Business in the Parliament Conference (BIPC) 2025

Workshop 2 – AI and a workforce for the future

Hosted by Prosper (SCDI)

Overview

AI is changing workplaces in Scotland and around the world. AI is a rapidly growing field with a high demand for skills. The increasing adoption across the economy of AI – and specifically generative AI – is causing organisations to rethink the skills that they most need for the future. Integration of AI has the potential to increase productivity and create new jobs; but it could also replace a sizeable share of work tasks and displace a growing number of people from the workforce, exacerbating inequalities.

This workshop will explore the current and likely future influence of AI on jobs and skills in Scotland, and how businesses and/or sectors in Scotland are adopting AI and the lessons that they can share.

The purpose of this workshop is to:

- Share emerging findings from recent research on AI and jobs and skills in Scotland;
- Share learnings from how one sector – construction – is adopting AI and discuss learnings from other sectors to understand what is needed to realise the productivity and other benefits;
- Identify what support businesses and employees in Scotland need to adopt and apply AI;
- Identify changes required in Scotland's skills/education system to meet the demand for AI skills and support a dynamic and resilient workforce, and to grow the AI industry in Scotland;
- Inform the ongoing update of Scotland's AI strategy and wider Scottish Government policies.

Background

The early 2020s have seen the launch of breakthrough generative AI tools and systems (i.e. AI capable of generating text, images, videos or other data) with uses across a wide range of industries.

The UK Government's latest AI sector study found that between 2022 and 2023 the number of AI companies in the UK increased by 17% to 3,713 and the number of people employed in AI related roles rose by 29% to 64,539 people. London, the South East and the East of England accounted for 75% of registered office locations, while Scotland had the fourth largest share with 5% of the UK total.

UK Government research published in 2022 found that around one in six UK organisations had embraced at least one AI technology, including 68% of large companies, 33% of medium-sized companies and 15% of small companies. Certain sectors (including financial services, professional services, life sciences, and research and development) have developed and adopted AI more rapidly. The UK lags behind leading Asian economies, the US and some European economies in AI adoption. Modelling by the consultancy Public First has estimated that AI adoption could grow the UK economy by an additional £400bn by 2030 through enhancing innovation and productivity in UK workplaces.

In 2022, 46,000 students graduated from an AI-relevant higher education programme in the UK. While this is the highest in Europe, the UK is behind Finland and other countries on a per capita basis.

The August 2023 Business Panel Surveys for Highlands and Islands Enterprise and South of Scotland Enterprise provided evidence for the adoption of AI in regions of the Scottish economy. HIE's survey found that 30% of businesses used automation while 70% did not (with 9% of them likely to use it in the future). Training staff on its use was the top action to support use of automation. Among the benefits of automation, 46% said that it freed up staff to better use their skills and 35% said that it

alleviated staff shortages. Among the barriers to using automation, 32% answered access to expertise to help implement and 28% said access to appropriate training. SOSE's survey results were similar.

Reports by think-tank IPPR have explored how generative AI could affect the workplace. Its analysis of 22,000 tasks commonly performed by workers found that jobs reliant on computer-based tasks like project management, marketing and administrative support are being reshaped and that up to 70% of tasks in these types of roles could be significantly transformed or replaced by AI in two phases:

- **Phase 1** – Implementation by organisations that will likely target use cases in which generative AI programmes are relatively easily plugged into existing IT processes, without many changes to workflows. About 11% of tasks would be heavily impacted. Back office jobs (such as personal assistants), entry level jobs and part time jobs will be most exposed. Women will be significantly more affected (as they are more likely to work in the most exposed occupations e.g. administrative and secretarial occupations); young people will be at high risk as employers recruit for fewer entry-level jobs; and those on medium and low wages will be most exposed.
- **Phase 2** – Generative AI becomes more deeply integrated in existing organisational processes. Almost five times more tasks – about 59% of tasks – are exposed. Implementation of generative AI will increasingly affect non-routine cognitive tasks and high paying jobs. It is likely that not all organisations will adopt the technology at similar rates leading to inequalities.

Building on the wealth of existing evidence on AI, Skills Development Scotland recently took a Scottish lens by conducting research to provide a picture of the current and likely future influence of AI on jobs and skills in Scotland, gathering insight from quantitative modelling, leading commentators, employers and industry stakeholders. The research identifies a number of core themes to help address Scotland's future AI skills requirement.

The UK Government recently accepted the recommendations from the Independent Review of the AI Opportunities Action Plan. This proposed setting a short-term target to train tens of thousands of AI professionals by 2030 to meet demand and actions to create a deeper pool of AI skills and talent:

- Support universities to expand the numbers of AI graduates and teach industry-relevant skills.
- Increase the diversity of the talent pool (with women only 22% of the AI and data workforce).
- Expand further education, apprenticeships, and employer and self-led upskilling pathways.
- Ensure sufficient opportunities for workers to reskill - both into AI and AI-enabled jobs - learning from and adopting best practice from other countries e.g. Singapore and South Korea.

Scotland's AI Strategy was published in March 2021. This is led by the Scottish AI Alliance. Following recent developments, particularly the advent of 'generative AI' tools such as OpenAI's ChatGPT and nearing the halfway point of the Strategy, the Scottish Government commissioned the AI Alliance's Leadership Group in 2023 to produce an independent review and make recommendations. The Scottish AI Alliance published its report in January 2024. This is being considered by the Scottish Government. In relation to Skills, the Scottish AI Alliance made the following recommendations:

- Promote an integrated approach to development of AI skills throughout education and work.
- Identify skills likely to be needed for AI across the workforce using UK and globally resources.
- Support development of AI technical and complementary skills in initiatives e.g. Techscaler.

Suggested Discussion Questions

- How is AI being adopted in your business/sector? What is the impact on people strategies?
- From whom are businesses accessing support on AI adoption? What support is most needed?
- What are your thoughts on how AI may impact skills demand/the labour market in Scotland?
- How must the skills/education system change to respond to AI's impact on skills and careers?
- How do we ensure that AI deployments benefit workers and do not exacerbate inequalities?
- **What would be your one big skills intervention to unlock the potential of AI in Scotland?**