

Overview of the labour market

A summary of the most recent Scottish labour market statistics is provided in Table 1. The Labour Force Survey (LFS) estimate of the level of Scottish employment during the period March to May 2001 was 2,379. This figure had fallen slightly by 3,000 compared to previous quarter but was still 48,000 higher than the same period in the previous year. The employment rate fell to 73.4% from 73.6% in the previous quarter but was still higher than the 71.9% in the same period in the previous year.

The International Labour Organisation (ILO) definition of unemployment fell to 145,000 during the period March to May 2001 compared to 149,000 in the previous quarter and 192,000 in the same quarter in the previous year. The ILO unemployment rate for the period was 5.7% which had nudged down from 5.9% in the previous quarter and was still well below the 7.6% from the same quarter in the previous year.

The reduction in the unemployment rate may seem unexpected given the fall in the level of employment. This can be at least partially explained by the level of those engaged in economic activity. Table 1 shows that the level of economically active individuals was 2,524,000 during the period March to May 2001. This had fallen from 2,530,000 during the previous quarter but was still just higher than the 2,522,000 during the same quarter in the previous year. This means that there was an increase in the number of individuals not looking for work or engaged in any other economic activity. This was reflected in the number of economically inactive individuals, which rose to 697,000, up from 687,000 during the previous quarter. It would therefore not be unreasonable to suggest that some of the individuals that had moved from employment had effectively 'left' the labour market (though probably only temporarily) and were not counted in the ILO unemployment figures.

The latest Scottish claimant count figures are given in table 2. The figures show the seasonally adjusted claimant count unemployment at 102,700 during August 2001, a slight increase of 500 upon the previous month but lower than the 112,900 claimant count during August in the previous year. The claimant count figures are the most up to date information source for the Scottish labour market. However this series has not yet reflected the levels of change that might be expected from recently reported heavy job losses,

particularly within manufacturing. This may be because, as highlighted above, there may be a delay between individuals leaving employment and registering as unemployed.

Further LFS statistics released earlier this month revealed the first significant increase in Scottish unemployment. Seasonally adjusted figures for the 3 months to July 2001 showed ILO unemployment at 164,000, an increase of 22,000 on the previous 3 months. However the same statistics showed the total Scottish employment level at 2,391,000 during the 3 months to July 2001, a fall of just 2,000 from the previous 3 months.

Table 3 gives the latest figures for Scottish job centre vacancies, unfortunately due to a delay in the release of this series data is only available up to April 2001. Nevertheless the figures for April show that both notified and unfilled vacancies were 27,600 and 44,200 respectively. The respective figures for April in the previous year were 24,000 and 38,400.

Outlook

Most of the Scottish labour market indicators suggest that employment is likely to fall further whilst unemployment will rise, perhaps more notably in the claimant count measure. What is less clear is the potential size of these changes. The latest LFS release showed economic activity rates picking up as individuals returned to the labour market after leaving in the previous quarter, thereby raising the ILO unemployment level by more than expected, 22,000 in total. Given this, it would seem unlikely that the ILO unemployment level will rise as quickly in subsequent quarters.

The total Scottish employment level falling only slightly suggests that manufacturing unemployment was being partially offset by job opportunities in non-manufacturing sectors. Indeed this is supported by recent National Statistics data showing service sector employee jobs increasing by 4,000 in the year to March 2001. Of immediate concern is the continuing ability of the service sector to offset the jobs lost in manufacturing, especially given the weakening global economy. Also of concern is the threat of structural unemployment as the flow of workers from manufacturing may be unable or less willing to enter other sectors without retraining. Both these scenarios would pull down the employment level and increase unemployment for a longer period of time.

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Table 1: Recent developments in the Scottish labour market

		<i>Level (000s)</i>	<i>Rate (%)</i>
Employment*	Dec 1999-Feb 2000	2,327	71.8
	Mar-May 2000	2,331	71.9
	Jun-Aug 2000	2,391	73.9
	Sep-Nov 2000	2,402	74.1
	Dec 2000-Feb 2001	2,382	73.6
	Mar-May 2001	2,379	73.4
ILO Unemployment**	Dec 1999-Feb 2000	188	7.5
	Mar-May 2000	192	7.6
	Jun-Aug 2000	173	6.7
	Sep-Nov 2000	159	6.2
	Dec 2000-Feb 2001	149	5.9
	Mar-May 2001	145	5.7
Economically active*	Dec 1999-Feb 2000	2,514	77.6
	Mar-May 2000	2,522	77.9
	Jun-Aug 2000	2,564	79.3
	Sep-Nov 2000	2,561	79.1
	Dec 2000-Feb 2001	2,530	78.3
	Mar-May 2001	2,524	78.0
Economically inactive***	Dec 1999-Feb 2000	708	22.4
	Mar-May 2000	698	22.1
	Jun-Aug 2000	655	20.7
	Sep-Nov 2000	662	20.9
	Dec 2000-Feb 2001	687	21.7
	Mar-May 2001	697	22.0

Source: National Statistics

Notes:

* 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

		Claimant count (seasonally adjusted)		Claimant flows (seasonally adjusted)		Claimant count (unadjusted)	
		Level	Rate	Off-flow	On-flow	Level	Rate
1999	January	135.9	5.3	30.1	28.6	146.5	5.8
	February	135.1	5.3	29.3	28.1	145.4	5.7
	March	134.9	5.3	29.6	29.4	142.8	5.6
	April	133.8	5.3	30.8	29.1	139.0	5.5
	May	132.5	5.2	30.0	29.1	134.7	5.3
	June	133.0	5.2	29.4	29.8	133.7	5.3
	July	128.8	5.1	32.2	28.9	138.7	5.4
	August	128.4	5.0	30.9	29.5	137.3	5.4
	September	128.2	5.0	29.5	29.1	126.4	5.0
	October	126.2	5.0	29.5	28.2	121.1	4.8
	November	125.1	4.9	29.7	28.5	120.0	4.7
	December	123.0	4.8	29.9	28.2	119.8	4.7
2000	January	123.6	4.9	28.0	27.6	134.0	5.3
	February	122.8	4.9	29.3	28.5	133.5	5.3
	March	122.3	4.9	29.4	28.4	130.6	5.2
	April	119.2	4.8	29.5	26.8	123.6	4.9
	May	118.3	4.7	29.5	28.6	120.6	4.8
	June	116.6	4.7	29.2	26.9	117.3	4.7
	July	113.1	4.5	29.1	26.6	121.9	4.9
	August	112.9	4.5	28.8	27.3	120.8	4.8
	September	112.3	4.5	26.8	27.1	109.7	4.4
	October	112.2	4.5	27.7	27.4	106.5	4.3
	November	111.6	4.5	27.5	27.1	106.4	4.2
	December	111.1	4.4	27.4	27.2	108.0	4.3
2001	January	109.1	4.4	27.9	27.3	119.3	4.8
	February	108.2	4.3	28.1	27.1	118.9	4.7
	March	106.7	4.3	28.1	26.9	115.8	4.6
	April	105.5	4.2	28.0	26.3	109.7	4.4
	May	104.9	4.2	26.9	26.4	106.7	4.3
	June	103.8	4.1	27.1	26.1	104.7	4.2
	July	102.2	4.1	26.7	25.1	108.2	4.3
	August	102.7	4.1	26.4	26.9	109.4	4.4

Source: Benefits Agency administrative system

Table 3: Job centre vacancies

		<i>Notified vacancies (000s) (seasonally adjusted)</i>	<i>Unfilled vacancies (000s) (seasonally adjusted)</i>
1999	January	27.1	30.4
	February	26.0	30.6
	March	25.2	30.4
	April	26.9	31.0
	May	24.8	32.2
	June	25.2	32.6
	July	25.3	33.1
	August	25.2	33.2
	September	25.5	33.6
	October	25.6	35.3
	November	25.9	35.8
	December	27.5	36.9
2000	January	25.2	36.9
	February	24.5	37.3
	March	24.9	37.5
	April	24.0	38.4
	May	24.3	38.2
	June	24.0	38.5
	July	24.3	39.5
	August	25.0	39.3
	September	26.3	41.9
	October	26.2	42.8
	November	26.6	44.3
	December	26.1	44.5
2001	January	27.0	47.7
	February	28.7	45.3
	March	27.0	45.1
	April	27.6	44.2
	May	-	-
	June	-	-
	July	-	-
	August	-	-

Source: Employment Service

Figure 1: LFS employment in Scotland

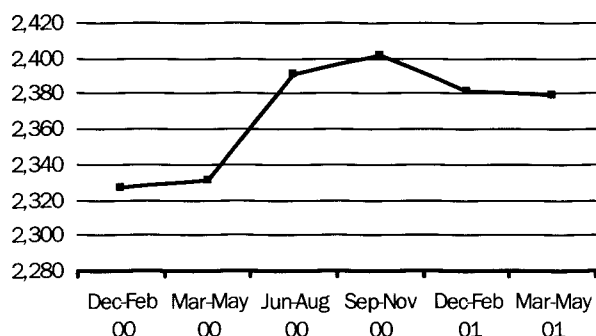
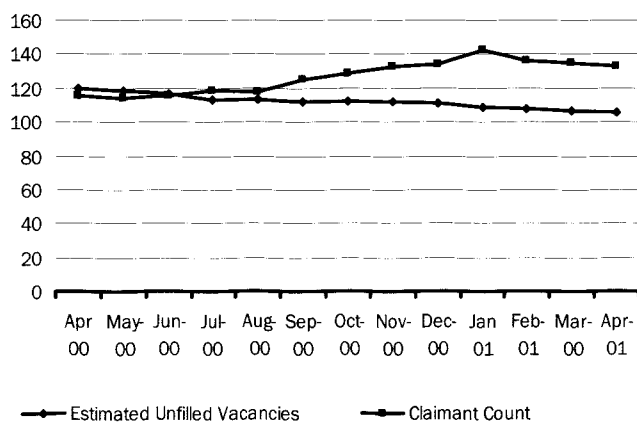


Figure 2: Comparison of Scottish unemployment (claimant count) against the level of Scottish vacancies*



*vacancies notified to job centres multiplied by three