

Overview of the labour market

Inevitably current interest in the Scottish labour market continues to focus on the trends in both employment and unemployment figures and the emerging differences in the patterns of full and part time employment, a theme developed in other sections of this edition. Public interest continues to focus on public sector employment trends and pay and for a further issue we return to these themes. Over the past months there have been a number of developments, most notably a focus on training issues and possible changes to employment tribunals.

Recent trends and statistics

Comparable figures on the labour market between Scotland and the United Kingdom in the quarter October – December 2010 are summarised in Table 1. Labour Force Survey (LFS) data show that in the quarter to December 2010 the level of employment in Scotland rose by 23 thousand, to 2,488 thousand. Over the year to December 2010,

employment in Scotland fell by 2 thousand. For the same period, UK employment rose by 218 thousand. The Scottish employment rate – those in employment as a percentage of the working age population – was 71.1 per cent, down -0.4 per cent compared to one year earlier. For the same period the UK employment rate was 70.5 per cent, down -0.1 per cent compared to one year earlier.

In considering employment, activity and unemployment rates it is important to remember the bases and relationships of these figures. LFS data is provided for: (1) all aged 16 and over and (2) for all aged 16-59/64. The first measure (all aged 16 and over) leads to higher numbers in employment, in the total economically active and economically inactive – but reduces the economic activity rates and unemployment rates, but at the same time increases the economically inactive rate. Conversely the second measure (all aged 16 to 59/64) leads to lower numbers economically active, in employment and economically inactive – but leads to a higher economically active, employment and unemployment rates but lower economically inactive rates. Figures derived from the Labour Force Survey differ slightly from those derived from the Annual Population Survey.

Table 1: Headline indicators of Scottish and UK labour market, October - December 2010

October - December 2010		Scotland	Change on quarter	Change on year	United Kingdom	Change on quarter	Change on year
Employment*	Level (000s)	2,488	23	-2	29,121	-68	218
	Rate (%)	71.1	0.4	-0.4	70.5	-0.3	-0.1
Unemployment**	Level (000s)	216	-13	10	2,492	44	40
	Rate (%)	8.0	-0.5	0.3	7.9	0.1	0.1
Activity*	Level (000s)	2,704	10	6	31,613	-24	258
	Rate (%)	77.4	0.0	0.1	76.6	-0.2	0.0
Inactivity***	Level (000s)	769	-1	6	9,361	93	36
	Rate (%)	22.6	0.0	0.1	23.4	0.2	0.0

Source: Labour Market Statistics (First Release), Scotland and UK, February 2011

* Levels are for those aged 16+, while rates are for those of working age (16-59/64)

** Levels and rates are for those aged 16+, rates are proportion of economically active.

*** Levels and rates for those of working age (16-59/64)

The relationships between employment, unemployment, totally economically active and inactive are important in appreciating changing levels of employment and unemployment, and changes in the employment rates should be seen in conjunction with changes in the activity rates. If people leave employment and become unemployed (but are still economically active) the unemployment rate increases, but the economically active rate remains unchanged. However, if people leave employment and do not seek employment, as seems to be a

continuing pattern, they are categorised as economically inactive, as such the unemployment rate remains unchanged whilst the activity and inactivity rates change. This is clearly shown in Table 1. Over the year to December 2010, the numbers employed fell by 2 thousand, whilst unemployment rose by 10 thousand – however, the numbers of those aged 16-59/64 who are economically inactive rose by 6 thousand and the numbers economically active rose by 8 thousand.

Table 2: Employment rates thousands (%) People by age July 2007 – June 2008 and July 2009 – June 2010

	16+	16 - 64	16 - 17	18 - 24	25 - 34	35 - 49	50 - 64	65+
July 2007 – June 2008	60.6	74.2	39.5	68.5	81.7	83.9	65.4	5.6
July 2009 – June 2010	58.0	71.0	30.3	62.1	78.3	81.1	64.4	6.3

Source: Labour Market Statistics (First Release), Scotland and UK, February 2011

Table 3: Employment, unemployment and inactivity rates by Local Authority Area 2007 – 2009

Geography (Residence Based)	Employment rates			Unemployment rates 16+*			Economic inactivity rates		
	2007	2008 %	Jul2009/ Jun2010	2007	2008 %	Jul2009/ Jun2010	2007	2008 %	Jul2009/ Jun2010
Scotland	76.0	75.6	71.0	4.7	4.9	7.5	20.1	20.3	23.1
Local Authority Area									
Aberdeen City	79.1	79.4	78.5	3.7	3.6	4.7	17.3	17.6	18.5
Aberdeenshire	82.6	82.2	80.7	2.5	2.6	3.4	15.6	15.5	16.4
Angus	79.1	80.0	73.0	4.5	4.6	6.0	16.2	15.6	22.6
Argyll & Bute	80.0	77.6	73.0	4.0	4.3	6.0	16.3	18.4	22.0
Clackmannanshire	69.4	70.9	72.7	5.5	5.4	8.0	25.3	25.4	23.7
Dumfries and Galloway	77.4	76.2	71.6	4.2	4.5	6.0	19.1	19.5	24.2
Dundee City	72.1	71.5	68.9	6.6	6.3	9.1	22.4	23.9	24.8
East Ayrshire	73.1	74.6	68.3	6.3	6.1	9.7	21.5	20.4	24.0
East Dunbartonshire	78.9	77.6	75.7	3.1	3.9	6.2	19.0	18.7	19.4
East Lothian	79.2	77.9	72.5	3.5	3.5	6.3	18.0	19.4	22.0
East Renfrewshire	77.2	76.5	72.4	3.4	3.6	6.2	19.1	20.5	21.9
Edinburgh, City of	77.4	76.6	68.9	4.3	4.5	6.8	19.5	19.8	26.1
Eilean Siar	79.4	78.7	69.5	4.2	4.6	6.4	17.7	16.3	26.1
Falkirk	78.1	78.9	72.5	4.6	4.4	7.5	18.5	18.3	21.9
Fife	75.9	76.5	71.1	5.6	5.8	8.3	18.8	17.7	21.6
Glasgow City	66.9	66.6	61.8	6.8	6.9	11.1	28.2	28.8	30.7
Highland	82.0	81.7	80.2	3.2	3.5	4.7	16.0	16.3	17.6
Inverclyde	68.4	72.5	68.5	7.1	6.4	9.1	24.8	23.0	24.6
Midlothian	80.7	79.9	74.7	4.2	4.2	7.0	15.1	16.2	18.7
Moray	80.4	81.8	78.8	3.5	3.8	4.9	17.2	15.0	17.6
North Ayrshire	71.5	71.8	64.4	6.4	7.4	11.3	23.5	22.0	26.9
North Lanarkshire	73.2	71.0	70.4	5.4	5.9	9.8	22.6	23.8	20.7
Orkney Islands	86.4	83.9	83.4	2.7	2.9	2.9	11.2	14.2	13.5
Perth and Kinross	78.1	78.7	72.0	3.5	3.7	5.2	18.8	17.9	23.1
Renfrewshire	75.0	76.0	68.9	5.1	5.5	8.8	20.9	18.9	24.2
Scottish Borders	81.4	80.6	71.9	3.1	3.6	5.9	16.2	15.8	22.3
Shetland Islands	88.1	88.0	86.0	2.6	2.8	3.4	10.4	10.8	11.0
South Ayrshire	77.2	75.4	69.6	5.0	5.4	8.4	18.9	20.5	23.1
South Lanarkshire	78.9	76.7	71.2	4.2	4.4	8.0	18.5	20.6	22.7
Stirling	76.8	75.2	72.1	3.9	4.5	7.2	19.2	20.2	21.6
West Dunbartonshire	73.9	71.2	66.6	6.3	6.9	10.2	20.8	23.3	25.7
West Lothian	77.8	79.1	71.9	4.8	4.6	7.7	17.7	17.4	22.6

Source: 2007 and 2008 data from Annual Population Survey (Jan to Dec)

July 2009/June 2010 data from Labour Market Statistics (First Release), Scotland and UK, February 2011

Notes: See sources for definitions and original sources

Table 1 shows that for Scotland the preferred International Labour Organisation (ILO) measure of unemployment eased to 216 thousand, between October - December 2010, but rose by 10 thousand over the year². The ILO unemployment rate eased in the three months to December 2010 and now stands at 8.0 per cent. This represents a 0.5 per cent fall

over the last quarter but a 0.3 per cent rise relative to the same period a year earlier. The comparable ILO unemployment rate for the UK stands at 7.9 per cent, and is up 0.1 per cent over the most recent quarter and up 0.1 per cent over the year.

Table 4: Total workforce jobs* by industry, Scotland, September 2010 (thousands)

Industry	June 2005	June 2006	June 2007	June 2008	June 2009	June 2010	Sept 2010
A : Agriculture, forestry and fishing	51	54	60	60	51	62	61
B : Mining and quarrying	25	28	30	30	28	25	29
C : Manufacturing	233	226	228	212	202	180	176
D : Electricity, gas, steam and air conditioning supply	10	10	13	12	11	13	12
E : Water supply; sewerage, waste management etc	16	18	17	19	22	15	15
F : Construction	181	194	203	199	166	180	187
G : Wholesale & retail trade; repair of motor vehicles etc	382	384	380	396	390	359	355
H : Transportation and storage	125	118	123	123	106	137	137
I : Accommodation and food service activities	189	190	188	191	165	196	217
J : Information and communication	72	73	79	69	73	74	68
K : Financial and insurance activities	114	107	91	98	92	91	95
L : Real estate activities	25	29	30	32	34	23	23
M : Professional, scientific and technical activities	145	154	161	176	174	153	144
N : Administrative and support service activities	174	180	192	200	184	178	170
O : Public administration & defence; social security	180	177	181	177	129	129	129
P : Education	199	200	192	208	220	210	213
Q : Human health and social work activities	384	399	383	398	387	370	379
R : Arts, entertainment and recreation	75	81	75	84	64	75	73
S : Other service activities	63	65	63	58	48	68	69
Column Total	2,644	2,685	2,690	2,740	2,546	2,539	2,553

Source: Labour Market Statistics (First Release), Scotland, February 2011

* Workforce jobs are a measure of jobs rather than people

The economically active workforce includes those individuals actively seeking employment and those currently in employment (i.e. self-employed, government employed, unpaid family workers and those on training programmes). Table 1 shows that the rate of the economically active remained unchanged between October - December 2010. There were 2,704 thousand economically active people in Scotland during October - December 2010. This comprised 2,488 thousand in employment and 216 thousand ILO unemployed. The level for those of working age but economically inactive remained unchanged in the last quarter, and the total fell by 1 thousand to 769 thousand people; this indicates an increase of 0.1 per cent in the number of people of working age economically inactive over the last year.

Data on employment by age, see Table 2, derived from the Annual Population Survey, is available up to June 2010. In the year to June 2010 employment rates fell for all age groups, except those aged 50 – 64 with the employment rate for those aged 16 – 64 falling by 2.1 percentage points

and with the largest percentage point falls being recorded for those aged 16 – 17 and 18 – 24. Employment rates for men under 50 fell more than those for women, whereas employment rates for women aged 50 and above fell more than for the equivalent male age groups. Table 2 illustrates the changing employment rates by age group between July 2007/June 2008 and July 2009/June 2010, and the significant declines for the 16 – 17 and 18 – 24 age groups.

In the year to June 2010 (the latest available data) inactivity rose by 9.6% for men and by 2.6% for women aged 16 – 17. Over the year inactivity rose by 10.4% (to 55,000) for men aged 18-24 and by 7.0% (to 73,000) for women aged 18 – 24.

The most recent (seasonally adjusted) figure for Jobseekers allowance claimants in Scotland stood at 139.7 thousand in January 2011, up 0.7 thousand or 0.5% over the year. The claimant count rate at January 2011 stood at 5 per cent. This is up 1.7 per cent over the year (note these figures are taken from table 7 in the Labour Market Statistics [First

Table 5: Trends in total employment July 2007/June 2008 to July 2009/June 2010 (change in numbers and %)

All people	2007/08	2009/10	change 2 yrs	% change
Corporate Managers : All	259,200	245,100	-14,100	-5.4
Corporate Managers : Part-time	18,600	22,800	4,200	22.6
Managers and Proprietors in Agriculture and Services : All	76,500	83,200	6,700	8.8
Managers and Proprietors in Agriculture and Services : Part-time	11,600	12,400	800	6.9
Science and Technology Professionals : All	91,200	81,900	-9,300	-10.2
Science and Technology Professionals : Part-time	7,500	5,200	-2,300	-30.7
Health Professionals : All	35,600	34,400	-1,200	-3.4
Health Professionals : Part-time	9,200	7,900	-1,300	-14.1
Teaching and Research Professionals : All	121,600	119,900	-1,700	-1.4
Teaching and Research Professionals : Part-time	24,700	29,000	4,300	17.4
Business and Public Service Professionals : All	80,800	81,300	500	0.6
Business and Public Service Professionals : Part-time	12,200	12,500	300	2.5
Science and Technology Associate Professionals : All	51,100	46,700	-4,400	-8.6
Science and Technology Associate Professionals : Part-time	3,000	4,000	1,000	33.3
Health and Social Welfare Associate Professionals : All	120,500	122,300	1,800	1.5
Health and Social Welfare Associate Professionals : Part-time	38,500	43,800	5,300	13.8
Protective Service Occupations : All	30,900	32,700	1,800	5.8
Protective Service Occupations : Part-time	600	1,900	1,300	216.7
Culture, Media and Sports Occupations : All	45,800	47,500	1,700	3.7
Culture, Media and Sports Occupations : Part-time	12,700	15,300	2,600	20.5
Business and Public Service Associate Professionals : All	127,900	115,600	-12,300	-9.6
Business and Public Service Associate Professionals : Part-time	18,600	20,900	2,300	12.4
Administrative Occupations : All	225,300	223,400	-1,900	-0.8
Administrative Occupations : Part-time	68,500	68,600	100	0.1
Secretarial and Related Occupations : All	64,000	54,300	-9,700	-15.2
Secretarial and Related Occupations : Part-time	28,400	24,200	-4,200	-14.8
Skilled Agricultural Trades : All	32,900	35,600	2,700	8.2
Skilled Agricultural Trades : Part-time	3,600	3,000	-600	-16.7
Skilled Metal and Electronic Trades : All	106,100	101,600	-4,500	-4.2
Skilled Metal and Electronic Trades : Part-time	1,500	1,800	300	20.0
Skilled Construction and Building Trades : All	106,200	82,600	-23,600	-22.2
Skilled Construction and Building Trades : Part-time	2,000	2,200	200	10.0
Textiles, Printing and Other Skilled Trades : All	46,700	56,000	9,300	19.9
Textiles, Printing and Other Skilled Trades : Part-time	9,700	11,000	1,300	13.4
Caring Personal Service Occupations : All	181,100	181,400	300	0.2
Caring Personal Service Occupations : Part-time	75,100	75,300	200	0.3
Leisure and Other Personal Service Occupations : All	50,600	47,500	-3,100	-6.1
Leisure and Other Personal Service Occupations : Part-time	18,400	20,000	1,600	8.7
Sales Occupations : All	164,600	160,600	-4,000	-2.4
Sales Occupations : Part-time	101,800	104,600	2,800	2.8
Customer Service Occupations : All	42,600	45,700	3,100	7.3
Customer Service Occupations : Part-time	12,800	16,400	3,600	28.1
Process, Plant and Machine Operatives : All	86,800	69,100	-17,700	-20.4
Process, Plant and Machine Operatives : Part-time	6,100	4,200	-1,900	-31.1
Transport and Mobile Machine Drivers and Operatives : All	99,300	97,000	-2,300	-2.3
Transport and Mobile Machine Drivers and Operatives : Part-time	11,900	12,800	900	7.6
Elementary Trades, Plant and Storage Related Occupations : All	81,700	72,400	-9,300	-11.4

Table 5 (contd/): Trends in total employment July 2007/June 2008 to July 2009/June 2010 (change in numbers and %)

All people	2007/08	2009/10	change 2 yrs	% change
Elementary Trades, Plant and Storage Related Occupations :	11,200	9,900	-1,300	-11.6
Elementary Administration and Service Occupations : All	214,400	222,000	7,600	3.5
Elementary Administration and Service Occupations : Part-time	117,300	127,800	10,500	9.0

Source: Annual Population Survey – workplace analysis

Release] February 2011 figures and measures the number of claimants on the second Thursday of each month). Unemployment data at the Scottish constituency level for January 2011 is available in a SPICe Briefing.

Statistics from the Annual Population Survey (2009) provide some indications of the impact of the recession at local area levels, by occupation and by sector (the APS combines results from the Labour Force Survey and the Scottish Labour Force Survey. Thus these figures differ slightly from those produced from the Labour Force Survey and the Annual Business Inquiry and from those published in

Labour Market Statistics (First Release), Scotland and UK, February 2011). Table 3 indicates significant differences in employment, unemployment and inactivity rates before the onset of the recession, however, between 2008 and 2009 the gap between the areas with the highest and lowest employment rates widened by 5.8 percentage points. In the year July 2009 – June 2010 employment rates varied from over 80% in Aberdeenshire, Orkney and Shetland to under 70% in Edinburgh, Eilean Siar, North and South Ayrshire, and West Dunbartonshire. Likewise unemployment rates were lowest in Aberdeenshire, Orkney and Shetland and highest in Glasgow and North Ayrshire.

Table 6: Total claimant count and computerised claims by age and duration (numbers and percentage change over year to January 2011)

	All claims	All computerised claims up to 6 months	All computerised claims over 6 and up to 12 months	All computerised claims over 12 months
All 16+ numbers	146,200	98,400	25,900	20,800
All 16+ % change over year	0.9	0.7	-7.5	12.0
All 18 – 24 over year	-1,000	200	-1,200	100
All 25- 49 over year	2,300	1,000	-400	1,700
All 50 and above over year	300	400	-500	400

The most recent figures for the number of workforce jobs by industrial activity are detailed in Table 4. Total workforce job figures are a measure of jobs rather than people. Total seasonally adjusted employee jobs for the quarter ending September 2010 (the latest available figures) stood at 2,553 thousand, up 214 thousand on the quarter but down some 3 thousand over the year. Table 4 provides some indication of the impact of the recession on sectors, with the numbers of total workforce jobs declining significantly in manufacturing, construction, wholesale/retail and financial services.

A feature of the past two years has been the increase in the numbers of part time workers in Scotland, the latest data (to June 2010), indicates that over the past year the numbers of full time workers in Scotland declined by 78 thousand (- 4.1%) whereas the numbers of part time workers rose by 25 thousand (3.9%). The majority of those working part time choose to do so, however between July 2007/June 2008 and July 2009/June 2010 the numbers reporting working part time because they could not find a full time job rose by

35 thousand, whereas those who did not want a full time job fell 14 thousand, suggesting that increasing numbers of workers were taking part time employment in the absence of full time work.

As Table 5 indicates the trend towards part time employment between July 2007/June 2008 and July 2009/June 2010 was evident across a range of occupations but not all occupations. Relative to full time employment, part time employment declined for: science and technology professionals; health professionals; and process, plant and machine operatives. However, part time employment rose relative to full time employment for: teaching and research professionals; business and public service professionals; science and technology associate professionals; business and public service associate professionals; sales occupations; customer service occupations and elementary administration and service occupations. As yet is unclear as to whether the rise of part time employment will be

Table 7: Total public sector employment in Scotland (headcount) Q1 to Q3 2010

Broad category	Area	Q1 2010	Q2 2010	Q3 2010
Civil Service	Scottish Govt Depts.	5700	5700	5600
	Crown Office	1900	1800	1800
	Scottish Govt Agencies	8300	6800	6900
	Non ministerial Depts.	1800	3400	3400
Local Government	Teachers	62700	61100	na
	Other education	51600	51000	na
	Social work	54700	54000	na
	Police & Related services	24900	24800	24700
	Fire & related services	5800	5700	5700
	Other	104700	105200	na
Total Local Government		304300	301900	297800
NHS		163000	162200	161300
Public Corporations		4600	4600	4600
Other public bodies		16100	15400	15400
Total devolved sector		506000	502200	496600
Armed forces		12100	12200	12300
Civil Service	Min of Defence	5900	5900	5800
	HM Revenue & Customs	10000	9800	9700
	DWP	12200	12000	11600
	Dept for International Dev.	500	500	500
	Scotland Office	70	70	70
	Other Civil service	3900	3900	3900
Civil service		34300	35500	34800
Public corporations		4600	4600	4500
Public bodies		15400	15400	15400
Public sector financial		36300	36700	36700
Total reserved sector		104300	104300	103800
Total Scottish employment		610,200	606400	600400

Source: Quarterly Public Sector Employment series, Scottish Government

Note: Figures may not total due to rounding

sustained through 2011, especially in the public sector as public agencies respond to the reductions in budgets. Table 6 provides some limited indications of the experience of unemployment in terms of claimant count by age and duration. The latest figures suggest that 20,800 have been claiming benefit for more than a year, up 2,200 over the year (up 12% on the year).

Data from the Annual Population Survey provides some indications of youth unemployment, in 2009 it is 'estimated that there were 36,000 young people aged 16 to 19 not in education, employment or training (NEET), representing 13.8% of all 16 to 19 year olds' (Local Labour Markets in Scotland 2010:40). This figure has increased by 5000 between 2008 and 2009 and if this trend increases poses more strongly issues of social inclusion and raises significant questions for policy makers.

Public sector employment in Scotland

As we noted in our last two Commentaries there has been much evidence to suggest that most Scottish public sector organisations have been planning considerable budget reductions in recent months, given that staff costs account for around 52% or £18.8 billion of Scottish public spending (Audit Scotland). Audit Scotland noted 'the Scottish public sector is facing the biggest squeeze on budgets since devolution' (2009:8).

Once again since the last Commentary there have further announcements as to planned cuts across the public sector as well as proposals for re organisation (merging services across authorities and services, and the merger of all or a number of police, fire and rescue services). However, to date these cuts have still to work through to actual reductions in public sector employment.

Table 8: Local Government employment by local authority (headcount) Q1, Q2 and Q3 2010 (Not seasonally adjusted)

Local Authority/Joint Boards	Q1 2010 Total all staff	Q2 2010 Total all staff	Q3 2010 Total all staff
Aberdeen City	9,500	9,400	8,900
Aberdeenshire	15,000	14,900	14,500
Angus	5,700	5,600	5,600
Argyll & Bute	5,300	5,200	5,200
Clackmannanshire	2,800	2,800	2,800
Dumfries & Galloway	8,300	8,300	8,200
Dundee City	8,200	8,100	8,000
East Ayrshire	6,700	6,600	6,600
East Dunbartonshire	5,000	5,000	4,900
East Lothian	4,900	4,800	4,800
East Renfrewshire	4,700	4,500	4,600
Edinburgh, City of	19,100	18,800	18,500
Eilean Siar	2,600	2,500	2,500
Falkirk	8,000	7,800	7,900
Fife	23,200	23,100	22,400
Glasgow City	23,500	23,100	22,300
Highland	12,900	13,000	12,700
Inverclyde	4,700	4,700	4,600
Midlothian	4,800	4,800	4,800
Moray	5,100	5,100	5,100
North Ayrshire	7,200	7,200	7,100
North Lanarkshire	17,700	17,500	17,200
Orkney Islands	2,800	2,400	2,400
Perth & Kinross	6,200	6,100	6,000
Renfrewshire	8,600	8,400	8,300
Scottish Borders	5,700	5,700	5,700
Shetland Islands	4,100	4,100	4,100
South Ayrshire	5,500	5,600	5,600
South Lanarkshire	15,500	15,800	15,500
Stirling	4,500	4,400	4,500
West Dunbartonshire	6,700	6,300	6,200
West Lothian	8,500	8,500	8,400
Total Bridge Joint Boards	100	100	100
Total Fire Joint Boards	5,800	5,700	5,700
Total Police Joint Boards	24,900	24,800	24,700
Total Valuation Joint Boards	600	600	600
Total Regional Transport (SPT)		700	700
Scotland	304,300	301,900	297,800

Source: Joint Staffing Watch Survey, Scottish Government

Notes:

Figures are rounded to nearest hundred.

Totals may not add to the sum of the parts due to rounding.

Figures for Fire Service staff exclude volunteer and retained fire-fighters.

Table 7 indicates the changing pattern of public sector public sector employment (headcount) for the first three quarters of 2010, total public sector employment has declined by 9800 over the first nine months of 2010 and table 8 the changes in headcount by local authority.

Table 7 drawing on the latest available data, Q3 2010, indicates 563,800 (22.7% of the headcount numbers employed in Scotland) are employed in the Scottish public sector (excluding those employed by RBS and Lloyds who have been reclassified as UK wide public corporations), and Tble 8 outlines headcount employment at the local authority level.

Police and Fire Service staffs in Dumfries and Galloway and Fife, who are not covered by Joint Boards, are included within the figures for Joint Boards for consistency.

As we noted in the last Overview there has been increased focus on public sector pay, especially at senior levels and a perception of excessively higher rates of public sector pay. The publication of the Interim Report of the Hutton Review of Fair Pay (December 2010), provides some evidence as to two of the three questions we posed in the last Overview, Namely:

What has been the relative escalation of these pay rates in recent years and to what extent are they dependent on performance criteria?

How do these rates compare to the private sector?

The Hutton Report notes that 'pay in the UK is unevenly distributed, and the gap between the top one per cent and the rest of the population has been widening over the past decade' (2010:7) and in the public sector 'median top salaries have been growing at faster rates than entry level salaries' (2010:9). Moreover the report concludes that 'the public sector has not been strong enough on managing pay and rewarding performance' (2010:11).

Outlook

In the year to December 2010 the total number in employment fell by 2,000 and unemployment rose by 10,000 to 216,000 and the numbers economically inactive rose by 6,000. The pattern of employment continues to change with rising numbers of part time (up 25,000 in the year to June 2010), temporary employees (up 3,000 over the same period) and workers with a second job (down

4,000 over the same period and declining numbers of full-time workers (down 78,000 in the year to June 2010). Over the same period the numbers of part time workers who could not find a full time job rose by 22,000 (30.6%).

Changes to the public sector employment landscape will be the main feature in 2011 with many sectors seeking to reduce staff numbers; offers for early retirement in a number of sectors are likely to be less than successful given the succession of such schemes over recent years. Looking forward a number of employment issues have re emerged. Changes to Employment Tribunals have been proposed by a number of business groups, most notably the introduction of a charge to use employment tribunals (proposals range from £30 to £500). The Government is considering a wider range of options including: fees, more emphasis on consultation or longer qualifying periods. The main complaints to Employment Tribunals in 2009 – 2010 included: Working Time Directive (92,500) unauthorised deductions (75,500) unfair dismissals (57,400) and 42,400 breach of contract.

The Skills Strategy (November 2011) mentions the possibility of statutory or voluntary training levies or other collective arrangements where there is a need for collective action on skills and consent within the industry can be secured – the clash between statutory and or voluntary measures has a long history in debates over skill shortages in 1964 Industrial Training Act introduced a levy to pay for training.

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