



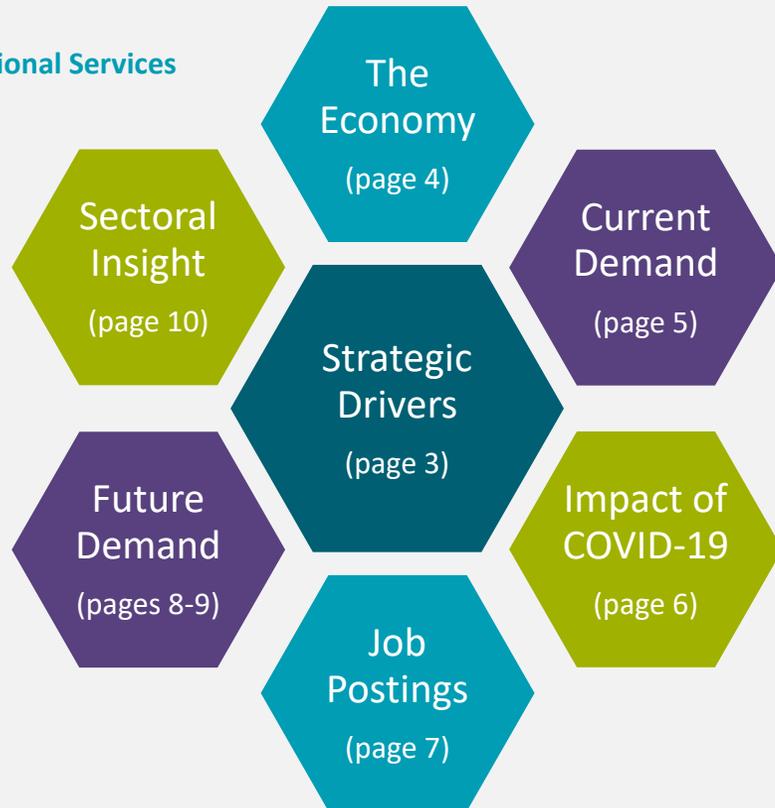
Sectoral Skills Assessments
Professional Services
June 2021

Professional Services

The sector encompasses: Legal activities and accounting activities, management consultancy services, and activities of collection agencies and credit bureaus.

The Sectoral Skills Assessments (SSAs) are produced by the SDS Evidence and Impact Team which look at current and future skills demand in the key sectors across Scotland. The aim of the SSA is to provide a high-level evidence base to inform future investment in skills, built up from existing datasets. The SSAs are published on a quarterly basis, and will continue to review new data, evidence and insight. For example, our next iteration will contain a feature on the Scottish Employer Skills Survey 2020.

This SSA for **Professional Services** will examine:



The SDS Evidence and Impact Team produce a range of labour market insight outputs:

Regional Skills Assessments

- The Regional Skills Assessments (RSAs) provide a coherent evidence base to inform future investment in skills.
- Covering all Regional Outcome Agreement areas and all City and Growth Deal Regions, the RSAs offer a detailed picture of the effect the COVID-19 pandemic is having on local labour markets across the country.
- The March release of the RSAs can be accessed [here](#) alongside the accompanying Data Matrix. The next update is planned for July.

COVID-19 Labour Market Insights

- The COVID-19 Labour Market Insights provides succinct and up-to-date evidence on the impact of the pandemic on Scotland's economy, businesses and people.
- It includes sectoral and regional insight and summarises the key challenges alongside the ongoing response from SDS.
- The June release can be accessed [here](#) alongside previously published reports and the accompanying dashboard which provides more detail on real time data.

For any further information or queries on the SSAs or any of our other products, please contact: RSA@sds.co.uk



The Context for Scotland's Labour Market



Prior to COVID-19, Scotland's labour market was already facing a number of issues and challenges. The impact of COVID-19 has added to these challenges. COVID has hit the economy hard and, although we are beginning to see some signs of recovery, it is thought that it could take between one-three years to return to pre pandemic levels of growth.¹ As Scotland's economy recovers, the interplay of these key drivers will determine Scotland's future course. The development of fit for purpose skills have an important role in supporting economic recovery and inclusive growth. An effective skills system will help to support and attract inward investment, increase productivity and tackle inequality and deprivation.²

The Economy & Productivity



Over 2020 overall, the impact of the pandemic on GDP has been dramatic and COVID-19 has led to the largest annual fall of Scottish GDP on record. At its lowest point in April 2020, GDP fell to 23.4% below its pre-pandemic level.³ Measuring productivity during the pandemic has been challenging but, at a high level, variance in productivity performance is expected across sectors and, in turn, regions.⁴

Demographic Change



As with many economies in the developed world, Scotland's population is ageing. By 2043, the number of people of pensionable age in Scotland is expected to increase by 23%, (240,000 people) whilst the working-age population is projected to decline by 7,000. This suggests the possibility for a tighter labour market in future and an increasing dependency ratio.⁵ The age structure of employment for this sector is less challenging than for other sectors.

Equality & Inclusive Growth



Scotland has led the way in advocating for inclusive growth within a broader economic development strategy. Scottish Government supports 'growth that combines increases in prosperity with greater equity, creates opportunities for all and distributes the dividends of increased prosperity fairly'.⁶ COVID-19 has had an uneven impact on some groups in society including young people, older workers, women, disabled people, ethnic minority groups, low paid and low income households.⁷

Automation



Advances in technological developments were already changing the world of work and they will continue to do so into the future. To give a sense of scale, in Scotland around 46% of jobs have high potential for automation, some 1.2m jobs.⁸ Many jobs will evolve rather than disappear. There will also be the creation of new high-quality jobs and opportunities for more flexible working, which has been expedited by the pandemic.

Climate Change



The Scottish Government has set 2045 as the target for achieving a net zero carbon economy. The labour market will be affected by changes to climate change legislation and consumer behaviours as the economy moves towards greater sustainability.⁹ The pandemic has caused behavioural change to the benefit of the environment, and 'green jobs' are at the forefront of the government's plans for recovery.

Brexit

Prior to the pandemic, Brexit was a key source of uncertainty, and this created downwards pressure across productivity, business investment, retail sales and trade. The risk exists that the number of EU workers in Scotland could decline due to reduced in-migration and/or increased return migration. Ongoing Brexit concerns, and new COVID-19 considerations, create heightened uncertainty regarding the supply of migrant labour from the EU and further afield.¹⁰ As Professional Services are not covered in the Brexit deal, impacts on employment are hard to assess. Due to data issues, the number EU employees could not be broken out for the sector.¹¹



Gross Value Added (GVA)²

The COVID-19 pandemic led to a fall in activity in the **Professional Services** sector, although it has been less affected than the Scottish economy as a whole.

Professional Services output is expected to see a relatively fast recovery, with GVA returning to its pre-pandemic level this year.



Total **Professional Services** GVA in 2021:
£2,669m
up 10% from 2011

Total **Scotland** GVA in 2021:
£137,109m
up 6% from 2011

Professional Services forecast GVA in 2031:
£3,473m
up 30% from 2021

Scotland forecast GVA in 2031:
£163,273m
up 19% from 2021

Productivity (GVA per job)

COVID-19 has impacted on productivity, and has created challenges in how it is accurately measured.³ Due to data availability at sector level, a jobs-based measure is presented below. If data supported an hours worked based measure, the data presented below would likely differ due to the impact of interventions like the Coronavirus Job Retention Scheme (CJRS). Under this scheme furloughed individuals are categorised as being employed but working no hours.



Professional Services productivity in 2021:
£33,400

Productivity across **all sectors** in 2021:
£50,200

Professional Services forecast productivity in 2031:
£39,000

Productivity across **all sectors** in 2031:
£56,600

Fair Work⁴

Fair Work is work that offers all individuals an effective voice, opportunity, security, fulfilment and respect. The impact of COVID-19 has challenged Scotland's progress in working towards Fair Work. However, at a time when many employers are redesigning their business models, the opportunity to build in Fair Work has never been greater.

One element of Fair Work relates to pay, and an associated measure is the number of employed individuals earning the Living Wage or more:⁵

Financial and insurance activities
2019: **No data** 2020: **No data**

Professional, scientific and technical
2019: **93.3%** 2020: **92.7%**

All sectors
2019: **83.2%** 2020: **84.8%**

Real estate activities
2019: **No data** 2020: **No data**

Administrative and support service
2019: **67.9%** 2020: **68.1%**



Gender Pay Gap⁴

The impact of COVID-19 may put further pressure on the gender pay gap as periods of part-time employment or unemployment have long-term effects on pay and progression.⁵

Gender Pay Gap for median full-time hourly earnings:^{5,6,7}

Financial and insurance activities
2019: **29.2%** 2020: **23.3%**

Professional, scientific and technical
2019: **29.4%** 2020: **24.7%**

Scotland
2019: **7.2%** 2020: **3.0%**

Real estate activities
2019: **11.9%** 2020: **12.5%**

Administrative and support service
2019: **3.3%** 2020: **15.9%**



1. Forecasts by Oxford Economics (unless otherwise stated).
2. GVA is the measure of the value of goods and services produced within the economy. GVA in constant 2018 prices.
3. See Technical Note on our website for more information.

4. Due to data availability, a 'best fit SIC code approach' has been used, so the sectoral definitions and totals in this section may vary from those we have used elsewhere.
5. See Page 11 for source references.

6. Estimates for employees aged 16+ on the PAYE system on adult rates whose pay for the survey period was not affected by absence. Estimates for 2020 include employees who have been furloughed under the Coronavirus Job

Retention Scheme.
7. A 4% gender pay gap denotes that women earn 4% less, on average than men. Conversely, a -4% gender pay gap denotes that women earn 4% more, on average, than men.

Current Demand¹

Professional Services Employment



Workforce size 2021:

59,300 people

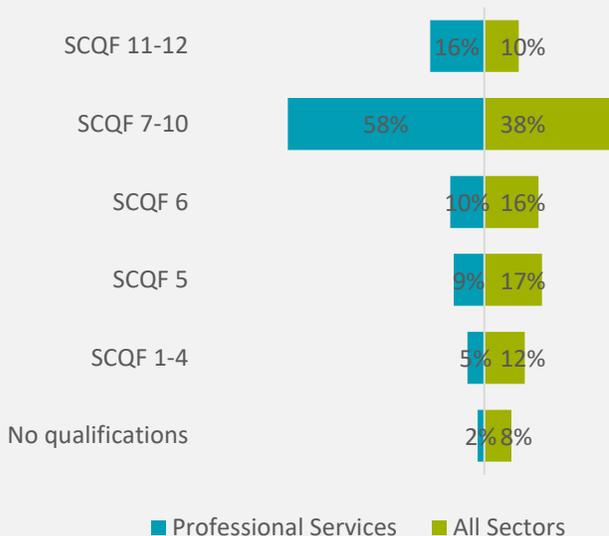


The workforce was expected to shrink between 2020 and 2021: **down by 1.3% or 800 people**



Compared to a Scotland wide decrease of **1.2% or 32,800 people**

Workforce Qualifications, 2021



Compared to all sectors, a higher proportion of the workforce in the **Professional Services** sector was qualified to SCQF levels 7-12.

1. Forecasts by Oxford Economics (unless otherwise stated).

Top Employing Occupations (people), 2021



For more information see: [ONS Standard Occupational Classification \(SOC\) Hierarchy](#)

Top Employing Regions, 2021

The **Professional Services** sector is heavily concentrated in Glasgow and Edinburgh, East and Midlothian, and other urban areas.

Glasgow Region
19,300 people

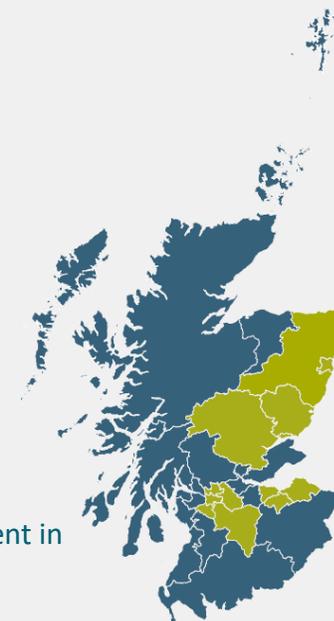
Edinburgh, East and Midlothian
15,500 people

Aberdeen City and Shire
7,800 people

Lanarkshire
3,800 people

Tayside
3,400 people

Scotland total employment in Professional Services:
59,300



Impact of COVID-19

The COVID-19 pandemic has had a major impact on the Scottish economy. For 2020 as a whole, annual GDP is estimated to have fallen by 9.6% in real terms compared to 2019.¹

All sectors in Scotland have been impacted by COVID-19, with some sectors disproportionately affected. This will lead to differences in sectoral recovery, including continued challenges around social distancing measures and new ways of working.

Furlough

As a result of new restrictions outlined by the UK Government, the Coronavirus Job Retention Scheme (CJRS) has been extended several times. Currently, the furlough scheme has been extended to 30 September 2021. From July employers will be required to contribute to employee earnings (as was the case in September and October 2020).

There are concerns that continued weak economic performance could mean furlough is a precursor to redundancy.

Jobs supported by the furlough scheme (as at 30 April 2021):^{2,3}



Information and communication, Financial and insurance, and Real estate: 10,200 jobs



Professional and scientific and technical: 15,520 jobs



Administrative and support services: 18,190 jobs



Scotland: 269,800 jobs

Redundancy^{4,5}

Partnership Action for Continuing Employment (PACE) aims to help minimise the impact for people and businesses facing redundancy.

PACE information provision (individuals):

Sector	2020/21	1 Apr 21- 31 May 21
Financial and insurance activities	110	205
Professional, scientific and technical activities	255	80
Administrative and support services	30	20
Real estate activities	No data	No data
All Sectors	7,995	1,495

PACE information provision (employers):

Sector	2020/21	1 Apr 21- 31 May 21
Financial and insurance activities	25	Fewer than 5
Professional, scientific and technical activities	10	Fewer than 5
Administrative and support services	Fewer than 5	Fewer than 5
Real estate activities	No data	No data
All Sectors	300	55

Modern Apprenticeships^{6,7}

COVID-19 has fundamentally changed the context in which apprenticeship training is delivered, and the statistics must be considered in this context. In addition, fluctuations throughout the year are expected. Due to the lower number of MA starts, comparisons with the same point year, should be treated with caution.

Data is for Quarter 4 (April - March 2019/20 and 2020/21)



MAs in training:

Financial Services*:

Q4 2019/20: **754** Q4 2020/21: **523**

Scotland:

Q4 2019/20: **38,030** Q4 2020/21: **36,928**



MA redundancies:

Financial Services*:

Q4 2019/20: **No data** Q4 2020/21: **5**

Scotland:

Q4 2019/20: **398** Q4 2020/21: **936**

* Based on [SDS Occupational Groupings](#).

^{1, 2, 4, 6.} See Page 11 for source references.

³ Please note figures are provisional and will be revised in the future. Sector groupings have been defined by HMRC.

^{5.} Disclosure control has been applied where figures are less

than five or where such numbers can be identified through differencing. (Data rounded to nearest 5).

^{7.} Disclosure control has been applied where figures are less than five or where such small numbers can be

identified through differencing.

Job Postings in Professional Services



Number of job postings from 1st June 2020 to 31st May 2021:
7,100



Solicitors
1,320 job postings
accounting for 19%



Chartered and Certified Accountants
510 job postings
accounting for 7%



Legal Associate Professionals
440 job postings
accounting for 6%

Salary 2020

Median real-time
advertised salary in
Professional Services:

£30,200*



Within **Professional Services**, the locations with the most jobs advertised were:

City of Edinburgh
2,310 job postings
accounting for 32%

Glasgow City
1,820 job postings
accounting for 26%

Aberdeen City
590 job postings
accounting for 8%



Skills

Not all job postings specify the skills required for the role, likewise the detail varies between adverts. Based on information from approximately **72%** of job postings in **Professional Services** the most requested specialised skills were:



Online job postings data provides a useful barometer for the health of the jobs market. Important to note that the data does not capture all activity, so it should be considered as an estimate of activity only.



1. See Page 11 for source references.

2. Job postings data is rounded to the nearest 10.

* Median salary based on 30% of records that contain salary information.

Future Demand in the mid-term (2021-2024)¹

In **Professional Services**, the labour market is forecast to continue to face some challenges. The forecasts for the mid-term (2021-2024) however suggest there could be some jobs growth and opportunities created as a result of the need to replace workers leaving the labour market due to retirement and other reasons.

Whilst positive, caution is needed as there are still a wide range of unknowns concerning Scotland's post COVID-19 recovery. The jobs market could also be competitive, with the number of people seeking jobs outnumbering the opportunities available. Skills mismatches and job quality will also be important factors to consider.

Professional Services Total Employment, 2021-2024



Workforce size 2024:
62,500 people



The workforce is expected to grow between 2021 and 2024:
up by 5.3% or 3,200 people



Compared to a Scotland wide increase of
3.0% or 77,600 people

Professional Services Job Openings, 2021-2024



Professional Services is forecast to account for **1.0%** of Scotland's total number of job openings in the mid-term (2021-2024)



Top Employing Occupations (people), 2024



Business and Public Service Professionals
Total Employment:
15,500



Science and Technology Professionals
Total Employment:
10,600



Business and Public Service Associate Professionals
Total Employment:
6,700



Administrative Occupations
Total Employment:
6,600



Culture, media and Sports Occupations
Total Employment:
4,300

1. All data on this page sourced from Oxford Economics, 2021. Total requirement for people is made up of expansion and replacement demand. Expansion demand is the measure of an increase/decrease in jobs as a result of economic growth or contraction; replacement demand is the number of job openings generated through labour market churn (i.e. those who retire, move away or change jobs). N.B. figures are rounded to the nearest 100 and as a result totals may not equal the sum of the constituent parts.

Future Demand in the long-term (2024-2031)¹¹

The forecasts for the long-term (2024-2031) highlight that strong jobs growth is forecast to continue in **Professional Services**. It is also expected that there could be an ongoing requirement for skilled people to fill opportunities created by people leaving the labour market. This feature of the labour market is known as the replacement requirement.

The long-term forecast is changeable and could be influenced by a range of factors both related and not to Scotland's post COVID-19 recovery. National and local policy, investment and initiatives could all influence the long-term outlook presented.

Professional Services Total Employment, 2024-2031



Workforce size 2031:

65,800 people



The workforce is expected to grow

between 2024 and 2031:

up by 5.4% or 3,400 people



Compared to a Scotland wide increase of

0.8% or 21,000 people

Professional Services Job Openings, 2024-2031



Professional Services is forecast to account for **0.7%** of Scotland's total number of job openings in the long-term (2024-2031)



Top Employing Occupations (people), 2031



Business and Public Service Professionals

Total Employment:
15,700



Science and Technology Professionals

Total Employment:
11,100



Business and Public Service Associate Professionals

Total Employment:
7,200



Administrative Occupations

Total Employment:
7,100



Culture, media and Sports Occupations

Total Employment:
4,900

1. All data on this page sourced from Oxford Economics, 2021. Total requirement for people is made up of expansion and replacement demand. Expansion demand is the measure of an increase/decrease in jobs as a result of economic growth or contraction; replacement demand is the number of job openings generated through labour market churn (i.e. those who retire, move away or change jobs). N.B. figures are rounded to the nearest 100 and as a result totals may not equal the sum of the constituent parts.



Key drivers affecting skills demand for Financial and Professional Services² are:

- The industry's role in the recovery of the economy from the impact of the COVID-19 pandemic and its adaptation to new working models;
- Digital transformation of services and enabling processes which is changing incumbents' operating models and fuelling growth of Fintech; and
- Equality, diversity and inclusion (EDI) and the journey to net zero within the wider environmental, social, governance (ESG) agenda.



Major effects on skills demand of these key drivers are:

- Digital delivery of services resulting in a need to refocus and upskill sections of the workforce;
- A demand for critical 'families' of skills such as data analytics, software development, customer service, business analytics, cybersecurity and financial crime; and
- A demand for higher order (meta) skills which are at least as important as subject qualifications, more so for some roles. These are skills like adaptability, collaboration, creativity, curiosity.



Responding to COVID-19, the industry adapted quickly to working from home with a swift rollout of supporting tech and management support. Blended working models are now becoming embedded as part of a new culture and business model.



Recruitment has been reinstated as of June 2021 with permanent vacancies prevalent in risk, finance and investment operations featuring prominently.



Digital skills such as software development continue to be in short supply as all sectors look to recruit to support normalisation of virtual working and digital delivery.



Within the parameters of IR35 companies are looking hiring on an interim basis to solve skill shortages. Also likely to see more talent solutions such as internships to address shortages.



The total of financial and professional services workers on furlough was low compared to the Scottish average – still too early to comment on the impact of ending this support.



In Scotland, the industry had prepared for all **Brexit** scenarios including no deal. The Brexit deal has, however, resulted in the withdrawal of a common mutual recognition of professional qualifications (MRPQ) meaning some occupations work under separate agreements with EU members.

Digital Skills

In its 2020 report³ the UK Financial Services Skills Taskforce identified data and technology as a megatrend impacting financial services. It stated: *'in the next 10 years every role in the financial services sector will be affected by automation and technology'*. It also noted that: *'growth in technical and digital roles... will not necessarily be filled by tech specialists'*. The trend to agile working in multi-disciplinary teams requires individuals with a blend of skills, knowledge and behaviours covering financial services and tech disciplines.

In Scotland, the Skills and Talent Group of FiSAB (Financial Services Advisory Board) is working with partners in government, industry bodies, skills agencies, professional bodies and education to address digital skills needs through schools engagement, apprenticeship pathways, short intensive courses through colleges (such as the Fast Track model⁴ currently being adapted for data analytics) and private providers as well as traditional HE routes to create a pipeline of diverse new talent and upskill the existing workforce.



¹. Insight provided by Sector Managers who work closely with industry experts and employers.

², ³, ⁴. See Page 11 for source references.

References

Page 3	<ol style="list-style-type: none">1. Scottish Fiscal Commission, Fraser of Allander, Oxford Economics (2021).2. Scottish Government (2020). Towards a robust, resilient wellbeing economy for Scotland. Available online at: https://www.gov.scot/publications/towards-robust-resilient-wellbeing-economy-scotland-report-advisory-group-economic-recovery/3. Scottish Government (2021). Monthly Economic Brief: March 2021. Available online at: https://www.gov.scot/publications/monthly-economic-brief-march-2021/4. ONS (2021). Coronavirus and the effects on UK productivity measures. Available online at: https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/articles/coronavirusandtheeffectsonukproductivitymeasures/previousReleases5. National Records for Scotland (2019). Projected population of Scotland (2018-based): National population projections by sex and age, with UK comparisons. Available online at: https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-projections/population-projections-scotland/2018-based6. Scottish Government (2015). Scotland's Economic Strategy. Available online at: https://www.gov.scot/publications/scotlands-economic-strategy/7. Skills Development Scotland (June 2021). Scotland's Labour Market and Skills Update (collated from various sources).8. IPPR (2018). Preparing for Automation and Ageing. Available online at: https://www.ippr.org/research/publications/preparing-for-automation-and-ageing9. International Labour Office (2019). Skills for a Greener Future: a global view. Available online at: https://www.ilo.org/skills/pubs/WCMS_732214/lang--en/index.htm10. Skills Development Scotland (June 2021). Scotland's Labour Market and Skills Update (collated from various sources).11. ONS (2020). Annual Population Survey, April 2019-March 2020, Working-age EU and non-EU nationals in Scotland areas by occupation groups and Industry. Available online at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/adhocs/12259workingageeuandoneunationalsinscotlandareasbyoccupationgroupsandindustry
Page 4	<ol style="list-style-type: none">1. SDS (2021). Oxford Economics Forecasts (March 2021).5. Scottish Government (2020). Annual Survey of Hours and Earnings: 2020. Available online at: https://www.gov.scot/publications/annual-survey-of-hours-and-earnings-2020/6. Scottish Government (2020). Coronavirus (COVID-19): impact on equality (research). Available online at: https://www.gov.scot/publications/the-impacts-of-covid-19-on-equality-in-scotland/
Page 5	<ol style="list-style-type: none">1. SDS (2021). Oxford Economics Forecasts (March 2021).
Page 6	<ol style="list-style-type: none">1. Scottish Government (2021). GDP quarterly national accounts: 2020 quarter 4 (October to December). Available online at: https://www.gov.scot/publications/gdp-quarterly-national-accounts-2020-q4/2. HMRC (2021). Coronavirus Job Retention Scheme statistics. 3 June 2021. Available online at: https://www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics4. SDS (2021). Internal source. PACE data relating to unique individuals and employers.6. SDS (2021). Modern Apprenticeship Statistics, Quarter 4, 2020-21. Available online at: https://www.skillsdevelopmentscotland.co.uk/publications-statistics/statistics/modern-apprenticeships/?page=1&statisticCategoryId=4&order=date-desc
Page 7	<ol style="list-style-type: none">1. Burning Glass Technologies (2021).
Page 8	<ol style="list-style-type: none">1. SDS (2021). Oxford Economics Forecasts (March 2021).
Page 9	<ol style="list-style-type: none">1. SDS (2021). Oxford Economics Forecasts (March 2021).
Page 10	<ol style="list-style-type: none">1. Insight provided by Sector Managers who work closely with industry experts and employers.2. Scottish Financial Enterprise (2021). Scotland's Financial Services Strategy. Available online at: http://www.sfe.org.uk/media/7213/scotlands-financial-services-strategy-may-2021.pdf3. TheCityUK (2020). Financial Services Skills Taskforce. Available online at: https://wp.financialserviceskills.org/wp-content/uploads/2020/08/FSST-FINAL-report-1.pdf4. For further information please see: Scottish Financial Enterprise. Available online at: http://www.sfe.org.uk/about/skills-and-talent/fast-track-into-financial-services/