

Overview of the labour market

Inevitably current interest in the Scottish labour market continues to focus on the levels and trends in employment and unemployment and again we return to these themes. In addition the UK Government has announced plans to 'radically reform employment relations' (Vince Cable 23.11.2011), in Scotland the proposals to introduce both a national police force and national fire service have been published. Attention also focussed on the rates of pay and bonuses in the financial sector to the neglect of pay relativities, other changes in pay, earnings and pensions for other groups, the subject of industrial action within the public sector at the end of 2011.

A radical reform of employment relations

In November the Government announced proposals, partially building on the Reducing Workplace Disputes and Effectiveness consultation conducted earlier in the year, and the announcement of a call for evidence as to the effectiveness of the current TUPE regulations, to reform employment relations. Most notably in terms of further deregulation to 'reduce the onerous and unnecessary demands on businesses', to reduce the impact of those measures which currently dissuade employers from hiring new staff, to reduce the costs to employers of the current employment tribunal system and to make some changes to existing dismissals procedures.

From April 2012 the qualifying period for unfair dismissal will be increased from one to two years. In addition changes to employment tribunal procedures are expected, these are likely to include measures which require all claims to initially be referred to the Arbitration and Conciliation Service before tribunal proceedings. There are proposals that employees would be required to pay a deposit to the tribunal before proceeding with a weak case is increased from £500 to £1000. There are changes to witness expenses which can result in the parties to the tribunal being directed to pay witness costs. Further proposed changes to tribunal procedures include an issue and listing fee, higher fees for those claiming more than £30,000, and a requirement for losing employers to reimburse fees. Further proposals include reducing the consultation period for large scale redundancies from 90 to possibly 60 or even 30 days, together with a revised definition of 'establishment'. For smaller firms (ten or fewer employees) a no fault dismissal procedure has been suggested.

The government has yet to issue a response to the consultation on proposed changes to family-related leave, flexible work and statutory holidays, although Cable's

speech indicated an intention to proceed with the extension of the right to request flexible work to all employees, and to modernise new parents' rights. In addition there is to be a fundamental review of employment tribunal procedures and a consideration of proposals to reform workplace sickness and absence.

Whilst Dr Cable spoke highly of the German system of employee relations, noting employee participation on management boards, his proposals for reform did not extend to supporting the other principles of the German system of employment relations, namely worker participation or even the moves to the extent of work protection in the UK to the levels currently enjoyed in Germany. The proposed reforms were thought to be unworkable according to a survey of employment lawyers (Law Society Gazette 15th December 2011), other criticisms included the concern that the reforms could lead to a 'hire and fire' culture and would be of limited help to small businesses.

Pay levels, relativities and bonuses

Since 2008 the rate of increase in earnings has slowed significantly from 'an annual average of 4.2% in 2007, 3.9% in 2008, 1.7% in 2009 to 1.8% in 2010. In the year to June 2011 real earning fell by almost 3.8%, this follows a fall of 3.4% in the previous 12 months' (Lansley, TUC Touchstone Extras 2011). A review of pay settlements recorded by Incomes Data Services in the year to September 2011 noted that 98.8% of settlements were less than the RPI and some 63% were less than half the RPI inflation rate (Lansley, TUC Touchstone Extra). The CIPD Salary Survey covering January to June 2011 reported 77% of public sector, 55% of the voluntary sector and 52% of the private sector respondents reporting a pay freeze, and 4% of the public, 8% of the voluntary and 7% of the private sector respondents reporting pay cuts. The indications are that this pressure on real incomes will continue for several years. Lansley (2011) argues that the downward pressure on living standards is the result of five main factors: a continuing downward squeeze on pay rates, a worsening of working conditions, cuts in state spending and benefits and a 25% reduction in overtime hours. The latest CIPD survey data suggests some slight pick up in the percentage of private sector firms intending to increase pay, and at a slightly higher rate than that in the public sector.

In contrast, and the subject of much wider publicity, has been the pay and bonus increases for senior executives, most notably in sectors where there is an element of public ownership. As Incomes Data Services notes median total earnings for the lead executive in FTSE 100 companies has risen five times more quickly than those of the average employee between 2000 and 2011 (Lansley), and this gap has continued to widen. A contributory factor has been the introduction of performance related pay elements, these averaged 328% of salary amongst FTSE 100 in 2010 (High Pay Commission) The High Pay Commission's final report published in late 2011 noted the widening gap, amongst the

examples it gave included one bank which in 1979 top pay in was 14.5 times higher than the average employee it is now 75 times. The report notes (see table 1) the shift in income distribution in recent years, it argues, that if present trends continue, by 2035 the top 0.1% will take home 14% of national income – equivalent to the pattern in Victorian Britain. Already the top 0.1% share of national income is higher than most other countries, except the USA.

Table 1: National income distribution in the UK

Year	Top 0.1%	Top 1%	Top 10%
1979	1.3%	5.93%	28.4%
2007	6.5%	14.5%	40%

Source: High Pay Commission (2011) Final Report p22

The High Pay Commission only found evidence which challenged the link between pay and performance, they concluded:

- Salary growth over the past ten years bears no relation to market capitalisation, earnings per share or pre tax profit;
- There is little or no relation between total earnings trend and market capitalisation, salary growth;
- A slightly closer relation seems evident between total earnings, pre-tax profit and earnings per share, but they do not mirror each other exactly and the trend diverges significantly during certain periods.

The potential social consequences of increased inequalities in pay and earnings are fully discussed in the report. For those with longer memories there are parallels between the problems of payments by results (the performance and bonus schemes of the 1950s and 1960s) for manual workers with their wage inflationary consequences (see for example Research Paper No 11, Royal Commission on Trade Unions and Employers' Associations 1968), and the rise of performance based pay in the 1990s. There is much to suggest, that with a few exceptions the problem with performance management pay systems is that the meaningful is rarely measured and the measurable is rarely meaningful, and in the consequence of executive payments the pay is measurable but the performance improvement is not. There are few examples of pay back schemes or penalties for non achievement.

Notwithstanding the public concern as to executive pay rising youth unemployment has led to some criticisms that current minimum wage rates could be 'crowding out' young workers. At the Davos World Economic Forum debate one CEO (salary £900,000 and proposed 180% bonus) argued that the minimum wage legislation across Europe blocked young people from employment (As of October 2011 the minimum wage rates in UK are: £2.60 for year one apprentices; £3.68 for 16 – 17 year olds; £4.98 for 18 – 20

year olds and £6.08 for those aged 21 and over). More recently these ideas have resurfaced in the right wing of the Conservative party.

The Supplementary Regional Labour Market Statistics (December 2011) indicated the unemployment rate for 18 – 24 year olds was 23.5% for Scotland (October – December 2011), an increase of 5.9 percentage points over the year to October 2011, however, the report notes that in July – September 2011 of the 84,000 people aged 18 – 24 who were unemployed in Scotland, approximately 27,000 are also in full time education. About one in five unemployed young workers are those with low or no qualifications (NEETs), the hardest group to find employment.

Recent trends and statistics

Comparable figures on the labour market between Scotland and the United Kingdom in the quarter October - December 2011 are summarised in Table 2. Labour Force Survey (LFS) data show that in the quarter to December the level of employment in Scotland fell by 20 thousand, to 2,458 thousand. Over the year to December 2011, employment in Scotland fell by 28 thousand. For the same period, UK employment rose by 7 thousand. The Scottish employment rate (16 – 64) – those in employment as a percentage of the working age population – was 70.7 per cent, down 0.4 per cent compared to one year earlier. For the same period the UK employment rate was 70.3 per cent, down 0.2 per cent compared to one year earlier. Scottish unemployment, in the quarter to December, rose by 16 thousand to 231 thousand, a rise of 15 thousand over the year.

In considering employment, activity and unemployment rates it is important to remember the bases and relationships of these figures. LFS data (estimated) is provided for: (1) all aged 16 and over and (2) for all aged 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.

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

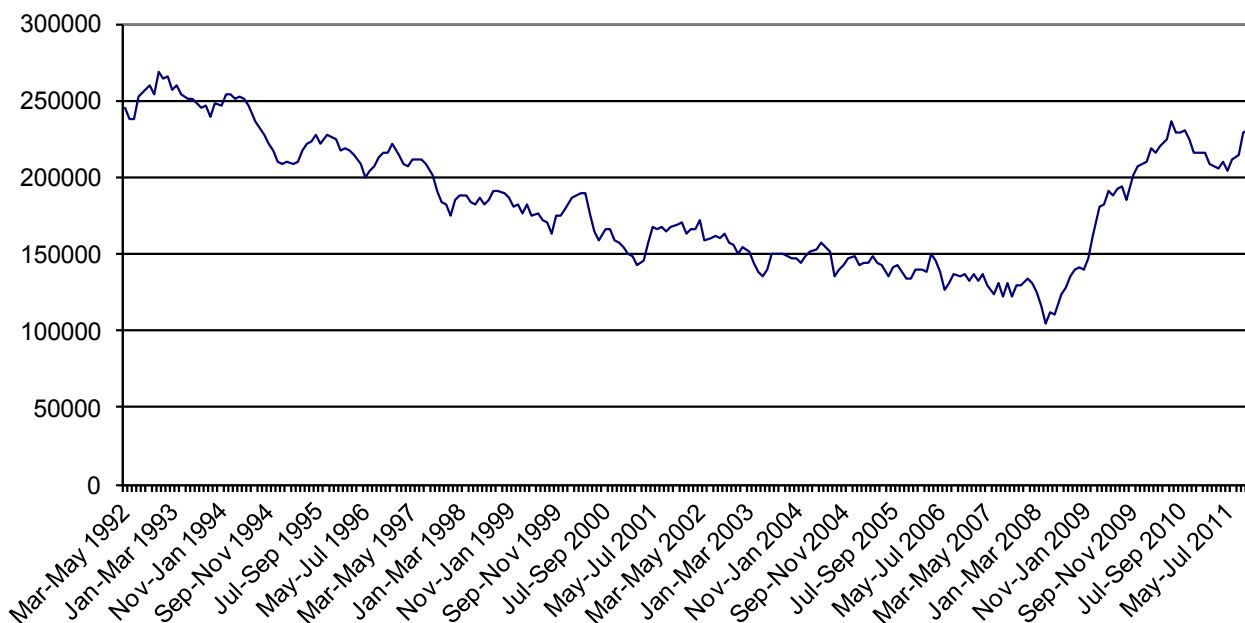
continuing pattern, they are categorised as economically inactive, as such the unemployment rate remains unchanged whilst the activity and inactivity rates change. Equally the changing pattern between full and part time employment is of interest and we return to this issue later in this section. This is clearly shown in table 2. Over the year to December 2011, the numbers employed fell by 28 thousand, whilst unemployment rose by 15 thousand – and the numbers of those aged 16-59/64 who are economically inactive fell by 3 thousand and the numbers economically active rose by 4 thousand.

Table 2 shows that for Scotland the preferred International Labour Organisation (ILO) measure of unemployment rose to 231 thousand, between October – December 2011, a rise of 15 thousand over the year. The ILO unemployment rate rose in the three months to December 2011 and now stands at 8.6 per cent. This represents a 0.6 per cent rise over the

last quarter and a 0.6 per cent rise relative to the same period a year earlier. The comparable ILO unemployment rate for the UK stands at 8.4 per cent, and is up 0.1 per cent over the most recent quarter and also up 0.5 per cent over the year.

Figure 1 illustrates the trend in unemployment in Scotland since 1992. Unemployment peaked in October – December 1992 at 268,000, it took almost five years - to August - October 1997 - to be consistently below 200,000 and a further five and a half years - to February – April 2003 - to be below 150,000 and reached the lowest number (111,000) in May – June 2008. If the same pattern is repeated, and unemployment does not rise in future months, then it may take approximately three years for unemployment to fall below 200,000.

Figure 1: Trend in Scottish unemployment 1992 – December 2011 (thousands)



Source: Labour Market Statistics (First Release), Scotland and UK, February 2012

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). Between October – December 2011 the numbers economically active (16+) fell 4 thousand and the activity rate fell by 0.2 to 62.9%. There were 2,689 thousand economically active people in Scotland during October - December 2011. This comprised 2,458 thousand in employment (2,406 thousand aged 16 – 64) and 231 thousand ILO unemployed. The level for those of working age but economically inactive fell by 2 thousand in the latest

quarter, and fell by 3 thousand over the year thousand to 775 thousand people; this indicates a fall of 0.4 per cent in the number of people of working age economically inactive over the last year.

Data on employment by age, derived from the Annual Population Survey, is available up to June 2011. In the year to June 2011 employment rates fell for those aged 18 – 24 and those aged over 50, with the employment rate for those aged 16 – 64 falling by 0.1 percentage points and with the largest percentage point falls being recorded for those aged 50 - 64 (down 1.1%). Employment rates for women again

Table 2: Headline indicators of Scottish and UK labour market, Oct - December 2011 (thousands)

Oct - Dec 2011		Scotland	Change on quarter	Change on year	United Kingdom	Change on quarter	Change on year
Employment*	Level (000s)	2,458	-20	-28	29,129	60	7
	Rate (%)	70.7	-0.4	-0.4	70.3	0.1	-0.2
Unemployment**	Level (000s)	231	16	15	2,671	48	179
	Rate (%)	8.6	0.6	0.6	8.4	0.1	0.5
Inactivity***	Level (000s)	766	-2	-3	9,286	-78	-73
	Rate (%)	22.5	0.0	-0.1	23.1	-0.2	-0.2

Source: Labour Market Statistics (First Release), Scotland and UK, February 2012

* 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)

Table 3: Employment rates thousands (%) People by age for the four years July 2007 - Jun 2008 to Jul 2010 – Jun 2011

	All 16+	16 - 64	16 - 17	18 - 24	25 - 34	35 - 49	50 - 64	65+
Jul 2007 - Jun 2008	60.8	74.2	39.4	68.5	81.6	83.9	65.5	5.7
Jul 2008 - Jun 2009	59.8	72.8	38.0	65.9	80.3	82.3	64.8	6.6
Jul 2009 - Jun 2010	58.2	71.0	30.4	62.2	78.3	81.0	64.4	6.4
Jul 2010 - Jun 2011	58.0	70.9	33.6	61.2	79.0	81.6	63.3	6.6

Source: Labour Market Statistics (First Release), Scotland and UK, February 2012

fell more than those for men, except for those aged 50 – 64. Table 3 illustrates the changing employment rates by age group for the four years April - March 2008 – 2011 and illustrates consistent declines across all age groups, except 16 – 17 year olds.

In the year to December 2011 (the latest available data) inactivity amongst 16 – 64 fell by 3 thousand a 0.3% decrease over the year and the inactivity rate (16 – 64) stood at 22.5%. Inactivity for men aged 16 – 64 fell by 8 thousand (2.5%) over the last quarter and by 13 thousand (4.9% over the year). Inactivity for women was unchanged over the past quarter but fell by 600 over the year.

In the year to June 2011 inactivity fell by 1 thousand to 783 thousand. The main increases reported for the reasons for inactivity over the year were: retired up 9 thousand and long term sick up 9 thousand. The numbers looking after family and home rose by 3 thousand and those temporarily sick fell by 2 thousand. The majority 590 thousand did not want a job – but 193 thousand were inactive but wanted employment.

The most recent (seasonally adjusted) figure for Jobseekers allowance claimants (16+) in Scotland stood at 148.2 thousand in January 2012, up 2 thousand or 1.4% over the year (these figures are taken from table 8 in the Labour Market Statistics [First Release] February 2012. The claimant count rate at January 2012 stood at 5.3 per cent, or 6.8% for men and 3.5% for women (note these figures are taken from table 7 in the Labour Market Statistics [First Release] February 2012 figures and measures the number of claimants on the second Thursday of each month). The latest unemployment data at the Scottish constituency level is available in a SPICe Briefing.

Table 4 indicates the continuing significant differences in employment, unemployment and inactivity rates at the local authority level. 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 2010 – June 2011 employment rates varied from over 80% in Shetland to between 65 - 70% in ten local authority areas and below 65% in two local authority areas. Likewise unemployment rates were again lowest in Aberdeenshire, Orkney and Shetland and highest, 11.8%, in North Ayrshire.

Table 4: Employment, unemployment and inactivity rates by Local Authority Area 2007, 2008 and July 2010 – June 2011 (%)

Geography (Residence Based)	Employment rates			Unemployment rates 16+*			Economic inactivity rates		
	2007	2008	Jul 2010/ Jun 2011	2007	2008	Jul 2010/ Jun 2011	2007	2008	Jul 2010/ Jun 2011
Scotland	76.0	75.6	70.9	4.7	4.9	7.8	20.1	20.3	23.0
Local Authority Area									
Aberdeen City	79.1	79.4	75.4	3.7	3.6	5.3	17.3	17.6	19.6
Aberdeenshire	82.6	82.2	79.7	2.5	2.6	4.0	15.6	15.5	16.4
Angus	79.1	80.0	72.3	4.5	4.6	7.1	16.2	15.6	21.1
Argyll & Bute	80.0	77.6	73.9	4.0	4.3	6.2	16.3	18.4	21.4
Clackmannanshire	69.4	70.9	72.5	5.5	5.4	8.6	25.3	25.4	22.5
Dumfries and Galloway	77.4	76.2	69.6	4.2	4.5	6.8	19.1	19.5	24.5
Dundee City	72.1	71.5	71.7	6.6	6.3	8.6	22.4	23.9	22.3
East Ayrshire	73.1	74.6	68.5	6.3	6.1	9.9	21.5	20.4	24.2
East Dunbartonshire	78.9	77.6	71.7	3.1	3.9	5.9	19.0	18.7	23.7
East Lothian	79.2	77.9	71.5	3.5	3.5	7.1	18.0	19.4	22.6
East Renfrewshire	77.2	76.5	72.2	3.4	3.6	5.6	19.1	20.5	22.6
Edinburgh, City of	77.4	76.6	72.1	4.3	4.5	6.3	19.5	19.8	23.2
Eilean Siar	79.4	78.7	65.9	4.2	4.6	6.8	17.7	16.3	31.1
Falkirk	78.1	78.9	72.9	4.6	4.4	8.0	18.5	18.3	21.2
Fife	75.9	76.5	71.7	5.6	5.8	9.0	18.8	17.7	20.5
Glasgow City	66.9	66.6	62.1	6.8	6.9	11.3	28.2	28.8	29.2
Highland	82.0	81.7	78.0	3.2	3.5	5.1	16.0	16.3	18.6
Inverclyde	68.4	72.5	70.3	7.1	6.4	9.0	24.8	23.0	22.9
Midlothian	80.7	79.9	72.9	4.2	4.2	7.7	15.1	16.2	20.5
Moray	80.4	81.8	78.7	3.5	3.8	4.9	17.2	15.0	18.8
North Ayrshire	71.5	71.8	62.8	6.4	7.4	11.8	23.5	22.0	28.2
North Lanarkshire	73.2	71.0	68.8	5.4	5.9	10.3	22.6	23.8	22.9
Orkney Islands	86.4	83.9	78.6	2.7	2.9	4.0	11.2	14.2	17.8
Perth and Kinross	78.1	78.7	75.6	3.5	3.7	5.0	18.8	17.9	20.7
Renfrewshire	75.0	76.0	66.6	5.1	5.5	9.5	20.9	18.9	26.0
Scottish Borders	81.4	80.6	73.7	3.1	3.6	5.7	16.2	15.8	22.2
Shetland Islands	88.1	88.0	85.1	2.6	2.8	3.5	10.4	10.8	13.8
South Ayrshire	77.2	75.4	67.1	5.0	5.4	8.9	18.9	20.5	25.5
South Lanarkshire	78.9	76.7	71.5	4.2	4.4	7.6	18.5	20.6	24.4
Stirling	76.8	75.2	69.3	3.9	4.5	7.1	19.2	20.2	24.6
West Dunbartonshire	73.9	71.2	68.6	6.3	6.9	10.8	20.8	23.3	22.8
West Lothian	77.8	79.1	72.7	4.8	4.6	7.6	17.7	17.4	21.9

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

July 2010 – June 2011 data from Labour Market Statistics (First Release), Scotland and UK, February 2012 (Source Annual Population survey, Job Centre Plus administrative system and Annual Business Inquiry)

Notes: See sources for definitions and original sources

and 11.3% in Glasgow, and inactivity rates were highest in Eilean Star and Glasgow City

The most recent figures for the number of workforce jobs by industrial activity are detailed in Table 5. Total workforce job figures are a measure of jobs rather than people. Total seasonally adjusted workforce jobs for the quarter ending September 2011 (the latest available figures) stood at 2,611 thousand 2,272 thousand employee jobs, 323 thousand self employed jobs, HM forces and supported trainees 16 thousand) although it is necessary to note significant recent

revisions to the 2009 and 2010 figures noted in the November 2011 Commentary. Table 5 provides some indication of both the impact of the recession and the recovery on sectors, although the trends need to be considered with some caution. Over the year to September 2011 the most significant job losses have occurred in agriculture (11.2%), construction (15.2%), transport and storage (15.9%) and accommodation & food service activities (17.8%), in contrast the declines in the service sector have been more modest – finance & insurance (5.9%), public admin etc (-4.4%) and education (3.4%).

Table 5: Total workforce jobs* by industry, Scotland, June 2005–2011 and Sept 2011 (thousands)

Industry	June 2005	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011	Sept 2011
A : Agriculture, forestry and fishing	51	54	60	60	59	62	55	53
B : Mining and quarrying	25	28	30	30	29	27	29	30
C : Manufacturing	233	226	228	212	201	181	176	172
D : Electricity, gas, steam and air conditioning supply	10	10	13	16	19	19	20	19
E : Water supply; sewerage, waste management etc	16	18	17	16	14	14	15	14
F : Construction	181	194	203	199	185	188	172	165
G : Wholesale & retail trade; repair of motor vehicles etc	382	384	380	396	398	363	389	397
H : Transportation and storage	125	118	123	123	111	140	113	117
I : Accommodation and food service activities	189	190	188	191	186	197	180	175
J : Information and communication	72	73	79	69	68	75	67	69
K : Financial and insurance activities	114	107	91	98	100	95	96	93
L : Real estate activities	25	29	30	32	32	23	29	32
M : Professional, scientific and technical activities	145	154	161	176	174	157	174	187
N : Administrative and support service activities	174	180	192	200	185	176	172	181
O : Public administration & defence; social security	180	177	181	177	146	145	139	138
P : Education	199	200	192	208	208	197	210	201
Q : Human health and social work activities	384	399	383	398	401	375	431	431
R : Arts, entertainment and recreation	75	81	75	84	71	72	71	71
S : Other service activities	63	65	63	58	59	67	65	65
Column Total	2,644	2,685	2,690	2,740	2,651	2,571	2600	2611

Source: Labour Market Statistics (First Release), Scotland, February 2012

* Workforce jobs are a measure of jobs rather than people

Note: There have been considerable revisions to the June 2009 and June 2010 from previous figures and as of September 2011 ONS are highlighting figures with a coefficient of variation greater than 25%

Table 6 outlines the changing patterns of full time and part time employment, and highlights the growth in the numbers of part time workers in Scotland, the latest data (July 2010 – June 2011), indicates that since the peak in employment (October 2007 – September 2008) total employment (employees, self employed, unpaid family workers and those on government supported training and employment programmes) has fallen by 81 thousand. Table 6 indicates the numbers of full time workers in Scotland since the peak in employment have declined by 122 thousand whilst part time employment numbers recovered very quickly and are now 40 thousand higher. The changing trends in full and part time employment since October 2007 – September 2008 are shown in figure 2. The number of self employed is now 3 thousand above that reported in October 2007 – September 2008, suggesting some substitution of self employment for employment. The number of those working part time because they could not find a full time job is 51 thousand higher than the peak in employment, suggesting that increasing numbers of workers were taking part time employment in the absence of full time work (the same argument applies to temporary work). Interestingly, and once again a comparison of tables 3 in the first release for Scotland and for the UK figures suggests that, in relative terms, the decline in full time employment has been greater in Scotland than in the UK, but in contrast the growth in part time employment, in relative terms, has been greater

suggesting that the relative ‘better’ performance in employment in Scotland in recent quarters has been fuelled by a growth in part time employment, as a comparison of FTEs would suggest. The relative growth in the numbers of self employed has been greater in the UK than in Scotland.

Figure 2 illustrates that full time employment is still 3.66 percentage points below the level before the recession, whilst part time employment is 6.44 percentage points higher than that recorded before the recession. It clearly shows how the employment ‘recovery’ has been driven more by an increase in part time employment.

Table 7, drawing on the Annual Population Survey, attempts to explore how the pattern of jobs has changed since the onset of the recession, it suggests a growth in the numbers employed in personal service, sales and customer service and elementary occupations, and some decline in managerial, professional (but a slight rise in associate professional and technical occupations), and process, plant and machine operatives. The spate of recent mergers in the professional services sector reflects the downturn in activity and suggests further losses in these sectors. This pattern would resonate with trend in increasing numbers of part time employees, but raises some concerns as to the potential availability of sufficient skills to sustain a recovery.

Table 6: Trends in total, full, part time, temporary and part time who could not find a full time job

Scotland	All in employment							
	Total ¹	Employees ¹	Self employed ¹	Full-time workers ²	Part-time workers ²	Workers with second jobs	Temporary employees	Could not find full time job
Jan 2007 - Dec 2007	2,525	2,244	263	1,892	631	93	128	60
Apr 2007 - Mar 2008	2,533	2,248	267	1,900	630	96	126	60
Jul 2007 - Jun 2008	2,544	2,254	271	1,912	629	98	125	61
Oct 2007 - Sep 2008	2,550	2,262	269	1,916	631	98	119	61
Jan 2008 - Dec 2008	2,529	2,243	268	1,900	626	99	116	64
Apr 2008 - Mar 2009	2,527	2,245	267	1,899	624	101	117	65
Jul 2008 - Jun 2009	2,515	2,235	264	1,880	632	103	123	73
Oct 2008 - Sep 2009	2,503	2,220	265	1,856	644	102	127	81
Jan 2009 - Dec 2009	2,492	2,211	265	1,844	645	102	133	84
Apr 2009 - Mar 2010	2,470	2,185	267	1,815	652	101	132	90
Jul 2009 - Jun 2010	2,462	2,179	265	1,802	656	99	126	96
Oct 2009 - Sep 2010	2,466	2,183	264	1,798	663	98	127	99
Jan 2010 - Dec 2010	2,469	2,181	268	1,793	671	97	124	106
Apr 2010 - Mar 2011	2,471	2,182	270	1,796	670	97	125	110
Jul 2010 - Jun 2011	2,469	2,179	274	1,794	671	95	131	113

Source: Labour Market Statistics (First Release), Scotland, February 2012

- Note:**
1. Includes people who did not state whether they worked part time or full time
 2. The split between full time and part time employment is based on respondents' self classification

Figure 2: Trends in full time and part time employment since October 2007 – September 2008 (October 2007 – September 2008 = 100)

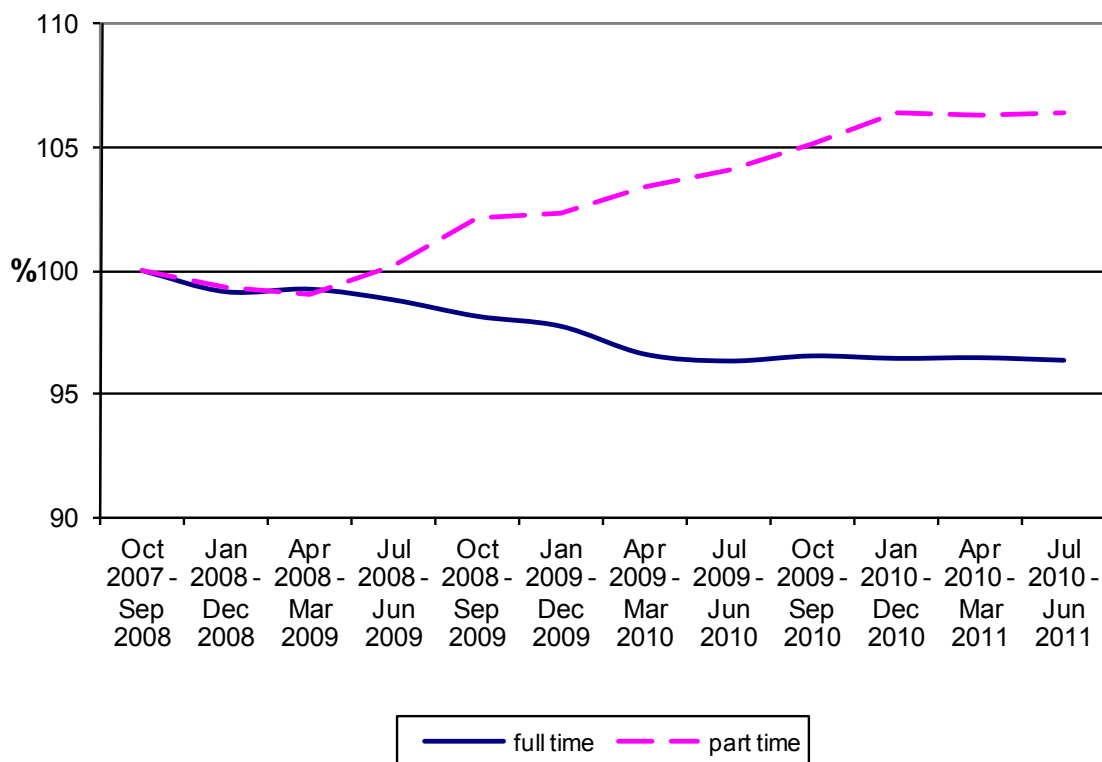


Table 7: Trends in employment by Standard Occupational Classification

	Jul 07 Jun08 percent	Jul 08 Jun 09 percent	Jul 09 J un 10 percent	Jul 10 - Jun 11 percent	number
Managers and senior officials	13.0	13.5	13.3	13.1	323,800
Professional occupations	12.9	13.4	12.7	13.3	329,300
Associate Prof & Tech occupations	14.7	14.7	14.7	15.1	372,300
Administrative and secretarial occupations	11.4	11.3	11.3	10.6	260,700
Skilled trades occupations	11.5	11.4	11.3	11.0	272,000
Personal service occupations	9.1	8.8	9.3	9.6	235,900
Sales and customer service occupations	8.1	8.0	8.4	8.5	210,600
Process, plant and machine operatives	7.3	7.2	6.8	6.8	167,500
Elementary occupations	11.6	11.6	11.9	11.8	290,300

Source: Labour Force Survey

Tables 7 and 8 of the Labour Market statistics (first release) provide information of the claimant count. The figure for January indicates a total of 148.2 thousand claimants, up 12 thousand for the year. Of interest are the differing trends in the claimant count for men and women. The claimant count for men, 104.3 thousand was down 1.9 thousand over the year, whereas the comparable figure for women, 43.9 thousand, was 3.9 thousand higher than a year ago.

Table 8 provides some limited indications of the experience of unemployment in terms of claimant count by age and duration. The latest figures suggest that 29.6 thousand have been claiming benefit for more than a year, up 8,900 over the year and 7.4 thousand have been claiming for more than 2 years, up 2.6 thousand over the year.

Trends in public sector employment are now considered in

Table 8: Total claimant count and computerised claims by age and duration (Numbers and percentage change over year to January 2012)

	All computerised claims	All computerised claims Up to 6 months	All computerised claims Over 6 and up to 12 months	All computerised claims All over 12 months
All 16+ numbers	147,800	86,900	31,300	29,600
All 16+ % change over year	1.9%	-11.7	21.1	42.7
All 18 – 24	42,300	28,600	9,500	4,200
All 25- 49	81,100	45,900	17,200	23,500
All 50 and above	23,400	12,400	4,600	6,400

Source: Labour Market Statistics (First Release), Scotland, February 2012

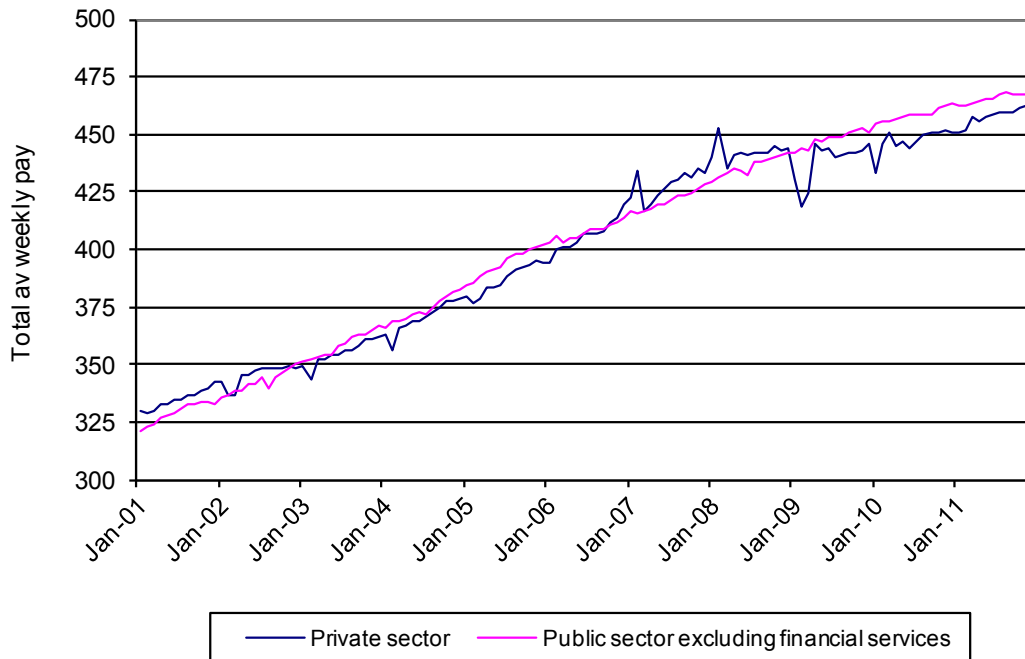
more detail a separate section in the Commentary. As the section indicates public sector employment in Scotland continues to decline. The latest data (Q3 2011) indicates that there were 588,900 employed in the public sector in Scotland, a decrease of 23,500 (3.8%) since Q3 2010. Employment in the devolved public sector declined by 21,200 (4.1%) to 492,000, due mainly to a decline in local government employment (down 13,300 over the year). Public sector employment (headcount and excluding public sector financial institutions) is now at its lowest since Q4 2001 and in percentage terms the lowest in the current data set (1999 - 2011).

More significantly the current freeze on public sector pay with a cap of 1% on the average pay increase for 2013 – 2014 (announced in the Chancellor's autumn statement)

together with proposals to link public sector pay to local labour markets coupled with the current increase pension contributions and proposals to change pension arrangements led to widespread industrial action towards the end of 2011, and is likely to contribute to further industrial action.

In the longer term the changing relationship between public and private sector pay will be increasingly significant, already there are some indications that specialist public sector staff are reacting to the current pay freeze by moving to the private sector. Previous eras of pay restraint in the public sector which have reduced earnings relative to the private sector have led to subsequent 'high' increases and/or to periods of industrial action

Figure 3: Total weekly earnings UK private and public sector 2001 – 2011



Source: Labour Market Statistics (First Release), Scotland, February 2012

Outlook

Over the past year total employment declined by 28,000 and unemployment rose by 15,000. The declines in public sector employment were not offset by rising private sector employment. All the indications are that unemployment will continue to rise through 2012. As we have noted in previous Commentaries any recovery in employment is likely to be slow and limited. Reducing unemployment/increasing activity rates for areas with a history of higher levels of unemployment will be particularly difficult and harder than in the past given the changing landscape of local and central government services.

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February 2012

