

EMPLOYABILITY IN SCOTLAND

A MANIFESTO FOR 2026 AND BEYOND



ersa
Employment Related
Services Association

Published by the Employment
Related Services Association

March 2026

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EMPLOYABILITY IN SCOTLAND

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Introduction

74.7%

EMPLOYMENT
RATE AGAINST A
TARGET OF 80%

268,600

ECONOMICALLY
INACTIVE
THROUGH
ILL-HEALTH

1 in 4

CHILDREN IN
POVERTY

16%

YOUNG PEOPLE
NOT EARNING OR
LEARNING

The Employment Related Services Association (ERSA) is the trade body and membership organisation representing the employment support sector across the UK. Our members deliver frontline employability and skills support, working with people who face the greatest barriers to work and supporting employers to recruit and retain a diverse workforce.

Across Scotland, ERSA members and other providers have decades of experience delivering programmes, beginning with the Youth Training Scheme in the 1980s, and followed by New Deal in the 1990s and the Work Programme, European Social Fund and Fair Start Scotland throughout the 2010s and 2020s, to name a handful.

More recently, specialist providers – though diminishing in number – deliver Scottish Government and local authority funded provision, including No One Left Behind (NOLB), targeted employability funds such as the Parental Employability Support Fund, and specialist support for disabled people, parents, young people and those furthest from the labour market. Organisations who deliver funded provision operate within an integrated, locally governed model, but face ongoing financial pressures that threaten long-term scaling and sustainability.

Scotland continues to have low levels of unemployment (3.7%), but this figure is in part driven by a higher proportion of people who are economically inactive (22.3% or 760,000 working-age adults). Of this figure, IPPR found that there are more than 150,000 people who are currently 'economically inactive' but want to work. Self-employment accounts for only 12% of employment in Scotland, compared to 14% across the UK. Scotland is missing a major opportunity, with the economically inactive being a key customer group, due to barriers to employment that can be addressed through a targeted self-employment service.

According to PwC, Scotland has a NEET rate (young people not in employment, education, or training) of 16%, higher than large cities and regions in England. Additionally, lone parents, individuals who have been in the criminal justice system, and minority ethnic groups suffer much worse labour market outcomes than their counterparts. As outlined above, this has a detrimental impact on the individuals themselves, local economies, and public services that are already under-pressure.



56%

OF ORGANISATIONS
HAVE REPORTED A
SKILLS SHORTAGE

22%

REDUCTION IN
EMPLOYABILITY
FUNDING

Public Health Scotland state that income and employment are key determinants of population health and health inequalities. Whereas, working-age people who are unemployed or economically inactive generally have poorer mental and physical health than those in employment. Being in good work is good for local economies; it can lift out children of poverty; and it lowers pressure on probation and health services.

The Scottish Government announced a yearly budget for employability of £104.6 million in 2026-27 spending plans. However, this represents a 22% reduction in overall funding since 2023-24.

The reduction in funding and the closure of programmes such as Fair Start Scotland and the UK Shared Prosperity Fund is leading to less provision in local areas and most importantly, less opportunities for individuals who are in greatest need of employability support. If we are to achieve the ambitious priorities outlined in the Employability Strategic Plan 2024/27, we must ensure sufficient and sustainable investment in employability service delivery.

As Scotland approaches the 2026 Holyrood election, ERSA is calling on all parties to commit to a renewed, long-term vision for employability. Our recommendations are underpinned by five core themes.

1.



Making work a genuine route out of poverty

Employability is central to Scotland’s child poverty ambitions, but current provision is neither at sufficient scale nor sufficiently focused on job quality and progression. The Joseph Rowntree Foundation revealed that just over 10% of workers in Scotland are locked in persistent low-pay i.e. they are paid below the real Living Wage, with 72% of them being women. Therefore, employability provision should include measures around in-work progression and some provision should be specifically targeted at single parent households, disabled people and other groups that are disproportionately affected by poverty.

- Expand in-work support, particularly for parents and priority family groups, recognising that sustained employment and progression are critical to reducing child poverty.
- Embed fair work and in-work progression outcomes within employability commissioning, moving beyond job entry metrics to include pay, hours, security, and progression to ensure citizens are not stuck in a cycle of persistent low-pay and insecurity.
- Ensure a genuine self-employment routeway exists for those with the highest barriers, focusing on viability, business start-up support and crucially, business sustainment.



2.



Tackling economic inactivity through sustainable employability support

Economic inactivity is one of the most pressing labour market challenges facing Scotland. Many people who want to work face complex and overlapping barriers, including ill health, disability, caring responsibilities and lack access to support. The existing model of annualised employability funding leads to a loss of experienced staff and worse outcomes for constituents and local economies; a sufficiently funded model of employability that allows long-term continuity and integration across services can improve poverty rates, improve health outcomes, help halve the disability employment gap and lift pressure on other services.

- End annualised employability funding and move to multi-year funding settlements of at least three years. Short-term funding cycles undermine service continuity, workforce retention and innovation, particularly for services supporting disabled people and parents.

- Ensure sufficient and sustainable investment in employability programmes across LEPs. The transition from UKSPF to the Local Growth Fund must not result in a funding cliff-edge for employability services.

- Strengthen integration with health services, including expanding and embedding Individual Placement and Support (IPS) models across Scotland to better support people with health conditions into sustainable work.

- Improve access to Access to Work, working with the UK Government to streamline processes and ensure employers and individuals in Scotland can fully benefit from workplace adjustments and support.

- Increase investment in self-employment pathways for people who are long-term unemployed or face significant barriers to work, recognising self-employment as a positive and equitable outcome for individuals and local economies. This should include a dedicated, targeted and collaborative programme that works alongside Business Gateway to inspire and support people furthest from the labour market who may never have considered entrepreneurship, helping to close Scotland's self-employment gap and driving inclusive local economic growth.

3.



Guaranteeing access to high-quality employability support across Scotland

Where someone lives should not determine the quality or availability of employability support. Current arrangements lead to significant variation in provision, compounded by funding delays and fragmented commissioning.

- Commission long-term, flexible funding packages, enabling providers to adapt delivery as labour market conditions and participant needs change, while reducing repeated procurement and mobilisation costs.
- Guarantee day-one access to voluntary, person-centred employability support regardless of benefit status.
- Work with the UK Government to align Scotland's employability system with the forthcoming Youth Guarantee, ensuring young people facing disadvantage receive coherent, joined-up support.
- Improve data collection and transparency, supporting evidence-based decision-making at both national and local level.
- Invest in the employability workforce, including professional development, fair pay and retention, recognising practitioners as a skilled public service workforce.
- Support responsible innovation, including the ethical use of digital and AI-enabled tools to enhance personalised support.

4.



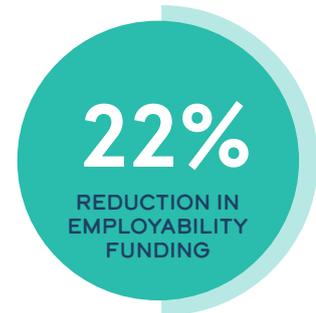
Working in partnership with employers and supporting a changing economy

Employers are essential partners in delivering inclusive growth, particularly as Scotland transitions to net zero and seeks to address skills shortages. Jobs in emerging and green sectors can be matched up with those furthest from the labour market, offering opportunities for your constituents in well paid jobs across the public, private and third sectors.

- Secure a stronger commitment from public sector sectors to ring-fence an increasing number of job opportunities for individuals participating in employability programmes across Scotland. This approach ensures inclusive recruitment practices and meaningful career progression for those furthest removed from employment.
- Develop a clear, inclusive skills and employability offer linked to net zero, ensuring disadvantaged groups can access training and pathways into emerging green jobs.



5.



Building a collaborative, place-based employability system

Providers across Scotland bring decades of hands-on experience supporting individuals into sustainable employment. They understand the nuances of local labour markets, barriers faced by citizens, and what drives successful outcomes. This expertise is critical in shaping programmes that are responsive, inclusive, and outcome focused.

- Ensure funding reflects regional and demographic needs, particularly in rural and island communities where higher delivery costs and limited provider markets create additional challenges, providers are embedded in communities and understand the unique challenges and opportunities within each region.
- Establish meaningful, ongoing engagement with the employability sector, including providers, local authorities and third-sector organisations, in policy design and funding decisions.
- Drive consistent, transparent and collaborative commissioning by supporting and expecting Local Employability Partnerships to implement the recently published No One Left Behind Good Practice Guidance for Commissioning Employability Services in Scotland.
- A seat for ERSA on national and regional employability strategy boards to represent its members.





The Employment Related Services Association (ERSA) is the representative body for the employment support sector. Established in 2005, it exists to help its members achieve their shared goal: to help people gain sustainable good employment and to progress in work.

ERSA represents organisations that deliver, or have an interest in the delivery, of employment related services. The scope of its reach includes skills provision, self-employment, offender related services, youth employment services, welfare reform and disability-related issues, as well as the design and delivery of employment programmes.

Its membership spans the private, voluntary and public sectors and it is this diversity that gives ERSA the authority to speak on behalf of the entire related services sector. ERSA's members range from multi-nationals through to small specialist charities operating in their local communities and include housing associations and local authorities. ERSA has over 200 members in total, two thirds of which are not for profit.

ERSA's objectives are simple. They are to:

- Be the representative voice for the entire employment related services sector

- Improve standards for the benefit of all jobseekers; and

- Ensure a fair and effective market for the commissioning and delivery of employment services.

ERSA is a UK-wide organisation.

ERSA Scotland is the Scottish network of ERSA UK.

Prior to 2025, ERSA's activities in Scotland were undertaken under the brand of Employment Support Scotland (ESS). The ESS brand was established as a response to the devolution of powers under the Smith Commission (2014) for the design and delivery of employment support services tailored to the needs of disabled individuals and those at risk of long term unemployment in Scotland.

Following widespread consultation with ERSA members and wider stakeholders in Scotland in late 2024, it was identified that there was an appetite for a refresh of ERSA in Scotland reflecting the evolving operating environment driven by the localism agenda of the No One Left Behind (NOLB) policy framework. NOLB aims to improve the employability system in Scotland by providing support to individuals facing barriers to employment, ensuring everyone has access to the necessary resources to find and maintain work. NOLB is a partnership between national and local government in Scotland and is managed & delivered at the local level through 32 Local Employability Partnerships (LEP's).

Accordingly, a relaunch event was held in Glasgow on 14th May 2025 at which the rebrand of **ERSA Scotland** was adopted and the 2025 work programme included the development of this employability manifesto for the sector for the Scottish Parliamentary elections in May 2026.



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