many other long-term illnesses. Further, different symptoms and conditions could be part of long Covid. The decision has therefore been taken not to recognise long Covid as a disability at the moment. Dr Alastair Cook may have medical input to add to that answer.

**Dr Alastair Cook (Scottish Government):** From a clinical perspective, it makes sense to assess disability on the basis of function as opposed to diagnosis. Some people with long Covid may well be disabled by that condition over the longer period; however, there may be others who, despite having the diagnosis, are perfectly

able to contribute to work. That is the same with other long-term conditions. The idea of naming conditions as a way of defining disability is therefore probably unhelpful from a clinical perspective.

**The Convener:** That is helpful.

Yesterday, I saw for the first time the wellbeing economy monitor, which I thought was fantastic. The monitor brings together a range of indicators as a baseline for assessing progress towards a wellbeing economy. One of the many indicators considers the participation rates of young people between the ages of 16 and 19 in education, training and employment. Is the Scottish Government using those indicators to inform its approach to addressing economic inactivity, including sickness and early retirement?

**Richard Lochhead:** We take that into account. The Cabinet Secretary for Finance and the Economy and others are probably a bit closer to that work than I am, but overall we look at how we can support people in getting back into work or education. That includes support through the national health service—for instance, through the expansion of mental health services or occupational health support. The Government makes that support available, but we also need support for employers and—you mentioned young people—educational institutions. That is all taken into account in the round. The Government wants a healthy working population, and that is why those services are made available.

**Murdo Fraser (Mid Scotland and Fife) (Con):** Good morning, minister. When we started looking at these issues, we identified two areas in which we recognised that there had been changes in the employment market, with people dropping out. One area was long-term illness and disability, and the other was people taking early retirement. We got the impression—well, this is my view, anyway—that, on the early retirement issue, people had made that choice and that, whatever Government did, we were not necessarily going to attract them back into the jobs market once they had left. The focus has therefore shifted a little on to the question of how we tackle long-term illness and disability. I am interested in exploring what initiatives the Government could bring in to try to address that.

Let us look at some of the figures. In Scotland, there has been an increase from 6 per cent to 7 per cent in the population of those aged between 16 and 64 who are inactive or long-term sick. That is a 1 percentage point rise but, when set against a 6 per cent base, it is quite a big chunk. A lot of the evidence to the committee has said that, anecdotally, there is quite a large cohort of people who are long-term sick as a result of Covid.

One of the interesting bits of evidence that we got came from John Burn-Murdoch, who has done some research for the *Financial Times*. It was about whether a component of that group consists of people who are on NHS waiting lists for an operation and are therefore signed off work until they get it. I am interested in hearing any thoughts that you have, or any evidence that the Government has, as to whether the fact that it is now taking so long for people to get operations is a contributory factor in people dropping out of the workforce.

**Richard Lochhead:** That is a good question. I was discussing it with colleagues, because I anticipated the question, but I am not sure that I have a precise answer for you. It is clear that there is a very serious situation facing the NHS in Scotland. It is under huge pressure; we are all familiar with the reasons for that. There is no doubt, therefore, that there are people who are unable to work because they are waiting for treatment. However, it is difficult to get evidence to back up that point, because the statistics on inactivity in Scotland relate largely, as we have seen, to long-term illness and sickness. Indeed, the increase in the proportion of people who are inactive with long-term illness was beginning before the pandemic, so it is difficult to link it directly to the pandemic or to back up the point that Murdo Fraser makes.

Of course there will be people in Scotland who are currently unable to get treatment as quickly as they would like because of the pressures on the NHS and who are therefore unable to return to work. They may be on sick leave but, as I said, the inactivity figures are largely down to long-term illness and people who have a combination of long-term illnesses, not just one condition.

**Murdo Fraser:** Perhaps if you find some more information on that, you can write to the committee.

**Richard Lochhead:** Yes—we are looking at all these issues in order to learn more.

**Murdo Fraser:** The issue of long-term illness and disability is an important component in the subject of our inquiry. The evidence that we heard from both Inclusion Scotland and John Burn-Murdoch highlighted two key areas that were contributing to that. One was mental health issues, and the other was chronic pain. Those are two major components in the figures.

When the Scottish Government produced its emergency budget review at the beginning of November, some resource was reprioritised at that stage: £65 million was reprioritised from primary care and £38 million was reprioritised from the mental health budget. I am wondering whether that was a false economy. If these two issues—

chronic pain and mental health—are most likely to be impacted by issues with primary care, was it a sensible move to take money out of those spending areas in which an intervention would probably contribute most to helping people to get back into the workforce?

09:45

**Richard Lochhead:** As you will be aware, there has been an expansion of resources for mental health in Scotland and a reprioritisation. As you rightly said, mental health and chronic pain are the two underlying causes of the figures around long-term illness and inactivity rates in Scotland. A lot of help, which is funded by the Scottish Government, is made available for employers in Scotland to call on to help people with mental health issues, and other issues in relation to occupational health, get back into work.

It is very difficult for us to pinpoint because, as I said in my opening remarks, every person's situation is different, whether we are talking about people with disabilities or people with mental health or chronic pain issues. They also quite often have multiple issues, which is why they are long-term inactive.

Alastair Cook might want to contribute to that, because his specialism relates to mental health.

**Dr Cook:** I work in the mental health directorate. The reprioritisation, and working through how we manage that, has clearly been an issue for us.

We have been on a trajectory of a shift away from a focus on the delivery of services that are at the fixing-things end towards much more early intervention and prevention in mental health. Over the past decade, we have learned that, by continually investing in more and more services, all that we will see is demand continuing to rise at least equal to, if not ahead of, that service provision and our ability to provide it. We have made good progress in things such as child and adolescent mental health services and psychological therapies targets. It has been important in the reprioritisation to preserve some of the work that we are doing on community mental health and wellbeing and the delivery of those supports at an early level in localities so that people have the opportunity to get involved with support at that earlier stage. That needs to be the direction of travel.

I would always argue for more resources for mental health and primary care, but we are in a resource-constrained situation and we have to look at how we get the best value from the resources that are available to deliver those services.

**Murdo Fraser:** I have one more follow-up question. This is interesting, because we have heard a lot—at least anecdotally—about increases in mental illness post-Covid because of lockdown isolation. Are you seeing that, and is it coming through in the numbers?

**Dr Cook:** Yes, it comes through in the numbers, and it is a hugely interesting area. We need to do further research and analysis, but it comes across in two ways. One of those is increased activity in our secondary care mental health services, which I think is probably more related to late presentation and the periods of isolation that people had during the lockdowns. We are also seeing a smaller but significant increase in the prevalence of things such as anxiety and depression among the wider population. That is reflected in all the surveys, and it has an impact on the rate at which people come into services.

**Richard Lochhead:** Does Murdo Fraser want me to come back in on that?

**Murdo Fraser:** No—I think that my time is up. However, I simply want to say that it is a really interesting area that I would love us to have more time to pursue in detail.

**Richard Lochhead:** I add for Murdo Fraser's benefit that the Scottish Government is very keen to work with employers so that they can provide support for employees to come back to work through providing mental health support. The Scottish Government is making available a lot of support that employers can call on to support their workers to come back. Of course, we need employers to do that.

There are some eye-catching statistics: for example, that poor mental health costs Scottish employers more than £2 billion a year at the moment, and that, for every £1 that is spent on mental health interventions, employers get a £5 return on investment. We have to get that message across to employers more, which I will certainly give more attention to. Those statistics show the importance of that.

The Scottish Government has launched the mental health transition recovery plan, and we also have the new NHS 24 mental health hub, which I am told has received more than 200,000 calls so far. That was launched in July 2020, before the end of the pandemic. We also have other platforms such as a new mental health and wellbeing platform for employers and others to call on. We are trying to help employers to do as much as they can to help employees get support.

**Alex Rowley (Mid Scotland and Fife) (Lab):** We visited a number of projects last week in Airdrie, which was very interesting. Routes to Work and Remploy were running specific projects through fair start, and I have a couple of questions

on that. How are Government schemes such as fair start evaluated, and do you have up-to-date reports on them? How successful or otherwise are they? What we saw was very impressive, but people we talked to raised mental health on a number of occasions as being a barrier to getting into work. The one-to-one support that they had received was very successful in getting them into work. Where are we at with all that?

Given that we are trying to reach people who are well removed from the labour market and need a lot of support in place, what kind of joined-up working is there? There is a brief from the Scottish Government, the UK Government is involved through the Department for Work and Pensions and Jobcentre Plus and local government is involved, although there are reduced economic and community development activities due to cuts. The third sector is also involved, so there are a lot of different schemes and organisations trying to help. Is there a joined-up strategy, and are people working together? Is there a need to do more around that?

**Richard Lochhead:** That is a good question. We have spent a lot of time looking at the issue over the past year. Clearly, employment and a lot of related issues are reserved to the UK Government but, under devolution, as you are aware, we have responsibility for offering support to people who are furthest from the labour market. We do that through two channels, one of which is a national scheme called fair start Scotland, and you will have heard about that during your visits. It is good to hear that you were impressed by what you saw. It is very humbling and impressive to visit those programmes around the country, as I have done, from the islands to various parts of mainland Scotland.

Fair start Scotland offers pre-employment support for, if I recall correctly, up to 12 to 18 months, and in-employment support, where a case worker will stay in touch with the individual who has perhaps got on to the job ladder for the first time in several years after long-term illness, mental health issues or disability. It could be a range of reasons. In-work support means that the case worker is available to speak on the phone and help people as they get back into a life of work.

We are satisfied that those programmes are working well. We have that national one, and there is a local one. That all comes under the umbrella of no one left behind. We have devolved a lot of resources and decisions to local employability partnerships in each local authority over the past year. That is where joined-up thinking happens at a local level; the DWP, devolved services, local authorities and other local players in the employability scene get round the same table and



decide how to allocate resources to take into account local circumstances. There may be schemes for helping women get back into work, or schemes to recruit local organisations to help people with disabilities. That work is very local and joined up.

The question that you asked about joined-up approaches is very important. That work is happening at a local level; it has been rolled out over the past 12 months, and we are monitoring it to make sure that it is working. Services are now being commissioned at a local level with the extra resource that local partnerships have.

Fair start Scotland, which is national, as you will have seen when you met the various organisations that deliver that, is increasingly introducing mental health support to help people. It is becoming more of a one-stop shop. It is not just about getting people into a workplace but about giving them the support that they need to be ready for the workplace.

We are speaking about people who are very far from the labour market. We have had an evaluation report done, which I am happy to send to the committee after the meeting. When any person who has been out of the labour market for several years with various issues gets back into the workplace, that is a big success, first and foremost for that person but also for Scotland, as getting people back into work helps the economy.

**Alex Rowley:** It would be good to see the report. You mentioned the tight financial constraints in which the Government is currently working. There is going to have to be some prioritisation, and I am sure that the taxpayer would say that we want to ensure that we get the best bang for our buck. Whether it is one arm of Government or another—whatever it is—it is all taxpayers' money. Is there a need, as part of the review, to look at how we maximise what we get for our buck? I look forward to seeing the report.

You also mentioned gender and disability. Last week, I got a note from a senior lecturer at the University of St Andrews, in which he said that there are shocking gender, race and disability pay gaps across the sector. According to the university's own figures from 2021, men were paid an average of 20.2 per cent more than women, while as of 2020, white employees were paid an average of 5.6 per cent more than employees of colour. Those disparities are shocking and are entirely within the power of the university to undo. What is the role of Government in addressing those kinds of disparities?

Turning to the care sector, there is a clear divide between the public and private sectors in pay and terms and conditions, and people are choosing not to go into a particular sector as a result. Is there a

role for Government in looking at the inequalities, such as the gender and disability pay gaps, in sectors such as care? Does the Government need to do more to try to address those issues in order to get people back into the labour market?

**Richard Lochhead:** I thank Alex Rowley for that question. It is a big question, and it is timely because we are about to publish a refreshed fair work action plan as part of our policy to ensure that Scotland is one of the world's leading fair work nations by 2025. I have been working on these issues for the past few months. Again, I am happy to ensure that the action plan is copied to the committee as soon as it is published.

The latest figures indicate that, in the five years between 2016 and 2021, the disability employment gap in Scotland has reduced by 6.2 percentage points, and it currently stands at 31.2 per cent. That suggests that we are currently on track to achieve our ambition to halve the disability employment gap to 18 percentage points by 2038. Work is under way on various policies to work with employers on tackling these issues. In addition, the employability schemes that we have discussed, in particular fair start Scotland, play an important role in helping people with disabilities to get back into the workplace. We also have a workplace equality fund that helps employers to adapt to help people get back into the workplace.

You also mentioned the gender pay gap and employment issues. We have outperformed the rest of the UK on the gender pay gap since 2003, and we continue to work on that. We are about to publish the plan—for the first time, we are bringing everything together in one fair work action plan, because there are many intersectional issues to be addressed. For example, a disabled female will face various challenges. We have therefore brought all the policies around gender, racialised minorities—which you also mentioned—and disability, and the general fair work policy, into one action plan. That means that employers can go to one policy to get practical advice and support to tackle all these issues at one time, to enable their workplaces to become much more inclusive and equal.

10:00

Alongside the imminent publication of the fair work action plan, we are publishing our anti-racist employment strategy. That strategy will focus on racialised minorities and the employment gap that they face—which you mentioned, quite rightly. It will give practical advice, tips and pointers to employers on how to make sure that all their policies, including their recruitment and personnel policies, lead to a much more diverse workplace, because too many people in racialised minorities in Scotland face enormous hurdles. There is

institutional racism in Scotland, as there is in all countries, and we have to face up to that. We hope that the strategy that we are publishing will help.

**Alex Rowley:** Thank you.

**The Convener:** I will move on to Jim Fairlie, but first I have a quick question regarding the local employability partnerships that have been rolled out in the past 12 months. Is there funding from the Scottish Government to all 32 local authorities, which they can allocate to a team?

**Richard Lochhead:** There is more than £50 million in the no one left behind strategy. That is not including fair start Scotland—there is more than £80 million overall. The money is allocated to each of the partnerships across all 32 local authorities. The money is held by local government, but it is not for local government to invest or spend; it is for the partnerships to agree how that money will be allocated locally to commission local services. In my constituency, the local employability partnership is called Moray Pathways. Every other area of the country will have its own way of approaching it.

I am encouraged by the development of those partnerships. I have visited the partnership in Renfrew, I think it was, and in the Shetlands and two or three other partnerships across the country, and it is heartening to see how local authorities are approaching this, because you go into a hub and there are different services within the hub.

To go back to Alex Rowley's question, those hubs are good one-stop shops for the public to use, and some mental health support, counselling or other services can be brought in to that one location. I think that clients are finding it really helpful to have that one-stop shop approach. Not all local authorities are doing that, but some of them are being very innovative and forward thinking in doing that. It is a decentralised, devolved way of approaching employability services.

**The Convener:** Thank you. That is interesting. I will have to see what South Ayrshire is doing.

**Jim Fairlie (Perthshire South and Kinross-shire) (SNP):** I will probably go slightly off piste here, which the clerks always love.

Alastair Cook, you said that more resources have been put into mental health but that demand usually outstrips those resources. Anecdotally, I keep hearing that there is more and more demand for mental health services, and you guys will be able to confirm that demand is increasing. That is not always a result of Covid, because the issue was being spoken about before the pandemic. Why? What is wrong in society that we are seeing such an increase in the demand for those

services? Is it because we are better at recognising mental health issues and that we are more accepting of them, or is something happening in society that is causing mental health issues?

**Dr Cook:** That is a very big question.

**Jim Fairlie:** It is.

**Dr Cook:** I am sure that someone somewhere will be writing a PhD around some of those issues, but you have already touched on some of the answers to that question.

At one level, our work during the past couple of decades to reduce stigma and to increase recognition of mental health problems means that more people now recognise those problems and present seeking help. Therefore, we have uncovered a lot of hidden mental health issues.

However, other factors are having an impact, including changes in society. Social media is undoubtedly a factor, particularly among younger people; there are increased pressures and increased expectations; there is the increased perception of the gap between the haves and the have-nots; and there is recognition of the impact of trauma and our greater awareness of how the trauma that people experience when growing up can impact on their mental health. There are a whole range of factors that are leading to increased recognition.

It is a debateable and controversial point. I often have conversations with my colleagues about the fact that some secondary care mental health services were largely set up to deal with severe and enduring mental health problems such as schizophrenia or bipolar illness. The prevalence of those conditions has probably not changed very much—they are still very much there, and people require help and treatment. We have seen a rise in what I, as a psychiatrist, would describe more as mild or moderate mental health problems, distress and stress in our population, as opposed to a rise in diagnosable severe and enduring mental health conditions. There is still a rise in prevalence, however.

**Jim Fairlie:** That will be impacting on employability, the economy and the rest of it. Brian Whittle will probably come on to the issue of data—he always does the data stuff—but I will pre-empt him a wee bit, and he can then return to it. When Professor Aziz Sheikh spoke about the data that Scotland has, he said:

"My slight frustration is about the fact that in Scotland we have absolutely phenomenal data sets in the health space: no other country in the world has the data that we have. How do we now deploy the data beyond questions about whether vaccines are working? That would be a relatively straightforward move ... There is the wider question whether we can move to whole-system intelligence for NHS

Scotland. That will be absolutely crucial if we want to improve services and begin to bend the cost curve. There is also the question about bringing health data—which are so rich—together with economic data, which could be done. Major investments have been made but, again, somebody senior needs to instruct the country to move in that direction.”—[*Official Report, COVID-19 Recovery Committee*, 10 November 2022; c 14.]

Is there a move towards using that world-beating data? Essentially, that is about health and economic inactivity. Is something being done in the Government’s ranks to determine how to use that data in order to get people back into work and to deal with the issues that we talked about, such as mental health?

**Richard Lochhead:** The short answer is yes, in that the data guides us to the mental health services and support that we are delivering. I gave examples of how we are helping employers, so that they in turn can help employees. There are many different ways in which the NHS is responding to the mental health crisis, and there has been a huge expansion of resource for that.

Alastair Cook may know more about the data and how we use it in detail.

**Dr Cook:** We are aware that there are multiple sources of good data in the system, and I would agree with the analysis that we do not necessarily use it as well as we possibly could do at the moment. That will form a significant part of the mental health strategy that we will be publishing next spring. There is real recognition that we need to make better use of the available data. The question then is how to link that into the economic activity field. We need to better understand the data even just within the mental health field.

**Jim Fairlie:** If we get anything out of that process, that would be a good start.

I will change subject again. Has the Government taken account of the effect that menopause has on taking women out of the workplace environment?

**Richard Lochhead:** Yes—health ministers have been looking at that issue and taking it into account as part of the overall approach to women’s health. I have seen references to that, but I would have to come back to the committee on how that is being done. However, I know that that has been a particular topic over the past year or two, and health ministers are engaged in it.

**Brian Whittle (South Scotland) (Con):** Good morning, minister—it is nice to see you, and thanks for coming in. It is always good when one of our colleagues tells the minister what we are going to ask. [*Interruption.*] The good news is that I am not going to ask about data now—although my beliefs on data, especially healthcare data, are well known: we are very good at collecting data but not particularly good at deploying it, especially

across sectors. We need to get better at that and we could get better at that.

I want to follow up the extremely important issue that Murdo Fraser raised, which we could probably spend the whole time talking about. During Covid, access to healthcare was restricted, which had a significant impact on elective surgery for chronic pain and on access to mental health services. It is reasonable to extrapolate from that that the economic inactivity rate would move in an upward direction. At a certain level, if a person’s pain is not treated, it becomes chronic pain, so more people must have moved in that direction.

I am always interested in the cross-portfolio impact of decisions. I go back to the reprioritisation of £65 million in primary care funding and £38 million in mental health funding. The minister said that, for every £1 that is spent, you get £5 back. Surely that indicates a false economy—taking money from one side of the ledger affects the other side of the ledger. Given the return on such investment, would it be prudent for the Government to revisit the position?

**Richard Lochhead:** That is one reason why the Scottish Government has allocated much more resource to mental health services in the past year or two and throughout the pandemic. As Alastair Cook said, the forthcoming mental health strategy, which will be published shortly, will take into account issues in relation to inactivity and employment.

I made the point that—this might go back to your hobby horse of data—it is difficult to make many assumptions when we have no data to back them up. As I said, Scotland has quite a long-standing issue with long-term illness, and we project that the issue will be even greater in future years. It is difficult to back up and justify homing in on one factor and saying that the figures relate directly to Covid, because of the nature of long-term illness. People can have many different illnesses.

Your key point is correct—we are looking at how to further the delivery of mental health services, because that will make longer-term savings by helping the economy and by helping people to get back to work or whatever. That is why we continue to take the issue seriously.

**Dr Cook:** It is important not to get confused about the figure that was cited—it relates to every £1 spent by employers on occupational health support and mental health support for their employees. If every £1 that we spent on mental health services produced a £5 return in the rest of the economy, that would be wonderful, but we cannot draw that link for overall mental health support—the figure relates specifically to

employment support and occupational health services.

**Brian Whittle:** It is interesting that the minister mentioned that mental health issues cost our businesses £2 billion; I have read that the cost is more like £4 billion-plus to the economy. How do we strike a balance?

I will use the fact that the minister brought up data. We collect good data; if we do not deploy it in a way that gives you the answers that you need, we need to invest more in it—we could get into that big time. Should we focus first on how we deploy the data to give us better and more accurate responses?

**Richard Lochhead:** Of course we can always deploy and collect our data better. A lot of employment data is collected at the UK level and not the Scottish level. You are referring to data about mental health, which is largely a devolved issue, but a lot of the data for the relationship to and impact on the employment situation is collected at the UK level. We have small samples for Scotland out of that UK collection.

10:15

For instance, when we interrogate and try to drill down into the inactivity rate, we often have to rely on very small subsamples from UK surveys. It is difficult to reach firm conclusions, because a lot of that data is collected by UK exercises. Obviously, health data is a devolved issue. I am just saying that the relationship between the health data, the employment situation and economic activity is quite difficult to pin down, because data on that is collected at a UK level and we have very small subsamples. It is important to make that point.

I think that Lewis Hedge wants to comment on the point about data.

**Lewis Hedge (Scottish Government):** It is worth remembering that one reason that we think about economic inactivity and participation in the labour market is the relationship between the size of the workforce and economic performance over time. One of the actions in the national strategy for economic transformation is to look at that issue and the trend of inactivity. There will be a piece of work in the next period where we will look at some of those questions to make sure that we understand the connections across portfolios in the economic context as well. That work is just starting.

**Brian Whittle:** We could discuss that issue all day, minister, but I had better finish off my questions. We know that Scotland is the unhealthiest nation in Europe, so I am slightly concerned that you think that things will get worse. We know that economic inactivity follows ill health,

and there is no doubt that Covid has significantly exacerbated that. Surely, if we focus on health—and education, for that matter—we will positively impact the employment and activity rates in Scotland. That is why I said that it is time that we look to undertake more cross-portfolio working rather than working in silos, which is what are doing just now.

**Richard Lochhead:** I am not arguing against your general point; that is something that we should continue to look at, and I am sure that there is always room for improvement. Obviously, if the committee makes recommendations along those lines, we will treat them very seriously. I welcome the fact that the committee is holding its inquiry, and if you give us some recommendations that will help us to help people and Scotland, we will definitely take them on board.

**John Mason (Glasgow Shettleston) (SNP):** We have met various people over the past few weeks, and a subject that we discussed with some people with experience is early retirement. There seems to be quite a mixed picture in that regard. There are clearly some professional people with good pensions who, in their mid-50s or at 60, feel that they want a different work-life balance and take retirement. However, that means that the economy loses their experience and their energy—at least in paid employment; they may be doing other things.

Do we just accept that people in that group have gone and we cannot do anything about it, or should we be trying to bring some of them back into the labour market?

**Richard Lochhead:** That is a very good question. My view is that we should be doing more to bring people who have taken early retirement back into the workplace, although not necessarily in full-time positions but perhaps through flexible or part-time working. We have labour shortages in Scotland, but it is not just that; we should also remember that things change and evolve. People who took early retirement, having reflected on their work-life balance and other quality of life factors during the pandemic, may be reflecting again, now that we are through the worst of the pandemic. We should take advantage of that. The cost of living crisis is also perhaps encouraging some people who took early retirement from their previous jobs to go back into the workplace to some degree—maybe part time.

We are working with Age Scotland and funding some work that it is doing to help it to train and work with managers and organisations to make their employment policies and workplaces more attractive in order to bring people in the 50 to 64 age group back into the world of work.

Early retirement is one factor that has led to the increase in inactivity in the past few years, although it has not had as much of an effect as long-term sickness. However, when we look at the data, we see that some of those who have taken early retirement have done so for specific reasons such as caring for others, including family members. It is therefore not quite as simple as saying that they are available to come back into the workplace. There are a variety of factors out there.

**John Mason:** You have given me a few answers, so I could ask 20 supplementary questions. I will take the issue of training as an example, because one person who spoke to the committee told us that they felt that, as they got older, their employer was less and less willing to send them on training courses and therefore their information technology skills were not up to speed. The thought of going back to that might be difficult, especially for someone who has had a break for a couple of years during Covid. What you said about Age Scotland working with employers to do a bit more on training older workers is encouraging. Do you think that the issue is widespread?

**Richard Lochhead:** Yes, I do, and I think that there is ageism among many employers in Scotland. People who are aged 50 to 64—potentially older; it is up to individuals—have a lot to contribute and offer. We must tackle ageism.

Perhaps because of labour shortages and the number of vacancies, employers are now much more open-minded and willing to listen to what they can do to make their businesses more attractive to older people and to recruit those who are aged 50 to 64. I am in that age bracket myself and I have not been made unemployed or forced to take early retirement yet—although who knows what will happen. People of that age represent a huge part of the population and a fantastic resource, and we should do what we can to encourage people in that age band to come back into the workplace, if it suits their lifestyle and their personal circumstances. Your country needs you.

**John Mason:** I have slipped just beyond the 50 to 64 age group.

You mentioned flexible working once or twice, but we have had a mixed picture from witnesses. We have heard some good examples. There was a young guy who had health issues who works for Tesco. He cannot handle big crowds, so his employer has got him working at night. That struck me as good, and he is really happy about that. However, we heard from an older lady who had had a break from work—I am not sure whether she was furloughed—and who, as a result of health issues, being older and perhaps having caring responsibilities, wanted to go back to work in a slightly more flexible way than she had

worked previously. However, her employer—I cannot remember whether she worked in the private or the public sector; it might have been the public sector, actually—was totally inflexible. Basically, the employer said that she had to come back 9 to 5, or whatever the equivalent was. Can the Government do more on that, or is it really just up to individual employers?

**Richard Lochhead:** We are doing more. That is why we will imminently publish the refreshed fair work action plan, which I mentioned earlier. The idea is to encourage employers to become fair work employers, which means being flexible, including by offering flexible hours and implementing other measures, such as: giving employees a voice in the workplace; employing people for a minimum of 16 hours per week so that they have a decent income to make it worth while; and paying the real living wage. There is more to do on the real living wage, although we are doing really well on that in Scotland just now: 91 per cent of people in Scotland are paid the real living wage, which is above the rest of the UK by a reasonable margin.

The fair work agenda is important with regard to this debate, particularly in relation to attracting people in the older age group who might have taken early retirement and who have since had a change of heart or are keen to do a few hours here and there. At a time when we are facing labour shortages, we need employers to be more open-minded, become fair work employers and offer more flexibility to suit the needs of older people and, indeed, other parts of the population. It is not just about older people, but there is a bit of an untapped resource there that we should look at as a country. That is all part of the fair work agenda.

**John Mason:** Yes. When you say “fair work”, the thing that jumps to mind for most people is a living wage, but it is correct to say that fair work includes quite a lot more than that, including flexibility.

**Richard Lochhead:** Yes, it includes a lot more than the real living wage. One other key additional measure that we are looking for employers to adopt is offering employees flexible working from day 1. More and more employers are doing that. Scotland has more accredited employers who have signed up to fair work criteria than the rest of the UK. We are making good progress on the fair work agenda, which is more important than ever before. Because of the cost of living crisis, we want more people to have the real living wage, and because of labour shortages, we want more employers to be more flexible so that they can attract people back into the workplace, particularly those in the 50 to 64 age group who have taken early retirement.

**John Mason:** Another group to consider is people with fluctuating conditions that mean one day they will feel good and can work eight hours, but on another day they will not feel so good. We have had evidence that, in some sectors, it is easier for employers to be supportive. If a person is doing office work, it does not matter whether they do all of their work on Tuesday or they do all of it on Wednesday, but if they are serving in a restaurant they have to be there on certain days. Is it more difficult for some sectors to be flexible?

**Richard Lochhead:** We have a diverse economy—that is just a fact—but most employers, if not the vast majority, have the ability to be flexible. I meet more and more employers who are becoming more open-minded and are offering more flexible conditions and hours of work. Perhaps other members are meeting such employers, too.

The world of work is changing. The pandemic has played a big role in that with working from home, hybrid working and much more flexible work that takes people's circumstances into account. Employers are also much more inclusive.

We fund a number of projects and initiatives to help employers consider how they can take on more people with disabilities, adapt their workplaces and so on. We also fund Flexibility Works, an organisation that promotes flexible working. Various projects are being funded at the moment to push forward all of those agendas.

**John Mason:** Another group to consider is those who already have a long-term disability or who have health issues because of Covid, who are very nervous about going back to work and being with a lot of people. I guess that it could be difficult for employers to be able to adapt to that.

**Richard Lochhead:** Many big employers in Scotland are doing a lot. We work closely with all of the business associations and organisations in Scotland on those agendas.

Small businesses and some medium-sized businesses might face some challenges. Clearly, we have to work with them so that they realise that there is a lot more that they can do. It is obviously easier for big organisations, such as banks or supermarkets, that have various departments and resources to devote to that work, but small and medium-sized businesses could do a lot more, too. We are trying to focus more on that.

**The Convener:** We are running short of time, but on the same subject, the national strategy for economic transformation included a commitment to launch the centre for workplace transformation, which would give employees guidance on flexible working. Can the minister or Lewis Hedge give us an update on that?

**Richard Lochhead:** We are still committed to a centre for workplace transformation, and for all of the reasons that we have discussed, it would be very timely. We will make announcements on that in due course. That commitment was to be fulfilled during this parliamentary session, and we are keen to make an announcement on it as soon as we are able to, but we have a lot of considerations to take on board in the current climate. We are still committed to that, and we will keep the committees and the Parliament up to date on it.

**The Convener:** That would be great, because the committee has a keen interest in hybrid and flexible working.

**Brian Whittle:** One thing that I want to touch on, which is one of the most important things that we have spoken about today, is the impact that employers can have on the health and wellbeing of staff.

Given that we have a real problem with mental health, would it not be prudent for the Government to start pushing an initiative that encourages occupational health and the promotion of health and wellbeing within businesses? It could take a significant burden off statutory services if we could get employers to recognise that correlation between the £5 they get back and the £1 that is spent on mental health. Could the Government focus and bear down on that?

**Richard Lochhead:** Yes, and I will take the message away from the committee that we have to focus on working with employers more to encourage them to tap into the support that is made available by the public sector. The Scottish Government is funding various initiatives, and there are agencies working on that. Resources are available through primary care and, in some cases for employers, through occupational health and other channels.

At a time of labour shortages, it is in the interest of employers to look at all of the options that are available and at the support that is out there for them. We need to help employers and ensure that the NHS provision is there, as well.

**Dr Cook:** There are initiatives. For example, Public Health Scotland and the Scottish Government have a website called Healthy Working Lives that helps employers and gives them a lot of resources. As we make progress on the mental health strategy it needs to be clear that that strategy works across Government, that it looks at all portfolios and that the relationship with employers is an important element.

**The Convener:** Thank you. That concludes this agenda item and our time with the minister. I thank the minister and his officials for their attendance. The committee's next meeting will be on 15

December, when we will take evidence on Covid-19 surveillance.

10:30

*Meeting continued in private until 10:49.*





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