

Overview of the labour market

The latest figures on the labour market¹ in Scotland are summarised in Table 1. Labour Force Survey (LFS) data show that in the three months to November 2006 the level of employment rose by 13 thousand, to 2,480 thousand. Over the year to November 2006, employment increased by 14 thousand. The employment rate – as a percentage of the working age population – rose to 75.3 per cent, up 0.2 percentage points on the previous quarter. Over the year to November 2006, the employment rate was down by 0.2 per cent. Figure 1 provides an account of quarterly LFS employment over a five-year period to September to November 2006.

The preferred International Labour Organisation (ILO) measure of unemployment rose by 12 thousand to 137 thousand during the period September to November 2006². The ILO unemployment rate in the three months to November 2006 rose by 0.4 per cent to 5.2 per cent. This represents a slight fall relative to the same period a year earlier (5.3 per cent).

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 level of the economically active rose by 25 thousand over the last quarter to November 2006. There were 2,617 thousand economically active people in Scotland during September to November 2006. This comprised 2,480 thousand in employment and 137 thousand ILO unemployed. Taking account of the rise in ILO unemployment (of 12 thousand) and the rise in the number in employment (of 13 thousand), the total number of economically active people in Scotland rose by 25 thousand between September and November 2006. The corresponding level for those of working age economically inactive fell to 651 thousand, down 20 thousand on the previous quarter, and up 11 thousand on the same period a year earlier.

Scottish claimant count unemployment – a count of claimants on unemployment related benefits – is detailed in Table 2³. The most recent (seasonally adjusted) claimant count figure for November 2006 stood at 86.3 thousand, down 1.1 thousand from the previous month. The claimant count rate in November 2006 stood at 3.2 per cent.

Figure 2 plots ILO and claimant count unemployment for three-month periods as an index for the period March-May 2000 to September to November 2006. Claimant count unemployment has been generally falling since March-May 2000, and rose slightly during the first quarters of 2006, but

has recently begun declining again. By comparison, ILO unemployment has fluctuated widely, but still generally on a downward trend and most likely reflects movements between the level of employment and the number of people economically active at any one time. Hence, the difference between the ILO and claimant count definitions mirrors the distinction between those actively seeking work (but are jobless) and those who are eligible for unemployment benefit payments.

Following review of data released by National Statistics, in this issue we begin reporting employment vacancies across Scottish and Great Britain. Due to changes in the way in which these data are collected, consistent data are available from May 2006. We report standard vacancies, which are vacancies for an employee (rather than self-employed) person, and focus on the number of unfilled vacancies reported, and the split by full and part-time vacancy. These are shown in Table 3. In November 2006 there were 41,868 unfilled vacancies for employment reported in Scotland, with 67.5% of these vacancies for full-time employees. The total number of vacancies has fluctuated significantly since May 2006, however a longer time-trend will be required before conclusions can be drawn from this series. One feature which can be noted at the moment is that the pattern of vacancies appears significantly different between Scotland and Great Britain – with part-time vacancies a larger proportion of all vacancies in Scotland (32.5% in November 2006) than in Great Britain (25.6% in the same period). This is a feature of this series to date and will be followed as the series extends.

The most recent figures for the number of employee jobs by industrial activity are detailed in Table 4. Employee job figures are a measure of jobs rather than people. Total seasonally adjusted employee jobs for the quarter ending September 2006 stood at 2,334 thousand, unchanged from the previous quarter, and 10 thousand higher than the same period a year earlier. The number of jobs in the manufacturing industry fell to 225 thousand over the last quarter, down 2 thousand from the previous quarter, and down 8 thousand against the same quarter one year earlier. The number of jobs in the service industry fell slightly over the last quarter to 1,079 thousand, and there are now 4 thousand less jobs in the service industry than the same period ending a year earlier.

Table 5 show the proportion and numbers of workers employed as managers and senior officials, professionals, associated professionals, and technical occupations. These professions can be grouped together under the classification 'highly skilled jobs'⁵. The most recent data available (shown in Table 5) indicate that during for the most recent four-quarter average, the share of highly skilled employment within Scotland and United Kingdom stood at 39.7 per cent and 41.6 per cent respectively. This is slightly higher than the previous quarter for Scotland (39.1 per cent) and higher than the previous quarter for United Kingdom (41.4). The proportion of employment in

Scotland in highly skilled jobs has been rising steadily in recent years but continues to lag slightly behind the United Kingdom.

Outlook

Scotland's labour market continues to perform strongly in light of global uncertainty. Overall UK unemployment (as a portion of the total economically active) fell 0.1 per cent over the quarter to November 2006 to 5.5 per cent, while Scotland's comparable unemployment rate rose by 0.4 per cent over the same period to 5.2 per cent. Scotland's employment performance continues remain robust, and the employment level and rate in Scotland remains close to its highest level since 1992 (before which consistent records are unavailable). The employment rate in Scotland remained close to historically high levels at 75.3 per cent in the three months to November 2006. The claimant count rate remained at 3.2 per cent in November 2006 while the number unemployed and claiming benefit remains relatively low, despite rising to 86.3 thousand (and has been falling since June 2006). The outlook for the labour market remains healthy when compared to historical standards for Scotland, with labour market sentiments expecting relatively low unemployment and high employment to continue over the next few years.

Endnotes:

The Census 2001-consistent population figures at local authority level were released in February 2003. This has allowed the production of interim regional LFS estimates. The population data only cover the periods up to mid-2001. The data presented here are taken mainly from Labour Market Statistics, October 2004 and are consistent with the updated LFS data available on NOMIS from Summer 2004. This information has been release for rolling four-

quarters averages, making it impossible to identify individual quarters over time. Labour Market Statistics continue to report data for Scotland at the quarterly level, so this will continue to form the basis of our analysis of movements in the labour market between quarters.

The Labour Force Survey definition of ILO unemployment takes precedence over the claimant count measure. ILO unemployment is much less sensitive to changes in the regulations governing unemployment benefit, and conforms to a widely accepted standard to allow for more meaningful cross-country comparisons.

All the seasonally adjusted claimant count series have been revised back three years (to January 2000), following the latest ONS annual review. The denominators used to estimate the workplace-based regional and national claimant count rates have been updated and revised back to 1996. These workplace-based denominators, which are no longer used to calculate rates for sub-regional areas, relate to the sum of claimants and workforce jobs for the corresponding mid-year (National Statistics).

Employer Direct involves transferring the vacancy-taking process from local Jobcentres, to regional Customer Service Centres (National Statistics).

Highly skilled jobs include sections 1-3 of the Standard Occupational Classification (SOC). Figure 4 illustrates the trend in the number of workers in highly skilled jobs between Q1 1993 and Q1 2003, as an index (1993=100). However, pre-2001 data relates to SOC 1990, and post-2001 data relates to SOC 2000, therefore, the absolute levels of highly skilled jobs over this period should be interpreted with slight caution.

Table 1: Recent developments in the Scottish labour market

| | | Level (000s) | Rate (%) |
|--------------------------|--------------|--------------|----------|
| Employment* | Sep-Nov 2005 | 2,466 | 75.5 |
| | Dec-Feb 2006 | 2,464 | 75.3 |
| | Mar-May 2006 | 2,461 | 75.2 |
| | Jun-Aug 2006 | 2,467 | 75.1 |
| | Sep-Nov 2006 | 2,480 | 75.3 |
| ILO unemployment** | Sep-Nov 2005 | 139 | 5.3 |
| | Dec-Feb 2006 | 141 | 5.4 |
| | Mar-May 2006 | 146 | 5.6 |
| | Jun-Aug 2006 | 125 | 4.8 |
| | Sep-Nov 2006 | 137 | 5.2 |
| Economically active* | Sep-Nov 2005 | 2,605 | 79.8 |
| | Dec-Feb 2006 | 2,605 | 79.7 |
| | Mar-May 2006 | 2,607 | 79.8 |
| | Jun-Aug 2006 | 2,592 | 78.9 |
| | Sep-Nov 2006 | 2,617 | 79.5 |
| Economically inactive*** | Sep-Nov 2005 | 640 | 20.2 |
| | Dec-Feb 2006 | 644 | 20.3 |
| | Mar-May 2006 | 642 | 20.2 |
| | Jun-Aug 2006 | 671 | 21.1 |
| | Sep-Nov 2006 | 651 | 20.5 |

Source: Labour Market Statistics (First Release), National Statistics.

Notes:


(1) Data available as of 17th January 2007.

(2) Data taken from Table 1 of Labour Market Statistics for January 2007, ONS, and are not directly comparable with previous series taken from NOMIS.

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

** Levels and rates are for those aged 16 and over. Rate is a proportion of economically active

*** Levels and rates are for those of working age



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Table 2: Claimant count unemployment*

| (000s) | | Claimant count (Seasonally adjusted) | | Claimant flows (seasonally adjusted) | |
|--------|-----------|--------------------------------------|------|--------------------------------------|---------|
| | | Level | Rate | Off-flow | On-flow |
| 2004 | January | 96,700 | 3.6 | 23,200 | 23,800 |
| | February | 96,200 | 3.6 | 24,500 | 23,700 |
| | March | 95,500 | 3.6 | 24,400 | 23,400 |
| | April | 94,400 | 3.5 | 24,100 | 22,700 |
| | May | 92,400 | 3.5 | 24,100 | 22,700 |
| | June | 91,600 | 3.4 | 24,400 | 23,200 |
| | July | 90,200 | 3.4 | 23,000 | 21,900 |
| | August | 90,200 | 3.4 | 22,400 | 22,200 |
| | September | 90,600 | 3.4 | 22,600 | 22,200 |
| | October | 89,800 | 3.4 | 22,700 | 22,100 |
| | November | 88,800 | 3.3 | 22,900 | 22,000 |
| | December | 87,800 | 3.3 | 23,400 | 22,200 |
| 2005 | January | 86,800 | 3.2 | 23,400 | 21,700 |
| | February | 85,900 | 3.2 | 22,600 | 21,900 |
| | March | 86,100 | 3.2 | 22,200 | 21,600 |
| | April | 86,100 | 3.2 | 21,300 | 21,400 |
| | May | 86,600 | 3.2 | 21,300 | 21,200 |
| | June | 86,300 | 3.2 | 21,500 | 20,800 |
| | July | 84,900 | 3.2 | 21,500 | 20,600 |
| | August | 85,500 | 3.2 | 21,300 | 21,600 |
| | September | 86,000 | 3.2 | 21,100 | 20,900 |
| | October | 85,800 | 3.2 | 20,800 | 20,800 |
| | November | 85,700 | 3.2 | 21,000 | 20,900 |
| | December | 85,400 | 3.2 | 20,600 | 19,900 |
| 2006 | January | 84,100 | 3.1 | 20,200 | 20,700 |
| | February | 86,000 | 3.2 | 19,600 | 21,400 |
| | March | 87,500 | 3.3 | 19,700 | 19,700 |
| | April | 88,000 | 3.3 | 19,400 | 20,300 |
| | May | 88,600 | 3.3 | 19,800 | 20,200 |
| | June | 88,900 | 3.3 | 20,000 | 20,000 |
| | July | 88,600 | 3.3 | 20,100 | 20,300 |
| | August | 88,200 | 3.3 | 20,900 | 20,300 |
| | September | 87,900 | 3.3 | 20,400 | 20,100 |
| | October | 86,300 | 3.2 | 21,700 | 19,800 |
| | November | 85,400 | 3.2 | 21,500 | 19,400 |

Source: National Statistics: Labour Market Statistics, Scotland (First Release, Table 7, January 2007)

(1) Data available as of 17th January 2007

* Levels are those claiming unemployment benefits, rates are those claiming benefit divided by workforce jobs plus claimants.

Table 3: Unfilled vacancies in Scotland and Great Britain, May 2006 to November 2006

| | Total unfilled vacancies | Seeking full-time employee (%) | Scotland Seeking part-time employee (%) | Total unfilled vacancies | Seeking full-time employee (%) | Great Britain Seeking part-time employee (%) |
|----------------|--------------------------|--------------------------------|---|--------------------------|--------------------------------|--|
| May 2007 | 53,814 | 69.3% | 30.7% | 591,744 | 75.1% | 24.9% |
| June 2007 | 43,475 | 70.2% | 29.8% | 475,112 | 75.3% | 24.7% |
| July 2007 | 39,438 | 71.5% | 28.5% | 431,017 | 76.5% | 23.5% |
| August 2007 | 42,445 | 70.9% | 29.1% | 470,169 | 76.8% | 23.2% |
| September 2007 | 51,154 | 67.1% | 32.9% | 531,555 | 73.9% | 26.1% |
| October 2007 | 55,975 | 67.1% | 32.9% | 574,128 | 71.6% | 28.4% |
| November 2007 | 49,235 | 66.1% | 33.9% | 530,905 | 73.1% | 26.9% |
| December 2007 | 41,868 | 67.5% | 32.5% | 467,312 | 74.4% | 25.6% |

Source: National Statistics, JobCentrePlus Vacancies, Vacancies - Summary analysis, available from Nomisweb
 Accessed 1st February 2007

Table 4: Employee jobs by industry, 000s

| SIC 1992 section | All jobs (seasonally adjusted) | All jobs A-0 | Agriculture, Forestry and Fishing A,B | Mining, Energy and Water Supplies Industries C,E | Manufacturing Industries D | Construction F | Service Industries G-K | Public administration and other services L-0 |
|------------------|--------------------------------|--------------|---------------------------------------|--|----------------------------|----------------|------------------------|--|
| Sep 03 | 2,284 | 2,285 | 33 | 39 | 246 | 132 | 1,044 | 791 |
| Sep 04 | 2,290 | 2,291 | 31 | 38 | 237 | 120 | 1,057 | 808 |
| Sep 05 | 2,335 | 2,334 | 30 | 39 | 233 | 129 | 1,083 | 821 |
| Dec 05 | 2,329 | 2,342 | 30 | 39 | 230 | 125 | 1,089 | 828 |
| Mar 06 | 2,340 | 2,330 | 30 | 39 | 227 | 130 | 1,076 | 829 |
| Jun 06 | 2,348 | 2,344 | 30 | 40 | 227 | 134 | 1,080 | 833 |
| Sep 06 | 2,344 | 2,344 | 33 | 41 | 225 | 135 | 1,079 | 832 |

Source: National Statistics: Labour Market Statistics, Scotland (First Release, Table 5: Employee jobs by industry, January 2007)

Table 5: Proportion of employment in highly skilled jobs

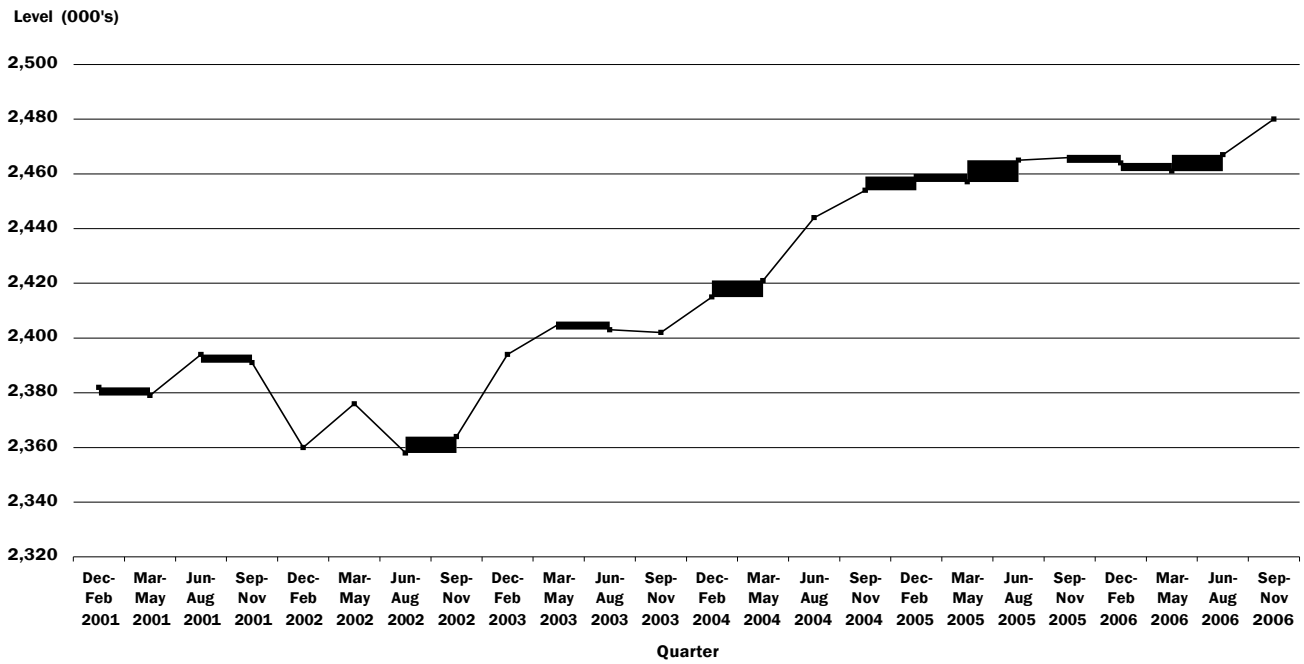
| | Level | Scotland Rate (%) | Level | United Kingdom Rate (%) |
|-------------------|---------|-------------------|------------|-------------------------|
| Jan 2004-Dec 2004 | 923,100 | 38.3 | 11,469,100 | 41.0 |
| Apr 2004-Mar 2005 | 931,200 | 38.5 | 11,564,200 | 41.3 |
| Oct 2004-Sep 2005 | 938,300 | 38.9 | 11,595,200 | 41.2 |
| Jan 2005-Dec 2005 | 945,300 | 39.1 | 11,633,800 | 41.4 |
| Apr 2005-Mar 2006 | 958,000 | 39.7 | 11,706,000 | 41.6 |

Source: National Statistics, Nomis (Annual Population Survey)

Notes:

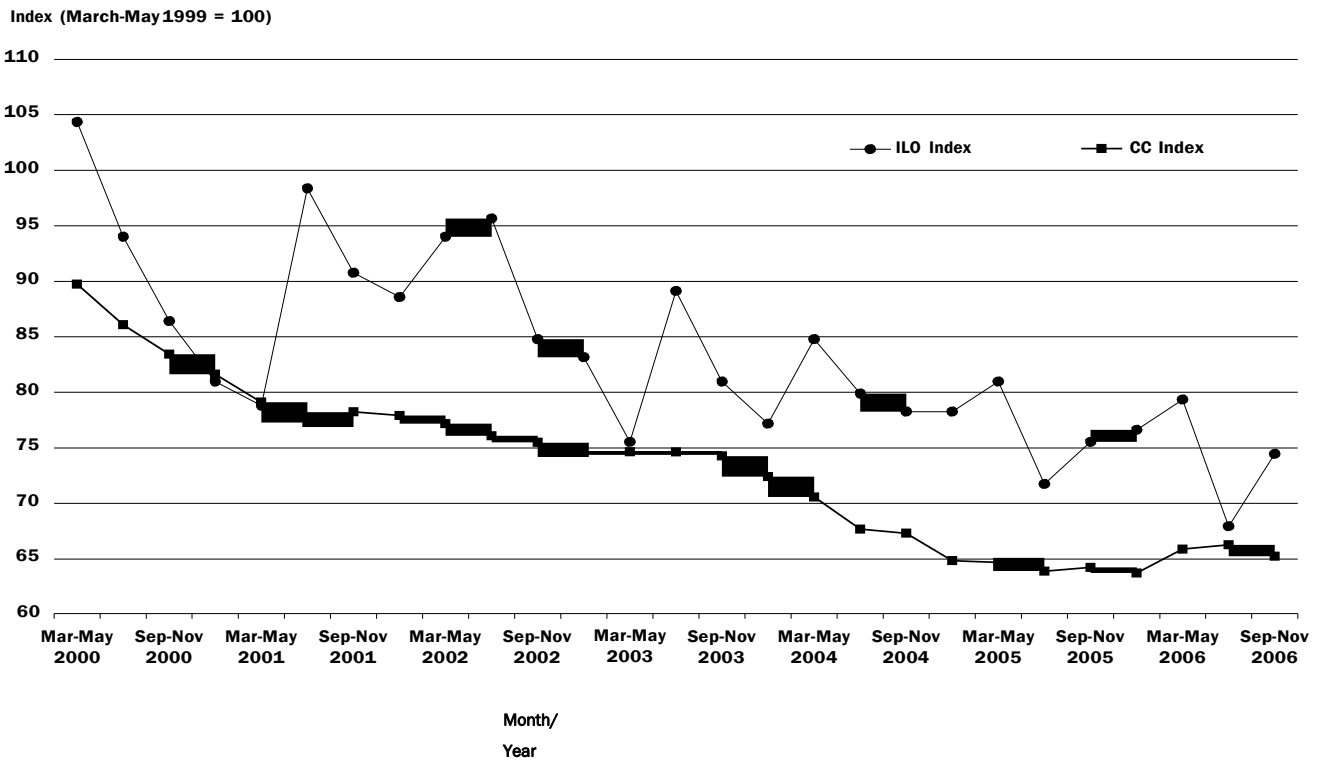
Highly skilled jobs includes sections 1-3 of the Standard Occupational Classification, where 1 = managers and senior officials, 2 = professional occupations and 3 = associate professional and technical occupations.

Figure 1: LFS employment in Scotland for those aged 16 and over, Dec-Feb 2001 to Sep-Nov 2006



Source: National Statistics (NOMIS)

Figure 2: Claimant Count and ILO Unemployment in Scotland, Mar-May 2000 to Mar-May 2006



Source: National Statistics (Nomis)

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March 2007