

Sectoral Skills Assessment

Health Care

October 2024



Sectoral Skills Assessments

First launched in 2017, Sectoral Skills Assessments (SSAs) provide a robust and consistent evidence base to support partners in strategic skills investment planning. Skills Development Scotland (SDS) has worked with key partners and stakeholders in the production of SSAs to ensure an inclusive approach to their development, dissemination and utilisation.

SSAs include published data sets. Inevitably, when using published data there is a time lag, but the data contained is the most up-to-date available at the time of writing. SSAs also include forecast data that has been commissioned through Oxford Economics. The Technical Note¹ provides full detail on the caveats that must be applied when using forecast data, but broadly, it should be noted that:

- Forecasts are based on what we know now and include past and present trends projected into the future.
- The more disaggregated they become, especially at smaller geographical units, the less reliable they are likely to be.
- Their value is in identifying likely directions of travel rather than predicting exact figures.
- The forecasts do not account for national or sectoral activities, initiatives or investments that are planned.

Industries and occupations used in the SSAs are defined by standard industrial classifications (SIC)² and standard occupational classifications (SOC).³

This SSA report is for the Health Care sector. The sector encompasses Hospital, General Medical, Dental, and Human Health Activities. Please see Appendix 1 for the SIC definition used in this report.

Key Sectors are central to our Skills Investment Planning approach. Each Key Sector has a tailored Skills Investment Plan (SIP) which outlines trends in skills and qualification supply and employers' perspectives on the skills issues affecting the sector. Regional SIPs have also been developed and are available alongside SIPs on the SDS website.⁴

The SSAs are part of a suite of Labour Market Insight publications by SDS. Other products in the suite include:



Economy, People and Skills report which provides succinct and up-to-date evidence on Scotland's economy, businesses and people. It is updated monthly.



Regional Skills Assessments provide a coherent, consistent evidence base to inform future investment in skills, built up from existing datasets and forecasts for Regional Outcome Agreement areas, Rural Scotland and all City and Growth Deals regions. They are updated annually.



The **Data Matrix** is an interactive tool, offering more detailed data from a variety of sources in a visually engaging format. It is updated frequently.

Alongside the suite of Labour Market Insight publications, SDS also produces a wide range of reports such as statistics on Modern Apprenticeships and the Annual Participation measure for 16-19 year olds. This includes a wide range of data related to equalities. Further information can be found on the [Publications and Statistics](#) section of the SDS website.

We value user feedback on the Sectoral Skills Assessments.

If you would like to provide feedback, please do so [here](#). For any further information or queries on the SSAs or any of our other products, please contact: RSA@sds.co.uk



We held a series of webinars to complement the publication of the Sectoral Skills Assessments.



The recording of the Health and Social Care webinar can be found on the SDS YouTube Channel [here](#).

You can also watch the webinars for other key sectors and regions in Scotland [here](#).

1. SSA Technical Note (2024).

2. Office for National Statistics UK Standard Industrial Classification (SIC) 2007.

3. Office for National Statistics UK Standard Occupational Classification (SOC) 2010.

4. Skills Development Scotland Skills Investment Plans.

The Context for Scotland's Labour Market

Within the last 10 years, the economy has faced significant disruption due to events such as the pandemic, Brexit, the war in Ukraine, and the cost-of-living crisis. In addition, megatrends around demography, technology, and the environment have continued shaping Scotland's economy and labour market, many of which are interdependent. Below is an overview of the drivers expected to have the greatest influence on Scotland's labour market outlook in the near term, based on a comprehensive analysis of structural and cyclical factors.



The Economy

The economic outlook for Scotland has improved, but growth is still expected to be modest in 2024, after annual GDP figures estimated the Scottish economy (like that of the UK) remained broadly flat throughout 2023. While inflation rates have eased from their peak in October 2022, the effects of rising prices and high interest rates continue to impact Scottish households and businesses. Scotland has experienced a tight labour market in recent years, but there have been signs of this loosening in 2024.



Demographic Change

Scotland has an ageing population. In 2022, around 20 per cent of Scotland's population was aged 65 years or over, and around 15 per cent were aged under 15 years old. Population growth is also expected to slow in the next decade, and it is anticipated that the country is likely to rely on in-migration for population growth. These demographic changes in Scotland have important implications for the labour market and economy.



Inclusive Growth and Equality

Scotland continues to experience inequality, which can impact individuals' access to labour market opportunities. Cost-of-living pressures have affected different groups disproportionately, particularly in lower-income households. Geographical inequalities also exist across Scottish regions that can affect individuals' access to opportunities. There have been some advances in improving diversity within the workforce and reducing inequality, but challenges remain.



Technology and Automation

Scotland has a strong technology sector, with specific strengths in digital technology, life sciences and financial technology (fintech). The current makeup of the technology sector suggests AI will likely be the most important technological advance for the foreseeable future. It is estimated that 60 per cent of jobs in developed countries will be affected by AI. This could be disruptive within the labour market, creating challenges and opportunities for job roles and businesses.



Climate Change

The Scottish and UK governments have committed to meeting targets for Net Zero carbon emissions. The transition to Net Zero will directly impact jobs, with potential for job growth in Scotland. Upskilling and reskilling will be vital to equip Scotland's workforce with the skills needed to meet the transition. Scotland is well placed to take a lead in the development of new green technologies building on its significant natural resources and strengths in key sectors.



A fuller report on Scotland's Labour Market Drivers can be found [here](#).

The previous page provided an overview of the key drivers expected to have the greatest influence on Scotland's labour market. Below we explore how some of these drivers, and others, may influence the sector.

Inclusive Growth and Equality: Core to the Scottish Government's National Strategy for Economic Transformation (NSET) is the concept of community wealth building and the role large "Anchor Institutions" such as the NHS play in this approach to economic development. Previously in Scotland, action to reduce health inequalities would focus on controlling and reducing visible causes (such as tobacco and alcohol) and targeting professional support to those living in deprived areas. These actions focused on addressing the consequences of inequalities on people's health.

Evidence now suggests these actions alone will not eliminate health inequalities. NHS Anchors Strategic Plans provide a refocus on the causes of health inequalities, which are the socioeconomic inequalities created through the unequal distribution of income, wealth and power across communities and groups. Large institutions such as the NHS play an important role by:

- Redirecting and more fairly distributing income, power and wealth back into local communities; and
- Placing equity at the centre of all decision-making and understanding how to support marginalised or disadvantaged communities.

In 2022, the Scottish Government and COSLA published a national workforce strategy for the Health and Social Care sector. The overall vision of the strategy is to deliver "*a sustainable, skilled workforce with attractive career choices where all are respected and valued for the work they do*".

The sector is experiencing significant challenges. Scotland's ageing population, as well as other impacts such as the COVID-19 pandemic, have put greater pressure on services, driving the need to grow the workforce. The national workforce strategy, for example, outlines the need to expand the workforce in response to backlogs and changing demographics, and the need to grow the pipeline of workers.

Although challenges remain, there is evidence of some improvements. For example, the latest NHS workforce report indicates that following increases in 2022 and 2023, the vacancy rate for Nursing and Midwifery roles has fallen back to pre-pandemic levels in 2024. There has also been a 3.9% increase in Whole-Time-Equivalent (WTE) Nursing and Midwifery staff between 31st March 2023 and 2024.² However, the Royal College of Nursing describe a 'desperate picture' and that the 'workforce crisis shows little sign of improvement'.³ Longer term challenges also remain. The vacancy rate for Medical and Dental Consultants in NHS Scotland has been 6% or higher since March 2014 (latest data shows a rate of 6.9% in March 2024), compared with around 4% in March 2013.²

The number of people leaving the sector has also increased since the pandemic, with the outflow from NHS Scotland peaking at over 14,000 WTEs in the year ending March 2023, the highest level since records began in 2010, and slightly above the inflow of new workers.² The outflow of workers has reduced in the year ending March 2024, falling to around 10,000 WTEs, although this remains above the pre-pandemic level.² Workforce fatigue has been highlighted as an issue, particularly since the pandemic.³

Many occupations within the sector are on the Skilled Worker Shortage Occupation List, mostly covered by the Health and Care Visa route, and analysis from the Migration Observatory suggests the sector has become dependent on migrant labour. Health and Care Visas accounted for three-quarters (75%) of long-term Skilled Worker visas in the UK in 2023, up from 58% in 2022.⁴

It is important to note that the forecasts used in this Sectoral Skills Assessment are policy and investment neutral.

This means the figures present a baseline outlook that takes into account historical trends and external economic conditions, but the figures do not reflect investment or policy that is unconfirmed or at planning/development stage. Therefore, the forecasts should be used in conjunction with other sources, and readers are encouraged to overlay these with their own local and sectoral knowledge.

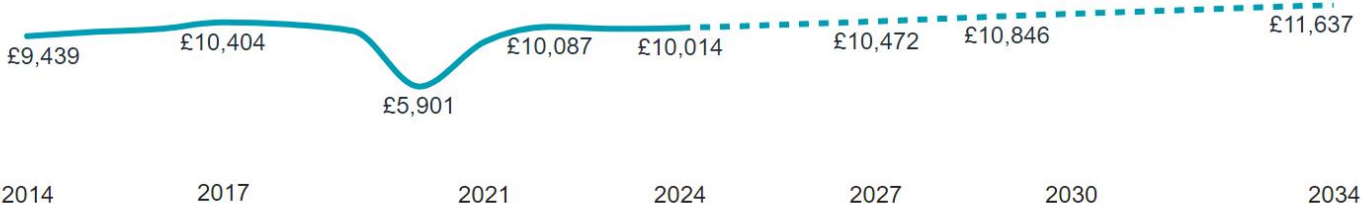
1. Insight from the sector gathered via Skills Development Scotland (2024).

2. NHS Education for Scotland (2024). NHS Scotland Workforce.

3. The Royal College of Nursing Scotland (2024). The Nursing Workforce in Scotland.

4. Migration Observatory (2024). Social care sector continues to drive demand for overseas workers as new data shows public sector roles dominate work visas.

Gross Value Added (GVA, £m) (2014-2034)²



In 2024, GVA in the Health Care sector was estimated to be £10,014m, generating 6.9% of Scotland's total economic output. Between 2014 and 2024, GVA in the sector was estimated to have increased by 2.8% on average each year, compared to growth of 0.5% across Scotland over the same period.

The weakened economic environment, constrained by high inflation and a lower level of consumption, meant that GVA in the Health Care sector was estimated to contract by 1.4% in 2023, but return to growth of 0.7% in 2024.

Looking ahead, GVA in the Health Care sector is forecast to grow on average 1.5% each year between 2024 and 2034, which is slightly above Scotland's average. In 2034, the Health Care sector is forecast to account for 7.0% of Scotland's total economic output.



Health Care forecast GVA in 2027:
£10,472m

↑ up 4.6% from 2024

Scotland forecast GVA in 2027:
£151,968m

↑ up 4.2% from 2024

Health Care forecast GVA in 2034:
£11,637m

↑ up 11.1% from 2027

Scotland forecast GVA in 2034:
£166,273m

↑ up 9.4% from 2027

Productivity (GVA per job)³

In this report, we have used Oxford Economics' measure of productivity, which is calculated by dividing total sectoral GVA by total sectoral employment (measured by jobs). Please note, there are different ways of calculating productivity, and caution is needed when interpreting productivity data presented in this report. It must be considered in the context of other data and insight.

In 2024, productivity in the **Health Care** sector was estimated to be **£41,300**. In comparison, the Scottish average was £52,000.



Health Care forecast productivity in 2027:
£41,700

↑ up 0.9% from 2024

Scotland forecast productivity in 2027:
£53,000

↑ up 1.9% from 2024



Health Care forecast productivity in 2034:
£43,300

↑ up 3.8% from 2027

Scotland forecast productivity in 2034:
£57,100

↑ up 7.9% from 2027

1. SDS (2024). Oxford Economics Forecasts.
2. GVA is the measure of the value of goods and services produced within the economy and is an indicator of the sector's health. GVA in constant

2019 prices.
3. Productivity is the measure of goods and services produced per unit of labour input. The Oxford Economics forecasts of productivity shown here

have been calculated by dividing total sector GVA by total sector employment (measured by jobs).

Current Demand¹

 Workforce size 2024: **267,000** people

The sector's workforce was estimated to have **increased** by **10.1%** or **24,400** people between 2014 and 2024.

This compares to a Scotland wide increase of **3.8%** or **97,300** people between 2014 and 2024.

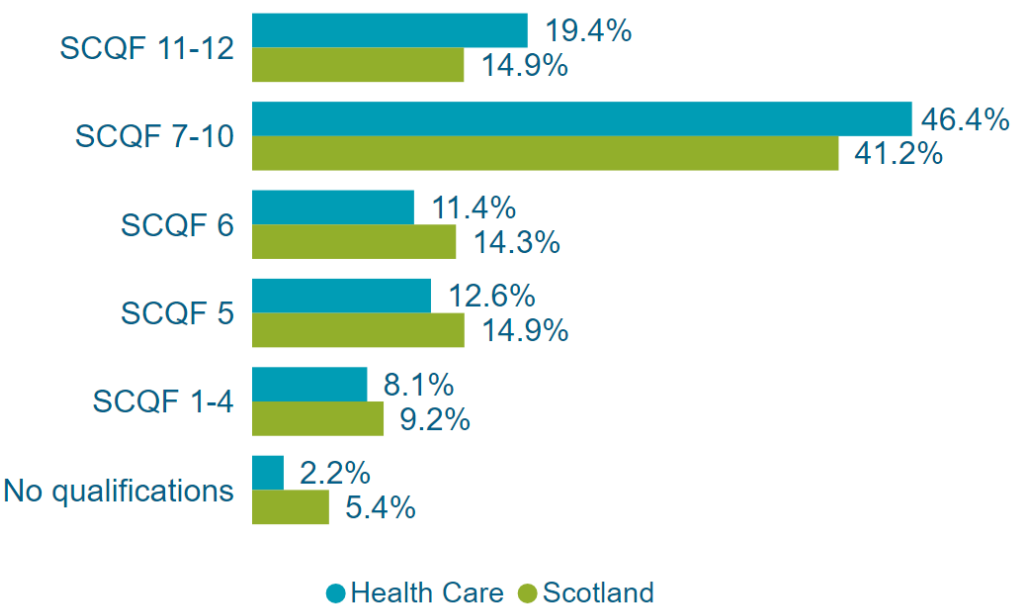
Employment by Region (people), 2024

The greatest number of people employed in **Health Care** were estimated to be in:

Glasgow College Region*	Edinburgh, East and Midlothian	Lanarkshire	Aberdeen City and Shire
48,200	40,500	26,100	26,000

Workforce Qualifications, 2024

It was estimated that workers in the **Health Care** workforce had higher qualifications than the Scottish average, with 66% qualified to SCQF Level 7 and above in 2024.²



Top 10 Employing Occupations (people), 2024



1. SDS (2024). Oxford Economics Forecasts.
2. See [SCQF Framework](#) for further information on SCQF qualification levels.

*Glasgow College Region covers East Dunbartonshire, East Renfrewshire and Glasgow City local authorities.

Current Demand¹

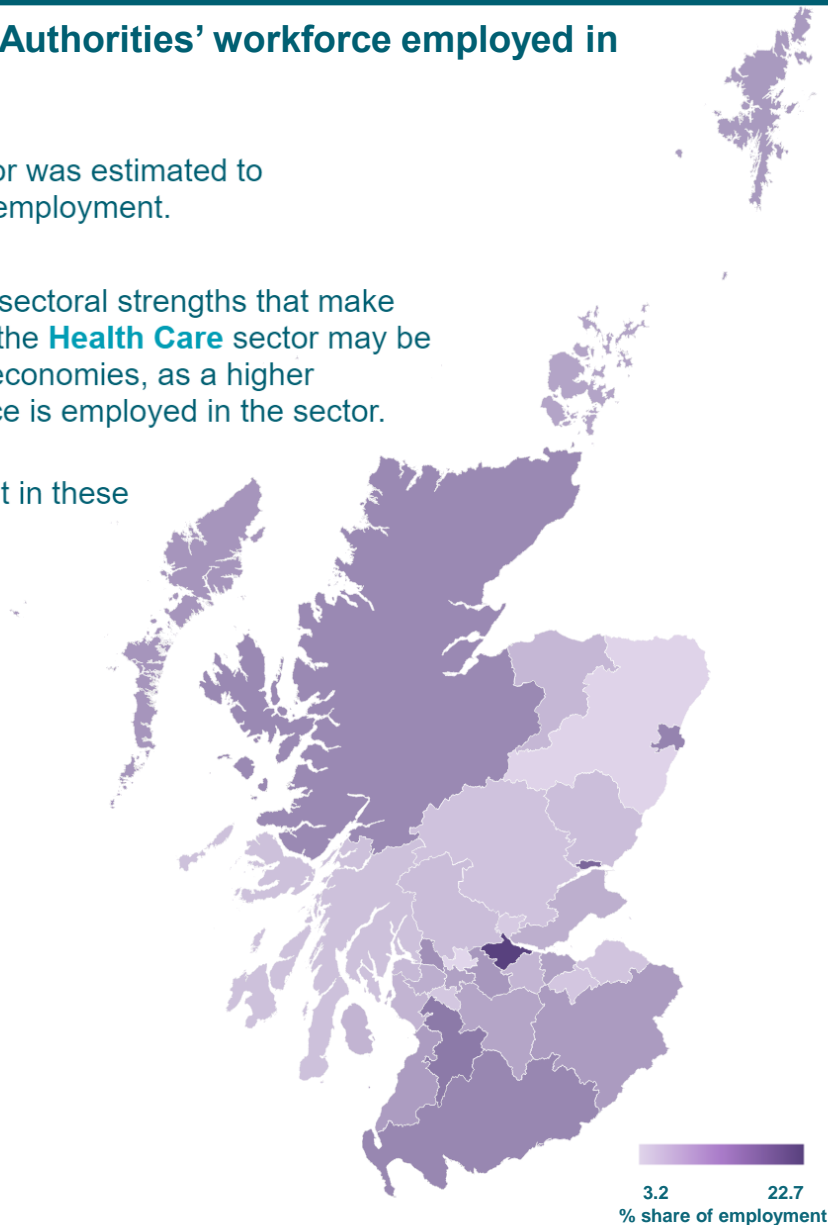
The proportion of Local Authorities’ workforce employed in Health Care, 2024²

In 2024, the **Health Care** sector was estimated to account for **10.1%** of Scottish employment.

Scottish local authorities have sectoral strengths that make them unique. This means that the **Health Care** sector may be more important to some local economies, as a higher proportion of the local workforce is employed in the sector.

The sector was most prominent in these local authorities:

- Falkirk
22.7%
- Dundee City
17.6%
- East Ayrshire
15.2%
- Aberdeen City
14.0%



1. SDS (2024). Oxford Economics Forecasts.
2. The proportion of the workforce in the Local Authority employed in the sector is calculated by dividing the sectoral employment in the area by total employment in the area.

Real Living Wage and Gender Pay Gap³

Individuals earning Real Living Wage or more:
In April 2023, the real living wage rate for employees who did not work in London was £10.90.



Human Health & Social Work Activities	
2022: 96.8%	2023: 94.0%
All sectors	
2022: 90.6%	2023: 89.9%

Gender Pay Gap for median full-time hourly earnings:



Human Health & Social Work Activities	
2022: 11.0%	2023: 16.7%
Scotland	
2022: 3.0%	2023: 1.7%

Due to data availability, a ‘best fit SIC code approach’ has been used, so sectors definitions here may not fully match key sector definitions.

Modern Apprenticeships⁴



MAs starts for Sport, Health & Social Care*:		
Q4 2022/23: 5,749	Q4 2023/24: 5,915	Q1 2024/25: 934



MAs in training for Sport, Health & Social Care*:		
Q4 2022/23: 6,683	Q4 2023/24: 6,689	Q1 2024/25: 6,241

* Based on [SDS Occupational Groupings](#).
For data on FAs and GAs please see the Publications section of our [website](#). For data on colleges and universities please see [Scottish Funding Council](#) and [Higher Education Statistics Agency](#).

3. Scottish Government (2023). Annual Survey of Hours and Earnings: 2023. 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.
4. SDS (2024). Modern Apprenticeship Statistics, Quarter 1, 2024/25.

 **Spotlight on... Nursing Professionals³**

Between July 2023 and June 2024, there were **16,240 job postings**. Job postings were high during 2022, and as a result, the number of job postings has decreased by 31.4% compared to the period between July 2022 and June 2023 (21% decline across all occupations comparatively). Despite the decline, the number of job postings remained above the pre-pandemic level for Nursing Professionals.

Top Locations between July 2023 and June 2024 were:



The largest growth in job postings between July 2022 - June 2023 and July 2023 - June 2024 was in Orkney Islands (+103) and Na h-Eileanan Siar (+52).

Specialised skills and knowledge requested (July 2023 - June 2024) included:



 Median real-time advertised salary July 2023 – July 2024:
£37,800

 **Spotlight on... Occupational Therapists⁴**

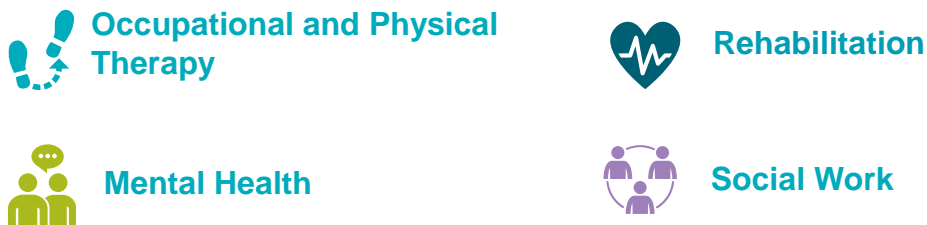
Between July 2023 and June 2024, there were **1,380 job postings**. Job postings were high during 2022, and as a result, the number of job postings has decreased by 30.0% compared to the period between July 2022 and June 2023 (21% decline across all occupations comparatively). Despite the decline, the number of job postings remained above the pre-pandemic level for Occupational Therapists.

Top Locations between July 2023 and June 2024 were:



The largest growth in job postings between July 2022 - June 2023 and July 2023 - June 2024 was in Falkirk (+19) and Dumfries and Galloway (+14).

Specialised skills and knowledge requested (July 2023 - June 2024) included:



 Median real-time advertised salary July 2023 – July 2024:
£40,100

1. Lightcast 2024. Online job postings data provides a useful barometer for the health of the jobs market. It is important to note that the data does not capture all activity, so it should be considered as an estimate of activity.

2. Job postings are rounded to the nearest 10.

3. Data is based on SOC 223 for the whole of Scotland. Median salary based on 44% of job postings.

4. Data is based on SOC 2222 for the whole of Scotland. Median salary based on 41% of job postings.

Future Demand: Mid-term (2024-2027)¹

In the mid-term (2024-2027), **the number of people in employment is forecast to grow by 2.4% (6,400 people)** in the **Health Care** sector. This is a larger percentage growth than is forecast overall across Scotland where employment is predicted to rise by 1.9% (49,800 people).

In 2027, the top employing regions in the sector are forecast to be **Glasgow College Region** and **Edinburgh, East and Midlothian**, the same as in 2024. Similar to 2024, **the largest proportion of the workforce** is forecast to be educated to **SCQF 7-10**. The top employing occupation is forecast to be **Caring Personal Service Occupations**.

Forecasts for the mid-term (2024-2027) suggest there could be demand for **29,900 people in the sector**, as a result of the need to replace workers leaving the labour market and opportunities created through expansion demand. Whilst positive, caution is needed as a wide range of factors may impact the future labour market.

Workforce (people), 2027



Workforce size 2027: **273,300** people



The sector's workforce is expected to **grow** by **2.4%** or **6,400** people between 2024 and 2027



Compared to a Scotland wide increase of **1.9%** or **49,800** people

Total Requirement*



=



+



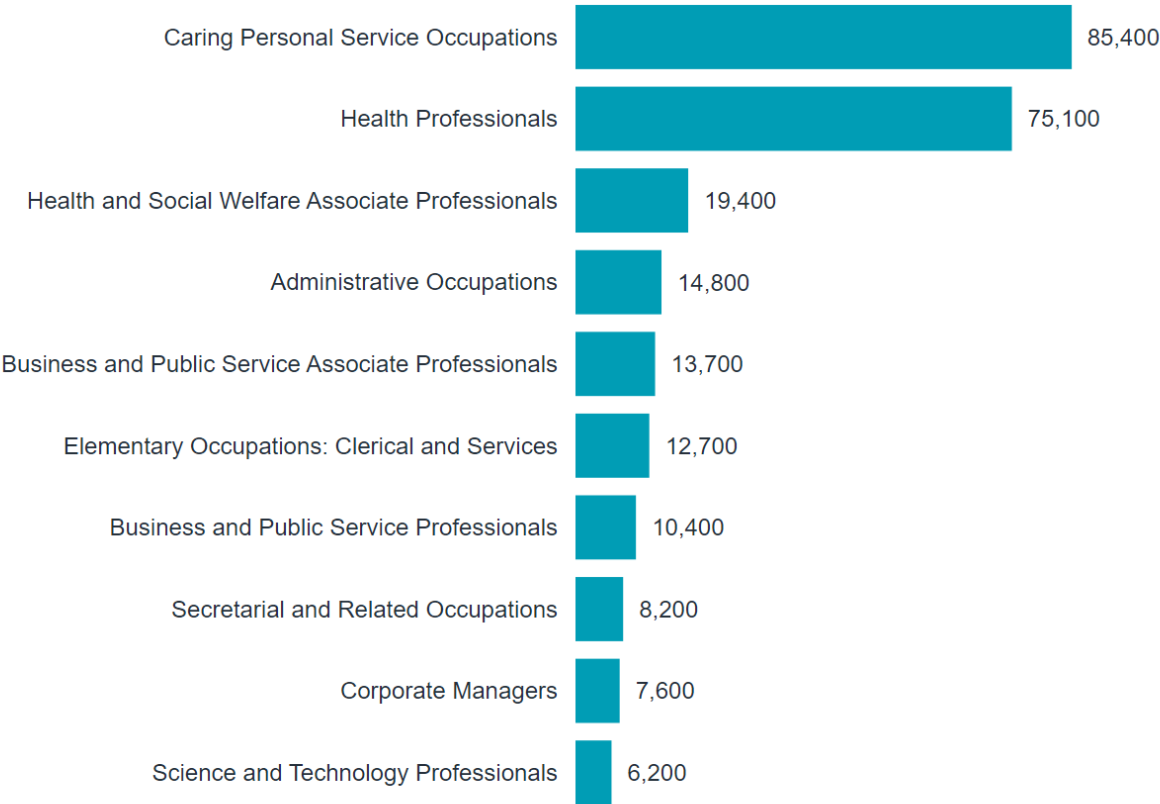
Total requirement:
29,900 people

Replacement demand:
23,500 people

Expansion demand:
6,400 people

Health Care is forecast to account for **8.1%** of Scotland's total requirement for people in the mid-term (2024-2027)

Top 10 Employing Occupations (people), 2027



1. SDS (2024). Oxford Economics Forecasts.

* Total requirement for people is made up of expansion and replacement demand. The expansion demand is the number of people required as a result of economic growth or contraction.

The replacement demand is the number of people required to replace workers leaving the labour market (i.e. those who retire, move away or change jobs). Please note, figures are rounded to the nearest 100 and as a result totals may not equal the sum of the constituent parts.

Future Demand: Long-term (2027-2034)¹

Employment growth in the **Health Care** sector is **forecast to continue, with an increase of 5.2% (14,200 people)** in the long-term (2027-2034). This is a larger percentage growth than is forecast overall across Scotland where employment is predicted to rise by 1.2% (32,000 people).

In 2034, **Glasgow College Region** and **Edinburgh, East and Midlothian** are forecast to remain the top-employing regions in the sector. The largest proportion of the workforce employed in the sector is **forecast to be educated to SCQF 7-10** and **Caring Personal Service Occupations** is forecast to remain the most in-demand occupation within the sector.

Forecasts for the long-term (2027-2034) estimate that **71,200 people** could be required in the sector. This will be driven by **the need to replace workers** leaving the labour market **and the creation of opportunities** through expansion demand.

Workforce (people), 2034



Workforce size 2034: **287,500** people



The sector's workforce is expected to **grow** by **5.2%** or **14,200** people between 2027 and 2034



Compared to a Scotland wide increase of **1.2%** or **32,000** people

Total Requirement*



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+



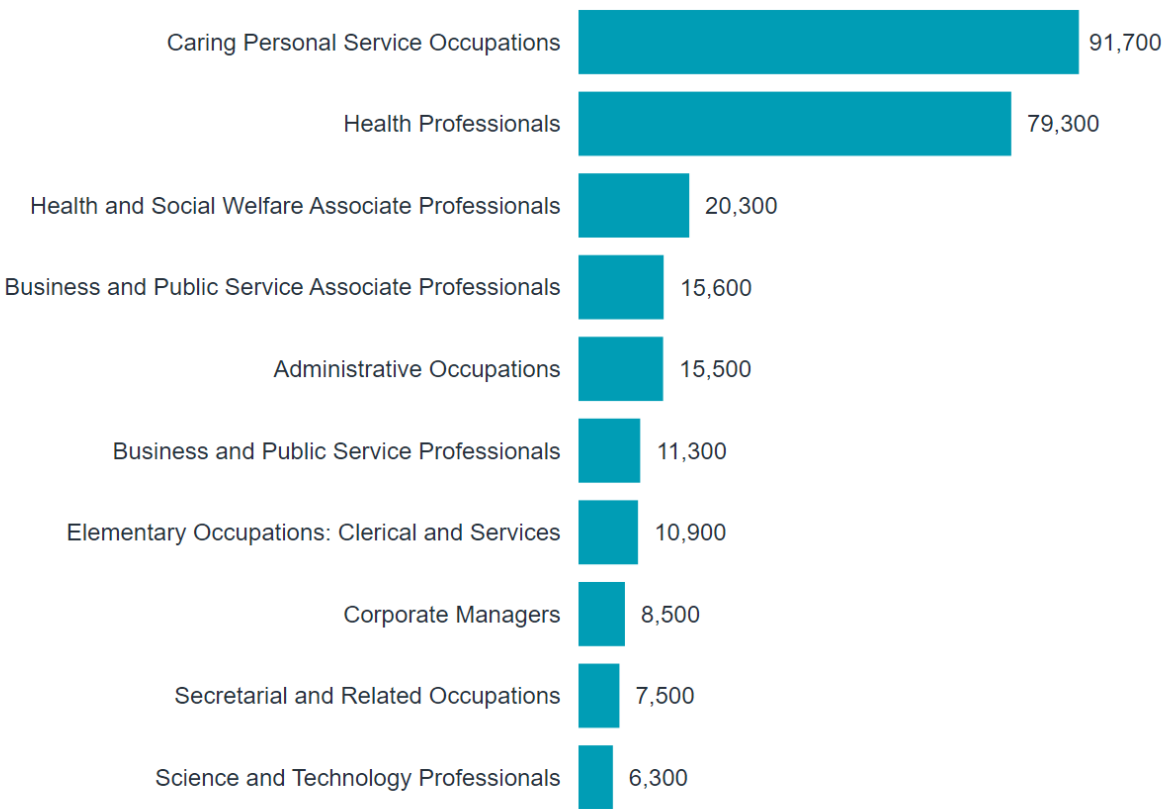
Total requirement:
71,200 people

Replacement demand:
57,000 people

Expansion demand:
14,200 people

Health Care is forecast to account for **9.0%** of Scotland's total requirement for people in the long-term (2027-2034)

Top 10 Employing Occupations (people), 2034



1. SDS (2024). Oxford Economics Forecasts.

* Total requirement for people is made up of expansion and replacement demand.

The expansion demand is the number of people required as a result of economic growth or contraction.

The replacement demand is the number of people required to replace workers leaving the labour market (i.e. those who retire, move away or change jobs). Please note, figures are rounded to the nearest 100 and as a result totals may not equal the sum of the constituent parts.

Appendix 1: Health Care Sector Definition (SIC 2007)

SIC	Name
86.1	Hospital activities
86.21	General medical practice activities
86.22	Specialist medical practice activities
86.23	Dental practice activities
86.9	Other human health activities

For further information or queries on the SSAs or any of our other products, please contact: [**RSA@sds.co.uk**](mailto:RSA@sds.co.uk)