

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 February 2005 the level of employment rose by 3 thousand, to 2,449 thousand. Over the year to February 2005, employment increased by 36 thousand. The employment rate – as a percentage of the working age population – rose marginally to 75.3 per cent, up 0.1 percentage points on the previous quarter. Over the year to February 2005, the employment rate was up by 0.9 per cent. Figure 1 provides an account of quarterly LFS employment over a three-year period to February 2005.

The preferred International Labour Organisation (ILO) measure of unemployment rose by 2 thousand to 144 thousand during the period December to February 2005. The ILO unemployment rate in the three months to February 2005 rose slightly to 5.6 per cent. This represents no change on the same period a year earlier (5.6 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 6 thousand over the last quarter to February 2005. There were 2,593 thousand economically active people in Scotland during December 2004 to February 2005. This comprised 2,449 thousand in employment and 144 thousand ILO unemployed. Taking account of the increase in ILO unemployment (of 2 thousand) and the rise in the number in employment (of 4 thousand), the total number of economically active people in Scotland rose by 6 thousand between September and November 2004. The corresponding level for those of working age economically inactive fell to 633 thousand, down 5 thousand on the previous quarter, and down 32 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 May 2005 stood at 86.9 thousand, up 0.4 thousand from the previous month. The claimant count rate in May 2005 remained at 3.3 per cent, down from 92.7 thousand (3.5 per cent) compared in May 2004.

Figure 2 plots ILO and claimant count unemployment for three-month periods as an index for the period March-May 2000 to December 2004-February 2005. Claimant count unemployment has been generally falling since March-May 2000, and continued that fall throughout 2004. By comparison, ILO unemployment has fluctuated more 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.

The Office for National Statistics (ONS) had deferred releasing figures for vacancies due to distortions in the data since May 2001, resulting mainly from the introduction of Employer Direct4. ONS have very recently made available a wide range of Jobcentre Plus vacancy data, which should form the basis of vacancy data in the future. At the moment, ONS have such concerns over the appropriateness of these data as a labour market indicator that they are not due to be included in the labour market statistics First Release. Our intention is to monitor these data to see if they can be used for future reports on the labour market in Scotland.

Labour Force Survey (LFS) data provide the industrial composition of the total number of individuals in employment within Scotland. Data released through NOMIS has taken a rolling four-quarter average on this measure. Table 3 shows that for September 2002-August 2003 to March 2004- February 2005, the percentage share of employment within manufacturing fell 0.1 per cent to 11.8 per cent. This represented an decrease of 0.1 per cent on the previous four quarter average – down from 12.3 per cent from the four quarter average beginning one year previously. The share of employment within services fell marginally to 75.3 per cent from the previous four-quarter average to the most recent one, which represents no change from the rolling average beginning one year previously.

The percentage share of employment within the Banking and Finance sector remains steady at 13.5 per cent.

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 December 2005 stood at 2,275 thousand, up 12 thousand from the previous quarter, and 14 thousand higher than the same

period a year earlier. The number of jobs in the manufacturing industry remained at 237 thousand over the last quarter, down 4 thousand when compared against the same quarter one year earlier. The number of jobs in the service industry increased over the last quarter to 1,072 thousand, 16 thousand higher than the quarter ending September 2004, and 3 thousand higher than the same period a year earlier.

Table 5 and Figure 3 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 (shown in Table 5) indicate that during for the most recent four-quarter average, the share of highly skilled employment within Scotland and Great Britain stood at 38.3 per cent and 41.1 per cent respectively. This is lower than the previous quarter for Scotland (38.4 per cent) and higher than the previous quarter for Great Britain (41.0). Figure 3 illustrates that the number of workers in Scotland employed in highly skilled jobs has been rising steadily over recent years but continues to lag slightly behind Great Britain.

Outlook

Scotland's labour market continues to perform strongly in light of global uncertainty. Overall UK unemployment rose slightly over the last quarter, up 0.1 per cent to 4.8 per cent, while Scotland's unemployment rate also increased by 0.1 per cent over the same period to 5.6 per cent. Scotland's employment performance continues to improve, 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 rose to historically high levels at 75.3 per cent in the three months to February 2005. The claimant count rate fell slightly to 3.3 per cent in May 2005 while the number unemployed and claiming benefit has fallen to 86.9 thousand. ILO unemployment fell in the three months to February 2005, with the unemployment rate rose marginally to 5.6 per cent. 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:

¹ 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.

² 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).

³ 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.

⁴ Employer Direct involves transferring the vacancy-taking process from local Jobcentres, to regional Customer Service Centres (National Statistics).

⁵ Highly skilled jobs includes 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.

Grant Allan
28th June 2005

Table 1: Recent developments in the Scottish labour market

Employment*	Dec-Feb 2004	2,413	74.4
	Mar-May 2004	2,421	74.5
	Jun-Aug 2004	2,437	75.0
	Sep-Nov 2004	2,446	75.2
	Dec-Feb 2005	2,449	75.3
ILO Unemployment**	Dec-Feb 2004	142	5.6
	Mar-May 2004	156	6.0
	Jun-Aug 2004	147	5.7
	Sep-Nov 2004	142	5.5
	Dec-Feb 2005	144	5.6
Economically active*	Dec-Feb 2004	2,556	78.8
	Mar-May 2004	2,577	79.4
	Jun-Aug 2004	2,584	79.7
	Sep-Nov 2004	2,587	79.7
	Dec-Feb 2005	2,593	79.9
Economically inactive***	Dec-Feb 2004	665	21.2
	Mar-May 2004	647	20.6
	Jun-Aug 2004	639	20.3
	Sep-Nov 2004	638	20.3
	Dec-Feb 2005	633	20.1

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

Notes:

(1) Data available as of 28th June 2005.

(2) Data taken from Table 1 of Labour Market Statistics for April 2005, 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*

(000's)		Claimant count (seasonally adjusted)		Claimant flows (seasonally adjusted)	
		Level	Rate	Off-flow	On-flow
2003	January	100.0	3.8	25.7	27.2
	February	100.0	3.8	26.3	26.2
	March	99.8	3.8	26.8	26.1
	April	99.7	3.8	26.3	26.2
	May	100.3	3.8	25.4	25.9
	June	100.8	3.8	25.7	26.0
	July	99.8	3.8	25.5	25.1
	August	98.6	3.7	25.5	24.8
	September	99.6	3.8	25.6	25.2
	October	99.4	3.8	24.9	24.8
	November	98.6	3.7	25.0	24.5
	December	97.9	3.7	24.8	24.5
2004	January	96.2	3.7	24.1	23.8
	February	96.2	3.7	24.3	24.1
	March	95.8	3.6	24.2	23.5
	April	94.5	3.6	24.1	22.9
	May	92.7	3.5	24.6	22.8
	June	91.4	3.5	24.5	22.8
	July	89.9	3.4	23.2	21.8
	August	90.0	3.4	22.4	22.2
	September	90.9	3.5	22.2	22.2
	October	90.1	3.4	22.7	22.1
	November	88.9	3.4	22.9	22.0
	December	87.7	3.3	23.4	22.2
2005	January	86.3	3.3	23.4	21.7
	February	85.9	3.3	22.6	21.9
	March	86.1	3.3	22.2	21.6
	April	86.5	3.3	21.3	21.4
	May	86.9	3.3	21.3	21.2

Source: National Statistics, Nomis (Benefits Agency Administrative system)

(1) Data available as of 28th June 2005

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

Table 3: Industrial composition of total in employment (LFS), percentage share

	<i>Manufacturing</i>	<i>Banking & Finance</i>	<i>All services</i>
Dec 2002-Nov 2003	12.6	13.6	75.3
Mar 2003-Feb 2004	12.3	13.5	75.3
Jun 2003-May 2004	12.2	13.4	75.4
Sep 2003-Aug 2004	12	13.3	75.4
Dec 2003-Nov 2004	11.9	13.5	75.4
Mar 2004-Feb 2005	11.8	13.5	75.3

Source: National Statistics, Nomis (Labour Force Survey)

Notes:

- (1) Where manufacturing covers SIC section D, banking and finance covers section J and K and all services covers sections G-Q (including Banking and Finance)
- (2) LFS data taken from Nomis are rolling averages of four quarters, and are consistent with the population estimates published in February and March 2003

Table 4: Employee jobs by industry, 000s

SIC92	All jobs (seasonally adjusted)		Agriculture Forestry & Fishing	Mining Energy & Water Supplies Industries	Manufacturing Industries	Construction	Service Industries	Public Administration and Other Services
	A-Q	A-Q	A,B	C,E	D	F	G-K	L-Q
Dec-01	2,267	2,270	34	44	285	120	1,061	727
Dec-02	2,236	2,242	30	41	263	123	1,051	734
Dec-03	2,261	2,268	29	37	241	144	1,069	748
Mar-04	2,257	2,249	28	36	237	149	1,047	753
Jun-04	2,263	2,262	28	37	238	145	1,056	758
Sep-04	2,263	2,263	30	37	237	146	1,056	758
Dec-04	2,275	2,286	31	37	237	154	1,072	756

Source: National Statistics: Labour Market Statistics, Scotland (First Release, Table 5: Employee jobs by industry, October 2004)

Table 5: Proportion of employment in highly skilled jobs

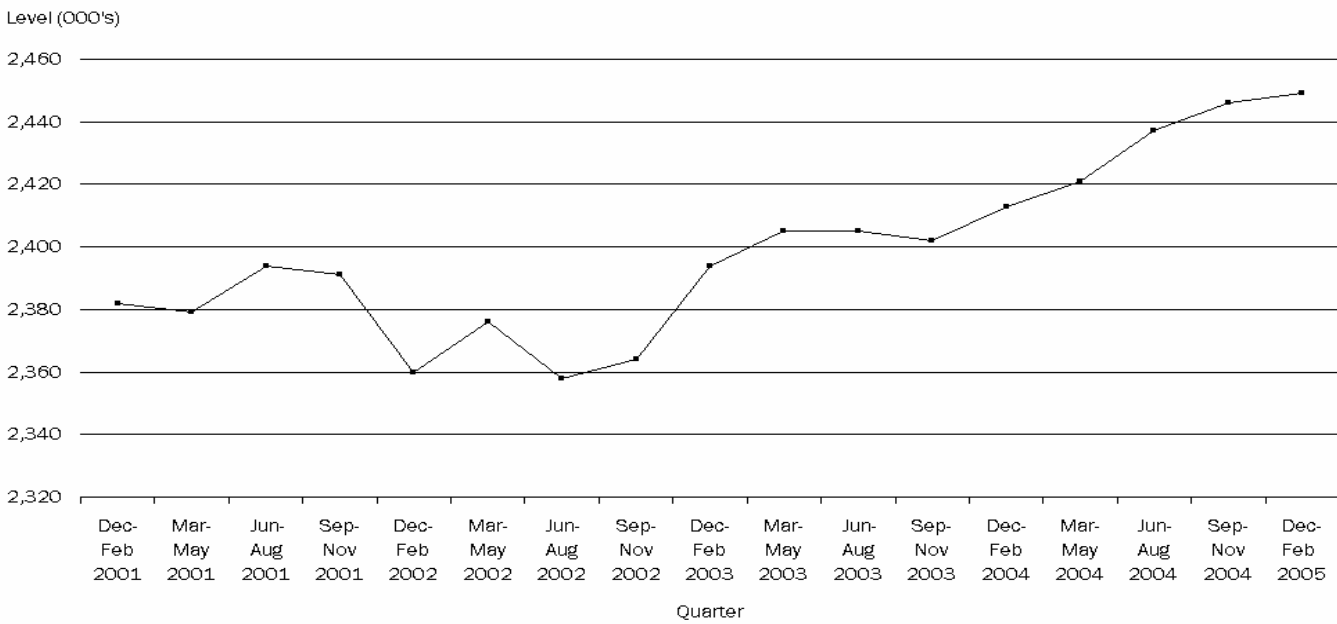
	<i>Level</i>	Scotland <i>Rate (%)</i>	<i>Level</i>	Great Britain <i>Rate (%)</i>
Sep 2002-Aug 2003	887,000	37.1	10,861,000	40.1
Dec 2002-Nov 2003	897,000	37.4	10,931,000	40.2
Mar 2003-Feb 2004	906,000	37.8	11,023,000	40.5
Jun 2003-May 2004	911,000	38.0	11,089,000	40.6
Sep 2003-Aug 2004	920,000	38.2	11,148,000	40.8
Dec 2003-Nov 2004	925,000	38.4	11,220,000	41.0
Mar 2004-Feb 2005	927,000	38.3	11,274,000	41.1

Source: National Statistics, Nomis (Labour Force Survey)

Notes:

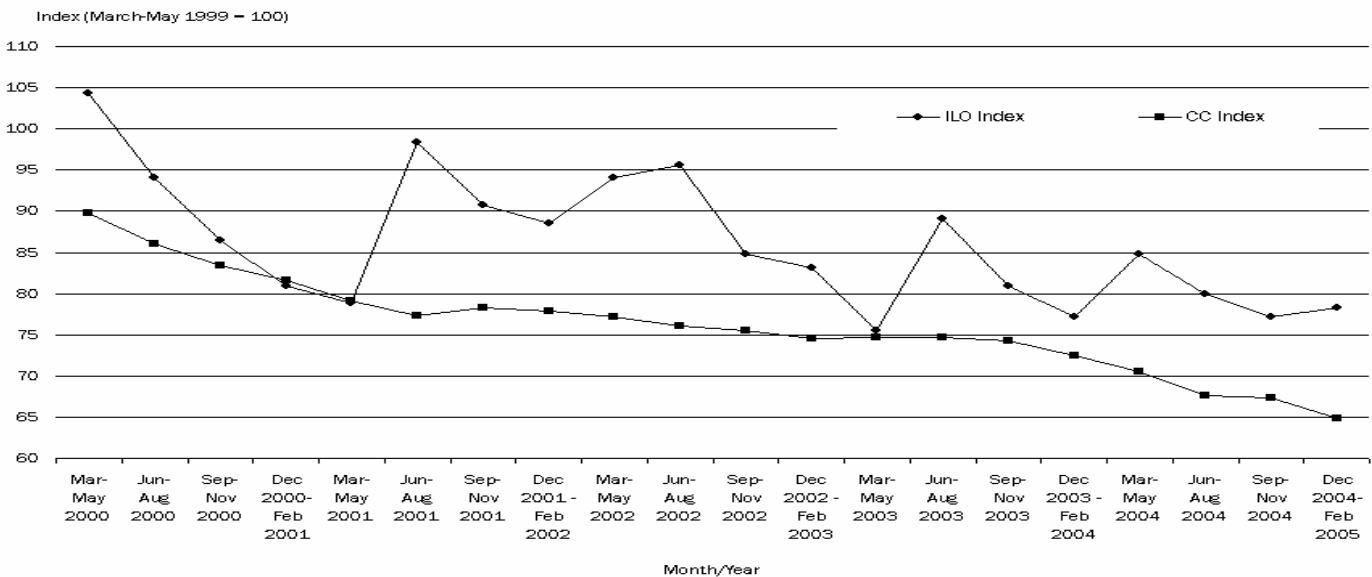
Highly skilled jobs includes sections 1-3 of the Standard Occupational Classification (SOC 2000)

Figure 1: LFS employment in Scotland for those aged 16 and over, Dec-Feb 2001 – Dec-Feb 2005



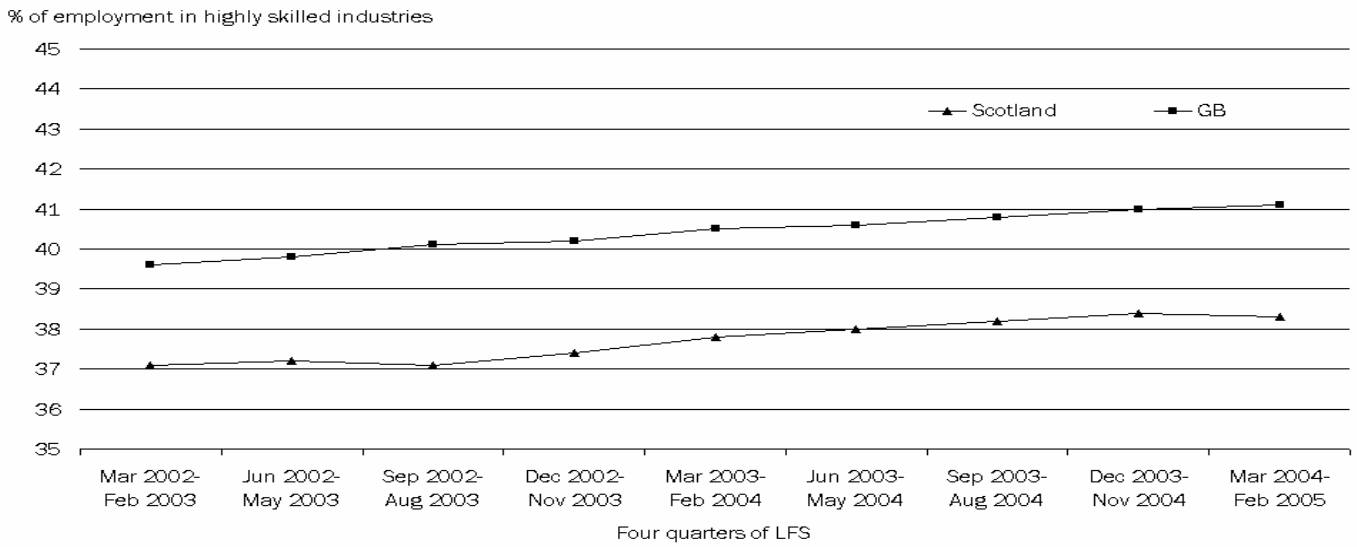
Source: National Statistics (NOMIS)

Figure 2: Claimant Count and ILO Unemployment in Scotland, Mar-May 2000 to Dec-Feb 2005



Source: National Statistics (Nomis)

Figure 3: Employment in highly skilled jobs, Scotland and Great Britain, Mar2002-Feb2003 to Dec2003-Nov2004



Source: National Statistics: Labour

Force Survey (Nomis) Notes:

* Highly skilled jobs includes sections 1-3 of the Standard Occupational Classification (SOC).