

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 2004 the level of employment rose by 9 thousand, to 2,446 thousand. Over the year to November 2004, employment increased by 44 thousand. The employment rate – as a percentage of the working age population – rose marginally to 75.2 per cent, up 0.2 percentage points on the previous quarter. Over the year to November 2004, the employment rate was up by 1.0 per cent. Figure 1 provides an account of quarterly LFS employment over a three-year period to November 2004.

The preferred International Labour Organisation (ILO) measure of unemployment fell by 5 thousand to 142 thousand during the period September to November 2004². The ILO unemployment rate in the three months to November 2004 fell to 5.5 per cent. This represents a fall of 0.3 percentage points on the same period a year earlier (5.8 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 3 thousand over the last quarter to August 2004. There were 2,587 thousand economically active people in Scotland during September to November 2004. This comprised 2,446 thousand in employment and 142 thousand ILO unemployed. Taking account of the decrease in ILO unemployment (of 5 thousand) and the rise in the number in employment (of 9 thousand), the total number of economically active people in Scotland rose by 3 thousand between September and November 2004. The corresponding level for those of working age economically inactive fell to 638 thousand, down 1 thousand on the previous quarter.

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 2004 stood at 89.0 thousand, down 1.1 thousand from the previous month. The claimant count rate in November 2004 remained at 3.4 per cent, down from 98.6 thousand (3.7 per cent) compared against November 2003.

Figure 2 plots ILO and claimant count unemployment for three-month periods as an index for the period March-May 2000 to September-November 2004. 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 release of job centre vacancy statistics is still unfortunately delayed. National Statistics have deferred their release of updated figures due to distortions in the data since May 2001, resulting mainly from the introduction of Employer Direct⁴. The Department for Work and Pensions found that the introduction of Employer Direct caused an increase of around 20 per cent in recorded vacancy notifications. This makes figures from June 2002 onwards not compatible with previous vacancy figures. There is a limited set of figures on the inflows of newly notified Jobcentre Plus vacancies available from ONS through NOMIS, but these figures do not permit the stock of unfilled vacancies to be calculated, and have yet to be confirmed as National Statistics.

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 December 2003-November 2004, the percentage share of employment within manufacturing fell to 11.9 per cent. This represented an decrease of 0.1 per cent on the previous four quarter average – down from 12.6 per cent from the four quarter average beginning one year previously. The share of employment within services remained at 75.4 per cent from the previous four-quarter average to the most recent one, which represents a decrease of 0.1 per cent from the rolling average beginning one year previously. The percentage share of employment within the Banking and Finance sector increased slightly to 13.5 per cent.

The most recent figures for the number of employee jobs by industrial activity are detailed in Table 4, which have been revised by National Statistics since the last publication. Employee job figures are a measure of jobs rather than people. Total seasonally adjusted employee jobs for the quarter ending September 2004 stood at 2,261 thousand, down 2 thousand from the previous quarter, but 18 thousand higher than the same period a year earlier. The number of jobs in the manufacturing industry increased to 237 thousand over the last quarter, down 12 thousand when compared against the same quarter one year earlier. The number of jobs in the service industry decreased over the last quarter to 1,055 thousand, 1 thousand down on the quarter ending June 2004, but 10 thousand higher than the same period a year earlier.

Outlook

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 38.4 per cent and 41.0 per cent respectively. This is up from 38.2 per cent and 40.8 per cent over the last quarter in Scotland and Great Britain respectively. 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. With overall UK unemployment remaining at 4.7 per cent for the latest quarter, it remains at its lowest rate since records began in 1984. Scotland's employment performance continues to improve, and the employment level and rate in Scotland is at its highest level since the 1992 (before which consistent records are unavailable). The employment rate rose to historically high levels at 75.2 per cent in the three months to November 2004. The claimant count rate remained at 3.4 per cent in November 2004 while the number unemployed and claiming benefit has fallen to 89.0 thousand. ILO unemployment fell in the three months to November 2004, with the unemployment rate falling to 5.5 per cent – which is down slightly from its value for the same period one year before. 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:

¹The 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.

²All 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).

³The 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.

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

⁵Highly 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.

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21 January 2005

Table 1: Recent developments in the Scottish labour market

		Level (000s)	Rate (%)
Employment*	Sep-Nov 2003	2,402	74.2
	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
ILO Unemployment**	Sep-Nov 2003	147	5.8
	Dec-Feb 2004	142	5.6
	Mar-May 2004	156	6.0
	Jun-Aug 2004	147	5.7
	Sep-Nov 2004	142	5.5
Economically active*	Sep-Nov 2003	2,549	79.1
	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
Economically inactive***	Sep-Nov 2003	664	21.2
	Dec-Feb 2004	665	21.2
	Mar-May 2004	647	20.6
	Jun-Aug 2004	639	20.3
	Sep-Nov 2004	638	20.3

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

Notes:

(1) Data available as of 21 January 2005.

(2) Data taken from Table 1 of Labour Market Statistics for January 2004, 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

Table 2: Claimant count unemployment*

(000's)		Claimant count (seasonally adjusted)		Claimant flows (seasonally adjusted)	
		Level	Rate	Off-flow	On-flow
2002	January	104.3	4.0	27.8	27.4
	February	103.3	3.9	26.9	26.0
	March	103.1	3.9	27.1	27.0
	April	104.7	4.0	26.5	28.3
	May	102.6	3.9	29.8	28.0
	June	102.1	3.9	27.3	26.8
	July	101.5	3.9	26.9	26.9
	August	101.0	3.8	27.0	26.9
	September	101.0	3.8	26.5	26.8
	October	100.3	3.8	26.8	26.2
	November	100.2	3.8	26.3	26.3
	December	99.5	3.8	26.7	26.5
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	89.8	3.4	23.2	21.8
	August	90.1	3.4	22.4	22.2
	September	91.0	3.5	22.2	22.2
	October	90.1	3.4	22.5	22.1
	November	89.0	3.4	22.9	22.0

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

(1) Data available as of 21st January 2005

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

	<i>Manufacturing</i>	<i>Banking & Finance</i>	<i>All services</i>
Sep 2002-Aug 2003	12.8	13.9	75.2
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	12.0	13.3	75.4
Dec 2003-Nov 2004	11.9	13.5	75.4

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)	All jobs A-Q	Agriculture Forestry & Fishing A,B	Mining Energy & Water Supplies Industries C,E	Manufactur ing Industries D	Construction F	Service Industries G-K	Public Administration and Other Services L-Q
Sep-01	2,237	2,244	34	43	292	118	1,032	725
Sep-02	2,235	2,239	34	43	270	122	1,040	730
Sep-03	2,243	2,245	33	39	245	141	1,045	742
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	2,261	2,262	30	37	237	146	1,055	758

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

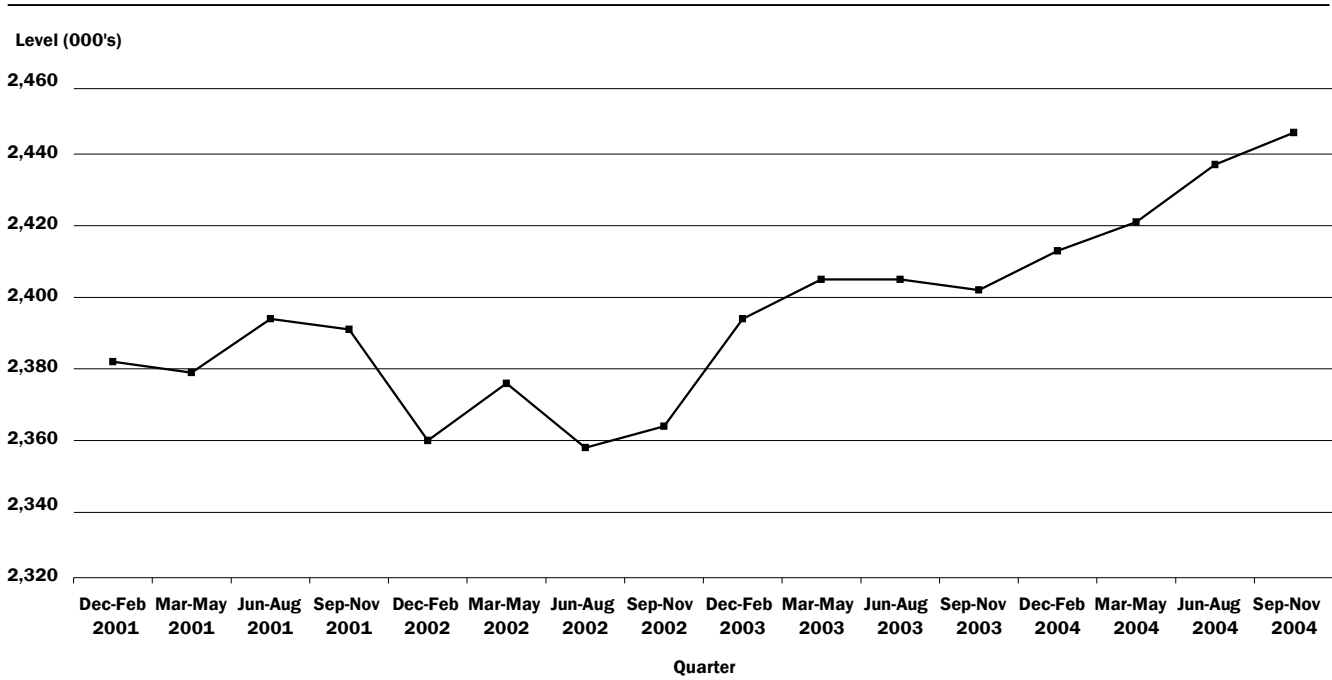
	<i>Level</i>	<i>Scotland Tate (%)</i>	<i>Level</i>	<i>Great Britain Rate (%)</i>
		37.2		
Jun 2002-May 2003	886,000	37.1	10,776,000	39.8
Sep 2002-Aug 2003	887,000	37.4	10,861,000	40.1
Dec 2002-Nov 2003	897,000	37.8	10,931,000	40.2
Mar 2003-Feb 2004	906,000	38.0	11,023,000	40.5
Jun 2003-May 2004	911,000	38.2	11,089,000	40.6
Sep 2003-Aug 2004	920,000	38.4	11,148,000	40.8
Dec 2003-Nov 2004	925,000	38.4		

Source: National Statistics, Nomis (Labour Force Survey)

Notes:

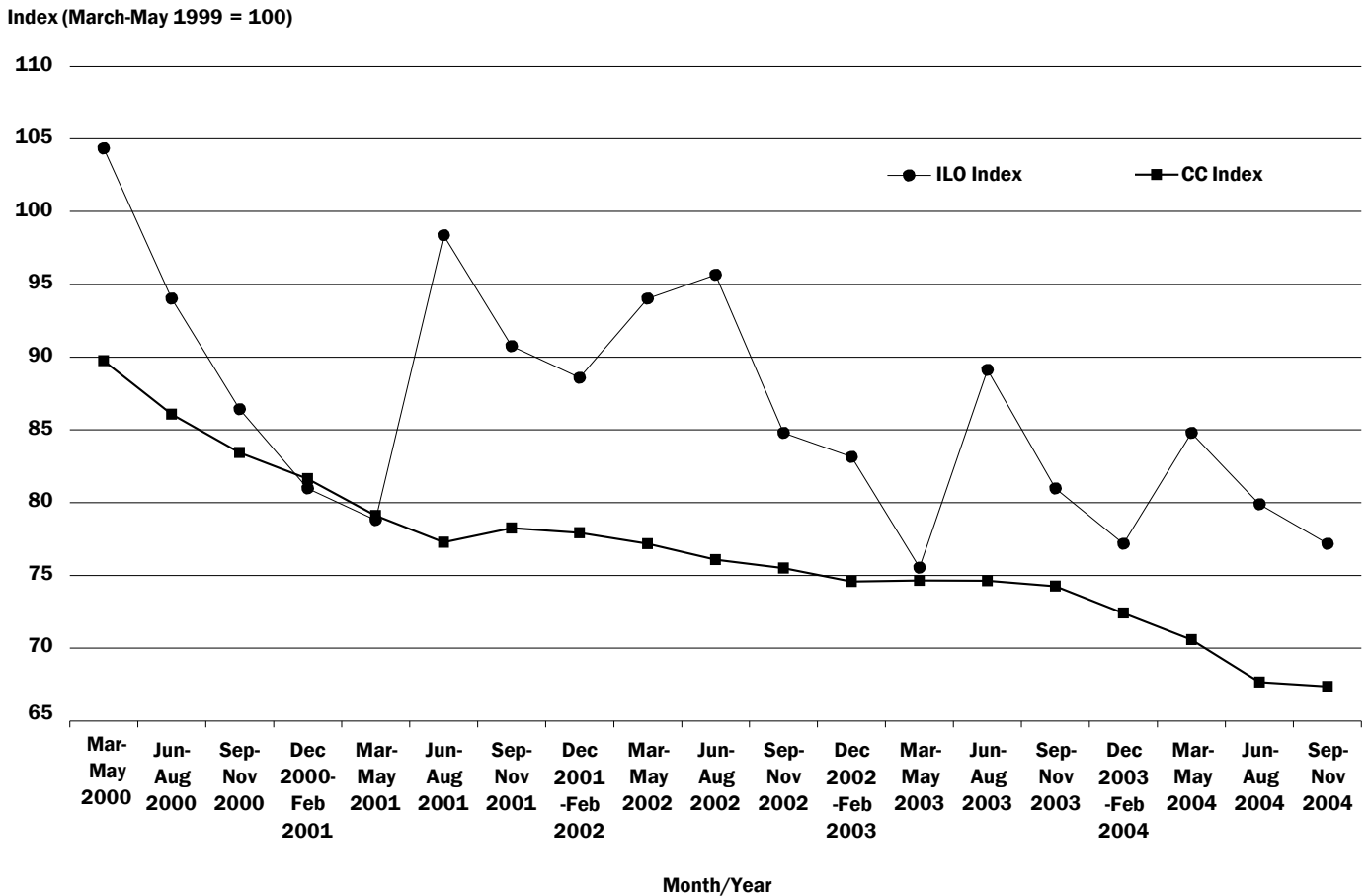
Highly skilled jobs includes sections 1-3 of the Standard Occupational Classification (SOC 2000)

Figure 1: LFS employment in Scotland for those aged 16 and over, Dec-Feb 2001 – Sep-Nov 2004



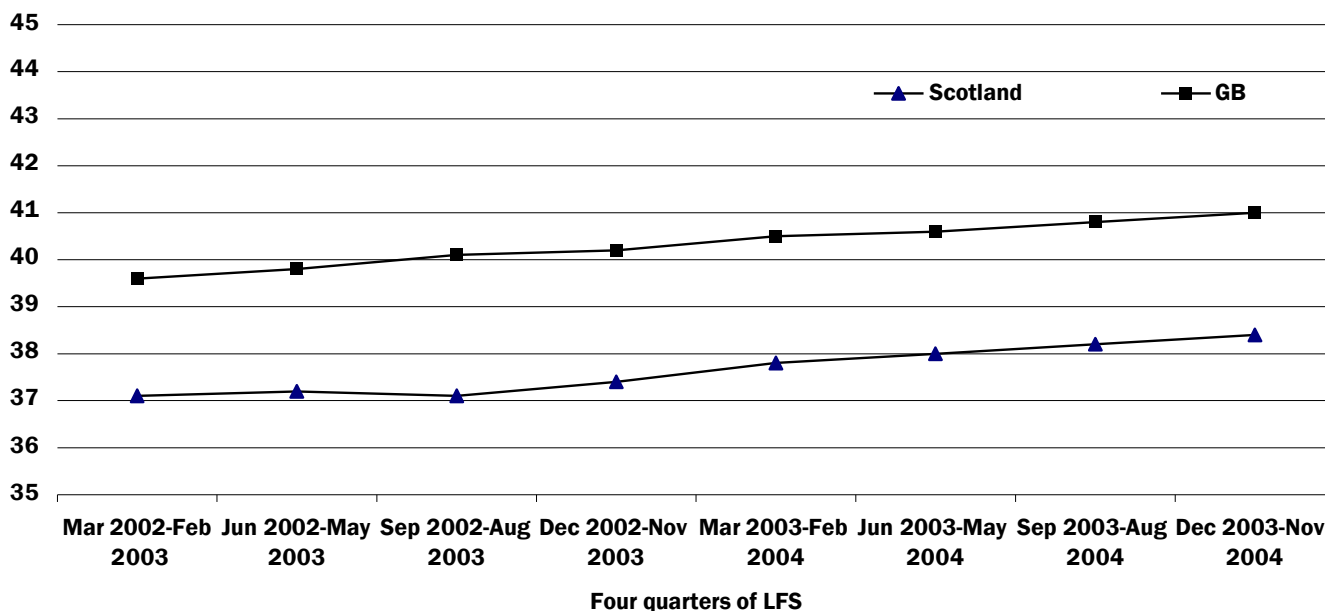
Source: National Statistics (NOMIS)

Figure 2: Claimant Count and ILO Unemployment in Scotland, Mar-May 2000 to Jun-Aug 2004



Source: National Statistics, (Nomis)

% of employment in highly skilled industries



Source: National Statistics: Labour Force Survey (Nomis)

* Highly skilled jobs includes sections 1-3 of the Standard Occupational Classification (SOC). Data relates to SOC 2000.



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