
The **LABOUR** *Market*

Overview of the labour market

The Office for National Statistics (ONS) has recently introduced a new presentation of labour market statistics, which the Commentary will adopt from now on. Presentation of labour market data is now more systematically organised by topic rather than data source. In particular, data from the Labour Force Survey are now fully integrated into reported labour market statistics.

This change in part reflects the decision to emphasise the more complete measure of unemployment provided by LFS (in line with the International Labour Organisation (ILO) definition) rather than the traditional claimant count. The LFS definition of unemployment has the distinct advantage over the claimant count that it is much less sensitive to changes in the regulations governing eligibility to unemployment benefits, of which there have been many in recent years, and conforms to a widely accepted international definition of unemployment (ILO) so that cross-country comparisons should be more meaningful. However, being based on a household survey (not a census), it is subject to sampling error (though the extent of this can be quantified and expressed in terms of a range of estimates).

Table 1 provides the new summary presentation of recent Scottish labour market variables. The LFS estimate of the level of employment in the second quarter of 1998 was 2,303 thousand, 19 thousand up on the same period of 1997. However, note that the sampling variability in each case is plus or minus 1.5. (This implies that we can be 95% confident that the most recent estimate of employment lies within plus or minus 1.5% of 2,303 thousand.) The LFS measure of total employment is more complete than the traditional Workforce Jobs series, though it does have other limitations beyond simple

sampling variability. However, it is a useful indicator of trends and the modest increase reported for the last year is welcome. (We continue to report the Workforce Jobs data below, which are based on employer surveys, because these are thought to provide a more accurate account of the industrial distribution of employment.)

The ILO rate of unemployment in Scotland was 7.8% in the first quarter of this year. The comparable figure a year earlier was 8.7%. The traditional claimant-count-based measure of unemployment for the first quarter of this year was 5.7%. The difference between the two reflects the distinction between those who are actively seeking work, but are jobless, and those who are eligible for unemployment benefit payments. To get to the ILO definition from numbers of claimants the numbers of those eligible for benefit but not actively seeking work have to be subtracted. However, those ineligible for benefits but actively seeking work have to be added, and in recent years at least, this adjustment has been the greater.

In the second (first) quarter of 1998 there were 2,488 (2,496) thousand economically active people in Scotland, reflecting the sum of those who are in employment or who were actively seeking work during this period (representing 77.4% of those of working age).

Employment

The most recent employment data are for March 1998 and these are reported in Tables 2 and 3. Overall, it appears as if total employee jobs rose by around 48,000 (2.4%) in the year to March 1998. Full-time male employees in employment are estimated to have risen by 3,000 (0.3%), and estimates of full-time female employment rose by 10,000 (1.8%). Part-time male employment estimates rose by 18,000 (15.4%) and part-time female employment rose by 17,000 or 3.5%.

Table 3 presents only the revised estimates of employees in employment by sector because of the difficulties of comparison across different SICs. Over the year to March 1998 employment in service industries rose by 26,000 (2%). Very small employment losses were recorded only in Manufacturing and in Education, with all other sectors registering employment rises. Growth in estimated employment was greatest in Construction (17,000 or 14%) and Wholesale and Retail trade etc. (16,000 or 4.7%).

Vacancies: stocks and flows

Over the year to July 1998 Job Centre vacancies at job centres in Scotland fluctuated between 22.9 and 27.8 thousands on a seasonally adjusted basis (Table 4). Vacancies fell by 2.3 thousand in the year to July 1998, on a seasonally adjusted basis. There were still large gross flows, however, which were of a similar order of magnitude to the outstanding stock of vacancies in each month. For example, in July 1998 outflows were 25.0 thousand. The short average duration of vacancies is a sign that employers on average do not find it difficult to fill posts because of a continuing slackness in the labour market (although employers may still find it difficult to recruit specific skills in particular locations).

Unemployment – claimant count: stocks and flows

Recent data on the seasonally adjusted unemployment stock, as measured by the claimant count, are presented in Table 5. The most recent data, of course, reflect the new rules governing eligibility to claim benefit which have been in place since 7 October 1996 when both unemployment benefit and unemployment-related income support were replaced by the Jobseeker's Allowance (JSA). Since this significantly reduces the period over which claimants are eligible for benefits, the effect is to reduce the number of registered unemployed, even in the absence of any change in underlying labour market conditions.

Over the year to July 1998 total unemployment fell by about 15.3 thousand, from 164.0 thousand or by 9.3%. Female unemployment fell by 0.7 thousand over the year (1.8%), while male unemployment fell by 14.6 thousand (11.7%).

Table 5 presents recent flows into and out of the unemployment stock. In April 1998 inflows were, at 28.7 thousand, a little less than April 1997. Outflows were, at 29.7 thousand, 4.9 thousand less than in April 1998. This is by far the lowest outflow rate experienced in the recent past. If gross outflows were maintained at their April 1998 level unemployment stocks could turnover in just under 5 months.

The August 1995 Employment Gazette reported labour force projections for UK regions from 1994 to 2006. Alone among the standard UK regions Scotland is projected to experience a small decline in its labour force

(of 0.2%) over the period. This reflects the combined effects of a 3.7% projected fall in the male and a 4.2% rise in the female labour force. In GB as a whole the aggregate labour force, in contrast, is projected to grow by 5.8% again concentrated among females. These projected trends reflect differences in region's demographic structure, activity rates and in net migration patterns. Small increases in Scottish activity/participation rates of the scale observed in the recent past, could quite easily cause the outcome labour force to differ substantially from these projected levels, however. The outturn will also be very sensitive to induced migration flows.

TABLE 1 RECENT DEVELOPMENTS IN THE SCOTTISH LABOUR MARKET

		Level (000s)	Rate (%)	Change on year (level)	Sampling variability (000s)	Change on year (rate)	Sampling variability (%)
Employment*	Jan-Mar	2,302	71.4	40	±57	1.5	±1.5
	Apr-Jun	2,303	71.5	19	±57	1.1	±1.45
ILO unemployment**	Jan-Mar	194	7.8	-22	±24	-0.9	±1.0
	Apr-Jun	188	7.6	-32	±25	-1.2	±1.0
Economically active*	Jan-Mar	2,496	77.5	18	±56	0.9	±1.4
	Apr-Jun	2,488	77.4	-13	±56	0.1	±1.4
Economically inactive [†] of which:	Jan-Mar	708	22.5	-27	±55	-0.9	±1.4
	Apr-Jun	711	22.6	-3	±55	-0.1	±1.4
Not wanting a job [†]	Jan-Mar	451		-46	±47		
	Apr-Jun	456		-13	±46		
Wanting a job [†]	Jan-Mar	257		19	±35		
	Apr-Jun	255		10	±35		
Claimant count (seasonally adjusted)	Apr 98	138.6	5.7	-24.8		-1.0	
	July 98	137.4					
Vacancies notified (seasonally adjusted)	Apr 98	23.3		-4.3			
	July 98	24.2		-2.3			

Source: ONS

Notes: * Levels are for 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 as a proportion of economically active
 † Levels and rates are for those of working age

TABLE 2. EMPLOYEE JOBS BY INDUSTRY
 (Figures in square brackets reflect the 1989 and 1990 L.F.S. The latest estimates reflect the impact of the 1991 L.F.S.)

(SIC 1980) SIC 1992	MALE		FEMALE		TOTAL	Prod/Const (1-5) C-F	Production (1-4) C-E	Manuf. (2-4) D	Services (6-9) G-Q
	(All) Full-time	P/T	(All) Full-time	P/T					
1990									
Jun	[1,027]		[930]	[395]	[1,957]	[591]	[457]	[397]	[1,337]
Sep	[1,031]		[942]	[406]	[1,974]	[591]	[458]	[398]	[1,353]
Dec	[1,040] (1,043)		[943] (943)	[406] (404)	[1,983] (1,986)	[597] (594)	[465] (464)	[405] (405)	[1,356] (1,362)
1991									
Jun	[1,034] (1,043)		[946] (949)	[417] (416)	[1,980] (1,992)	[591] (589)	[462] (462)	[401] (403)	[1,362] (1,376)
Sep	[1,021] (1,035)		[936] (941)	[412] (413)	[1,956] (1,978)	[573] (571)	[449] (450)	[388] (391)	[1,356] (1,377)
Dec	[1,015] (1,031)	106	[947] (953)	[414] (417)	[1,959] (1,984)	[562] (561)	[443] (444)	[383] (385)	[1,368] (1,394)
1992									
Jun	[1,011] (1,026)	103	[947] (954)	[418] (414)	[1,958] (1,984)	[560] (567)	[443] (444)	[383] (385)	[1,370] (1,394)
Sep	[1,026] (1,037)	(105) (85)	[952] (976)	[416] (427)	[1,978] (2,013)	[543] (560)	[434] (435)	[376] (377)	[1,416] (1,425)
Dec	[1,020] (1,026)	(112) (87)	[955] (980)	[418] (429)	[1,975] (2,005)	[535] (551)	[430] (431)	[373] (372)	[1,411] (1,426)
1993									
Jun	[1,024] (1,023)	(123) (92)	[956] (981)	[419] (431)	[1,979] (2,005)	[528] (544)	[425] (425)	[368] (368)	[1,424] (1,434)
Sep	[1,008] (1,012)	(119) (81)	[948] (980)	[416] (432)	[1,956] (1,992)	[519] (543)	[418] (427)	[361] (360)	[1,410] (1,423)
Dec	[993] (993)	(95) (90)	[971] (984)	[436] (442)	[1,963] (1,976)	[520] (529)	[405] (416)	[348] (359)	[1,418] (1,421)
1994									
Jun	[988]	(85)	[979]	[437]	[1967]	[534]	[414]	[358]	[1,408]
Sep	[1000]	(91)	[992]	[445]	[1991]	[531]	[417]	[364]	[1,433]
Dec	[1009]	(92)	[994]	[445]	[2003]	[536]	[414]	[362]	[1,440]
1995									
Jun	[1001]	(95)	[996]	[450]	[1996]	[532]	[410]	[360]	[1,440]
Sep	893 (985)	88 (93)	525 (981)	431 (445)	1937 (1966)	472 (520)	347 (399)	305 (349)	1,430 (1,421)
Dec	899 (996)	92 (96)	535 (990)	436 (449)	1962 (1987)	482 (528)	353 (403)	313 (354)	1,443 (1,433)
1996									
Jun	899 (1006)	95 (99)	538 (989)	435 (447)	1967 (1994)	483 (531)	355 (400)	316 (352)	1,447 (1,437)
Sep	888 (987)	95 (99)	528 (980)	434 (449)	1945 (1967)	479 (521)	357 (401)	316 (354)	1,431 (1,421)
Dec	886 (978)	96 (96)	520 (948)	427 (427)	1928 (1947)	466 (508)	352 (395)	312 (348)	1,427 (1,414)
1997									
Jun	887	95	525 (963)	437	1944	470	357	318	1,439
Sep	894	97	526	430	1947	479	359	319	1,434
Dec	892	98	518	435	1943	477	360	321	1,432
1998									
Jun	879	94	514	428	1915	468	355	316	1,413
Sep	884	87	545	459	1974	468	320	316	1,468
Dec	893	88	545	462	1988	474	353	318	1,473
1999									
Jun	847	120	521	500	1988	459	355	314	1,498
Sep	848	117	532	475	1972	454	353	310	1,488
Dec	855	125	534	481	1996	465	358	313	1,500
2000									
Jun	854	131	539	482	2007	462	357	311	1,510
Sep	853	138	537	491	2019	466	355	309	1,518
Dec	851	135	542	492	2020	473	355	309	1,514

Source: ONS
 * Figures within [.] reflect estimates prior to the 1989 Census of Employment
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TABLE 3 EMPLOYEE JOBS IN SCOTLAND BY INDUSTRY

SIC 1992	Agric. hunting forestry fishing	Mining & Quarrying	Manufacturing	Elect, gas & water supply	Construction	Wholesaler trade & repairs	Hotels & rest.	Transport & comm.	Financial intermediation	Real Estate renting & bus. activities	Public admin. & defence: comp. Soc. Sec.	Education	Health & Social Work	Other comm, social & pers. activities
	A,B	C	D	E	F	G	H	I	J	K	L	M	N	O-Q
1994														
Mar	35	23	305	19	125	299	117	117	79	198	134	144	247	95
Jun	37	22	313	19	128	299	130	116	80	197	135	143	246	97
Sep	37	22	316	18	127	300	130	118	78	200	134	143	248	96
Dec	35	23	316	19	122	305	120	112	78	199	132	145	245	95
1995														
Mar	35	23	312	17	115	297	118	112	78	202	135	146	243	96
Jun	35	23	318	17	112	300	129	114	76	203	135	144	245	93
Sep	35	23	319	17	120	296	127	112	75	207	135	142	247	93
Dec	34	23	321	16	117	302	117	112	75	206	134	144	248	94
1996														
Mar	34	22	316	16	114	292	115	110	74	198	134	144	249	96
Jun	38	18	316	16	116	315	129	107	78	202	133	151	259	96
Sep	41	20	318	15	122	312	130	107	80	202	133	149	261	100
Dec	38	19	315	16	111	320	123	106	80	200	133	140	258	98
1997														
Mar	31	24	310	19	101	338	123	111	68	187	141	156	269	94
Jun	31	27	313	19	107	352	123	110	71	184	141	155	271	93
Sep	35	28	311	19	105	353	129	111	71	185	141	153	272	95
Dec	34	26	309	19	112	361	125	111	71	188	141	154	272	95
1998														
Mar	32	27	309	19	118	354	125	111	75	187	141	155	272	96

* See notes to Table 1

Source: Department of Employment Gazette

TABLE 4 JOB CENTRE VACANCIES

	Vacancies notified		Vacancies unfilled		Vacancy outflow		Of which: Vacancies filled by Jobcentres	
	Level	Change on month	Level	Change on month	Level	Change on month	Level	Change on month
	1	2	3	4	5	6	7	8
1997								
April	27.6	-0.4	29.6	0.2	27.1	-0.5	23.5	-0.1
May	26.5	-1.1	29.3	-0.3	26.9	-0.2	21.3	-2.2
June	26.1	-0.4	30.8	1.5	24.8	-2.1	19.6	-1.7
July	26.5	0.4	31.9	1.1	25.4	0.6	18.5	-1.1
August	25.8	-0.7	33.3	1.4	24.1	-1.3	16.9	-1.6
September	27.8	2.0	34.1	0.8	26.3	2.2	17.6	0.7
October	26.2	-1.6	35.3	1.2	25.6	-0.7	15.9	-1.7
November	25.1	-1.1	33.5	-1.8	26.2	0.6	15.0	-0.9
December	24.3	-0.8	32.5	-1.0	26.2	0.0	15.5	0.5
1998								
January	23.4	-0.9	31.2	-1.3	24.9	-1.3	15.7	0.2
February	24.6	1.2	31.5	0.3	24.6	-0.3	14.9	-0.8
March	25.1	0.5	32.4	0.9	24.2	-0.4	15.3	0.4
April	23.1	-2.0	31.9	-0.5	23.6	-0.6	14.5	-0.8
May	22.9	-0.2	31.4	-0.5	23.4	-0.2	14.3	-0.1
Jun (r)	24.2	1.3	30.8	-0.6	24.9	1.5	14.6	0.3
Jul (p)	24.2	0.0	30.3	-0.5	25.0	0.1	14.7	0.1
Change on year	-2.3		2.3		-3.4		-9.0	
Change on year (%)	-8.7		7.8		-12.5		-38.3	

Source: Employment Service

		TABLE 5 CLAIMANT COUNT*					
		Claimant Count		Inflows (standardised)	Outflows (standardised)	Claimant Count (unadjusted)	
		Level	Rate (%)	Level	Level	Level	Rate (%)
		1	2	3	4	5	6
People	1997 April	163.4	6.7	29.6	34.6	166.2	6.8
	May	160.8	6.6	30.2	32.9	160.3	6.6
	June	159.4	6.5	32.2	33.2	156.2	6.4
	July	152.6	6.2	27.8	34.1	164.0	6.7
	August	149.5	6.1	29.0	31.8	161.9	6.6
	September	148.7	6.1	28.9	31.2	148.9	6.1
	October	147.1	6.0	28.8	30.7	142.1	5.8
	November	143.4	5.9	28.9	31.3	138.7	5.7
	December	139.3	5.7	29.9	32.9	139.0	5.7
	1998 January	141.0	5.8	29.8	28.4	152.2	6.2
	February	140.2	5.7	30.1	30.7	149.5	6.1
	March (r)	139.5	5.7	29.4	30.4	144.5	5.9
	April (p)	138.6	5.7	28.7	29.7	143.4	5.9
	Change on mnth	-0.9	0.0	-0.7	-0.3	-1.0	0.0
	Change %	-0.6		-2.4	-1.0	-0.7	
	Change on year	-24.8	-1.0	-0.9	-4.9	-22.8	-0.9
	Change %	-15.2		-3.0	-14.2	-13.7	
Men	1997 April	127.1	9.6	20.9	24.9	129.4	9.8
	May	124.8	9.5	21.4	23.7	125.1	9.5
	June	123.0	9.3	22.5	23.7	121.2	9.2
	July	120.3	9.1	20.3	23.2	124.3	9.4
	August	118.1	9.0	20.8	22.7	122.5	9.3
	September	116.0	8.8	20.8	23.7	114.7	8.7
	October	114.1	8.7	20.5	22.4	110.3	8.4
	November	111.4	8.4	20.8	22.8	108.0	8.2
	December	107.7	8.2	21.4	24.0	108.8	8.3
	1998 January	109.4	8.3	21.6	20.3	118.8	9.0
	February	108.5	8.2	21.6	22.2	115.9	8.8
	March (r)	107.9	8.2	21.1	21.7	112.0	8.5
	April (p)	107.3	8.1	20.6	21.4	110.8	8.4
	Change on mnth	-0.6	0.0	-0.5	-0.3	-1.2	-0.1
	Change %	-0.6		-2.4	-1.4	-1.1	
	Change on year	-19.8	-1.5	-0.3	-3.5	-18.6	-1.4
	Change %	-15.6		-1.4	-14.1	-14.4	
Women	1997 April	36.3	3.2	8.7	9.7	36.8	3.3
	May	36.0	3.2	8.8	9.2	35.3	3.1
	June	36.4	3.2	9.7	9.5	35.0	3.1
	July	32.3	2.9	7.5	10.9	39.7	3.5
	August	31.4	2.8	8.2	9.1	39.5	3.5
	September	32.7	2.9	8.1	7.5	34.2	3.0
	October	33.0	2.9	8.3	8.3	31.8	2.8
	November	32.0	2.8	8.1	8.5	30.7	2.7
	December	31.6	2.8	8.5	8.9	30.2	2.7
	1998 January	31.6	2.8	8.2	8.1	33.4	3.0
	February	31.7	2.8	8.5	8.5	33.6	3.0
	March (r)	31.6	2.8	8.3	8.3	32.5	2.9
	April (p)	31.3	2.8	8.1	8.3	32.7	2.9
	Change on mnth	-0.3	0.0	-0.2	0.0	0.2	0.0
	Change %	-0.9		-2.4	0.0	0.5	
	Change on year	-5.0	-0.4	-0.6	-1.4	-4.2	-0.4
	Change %	-13.8		-6.9	-14.4	-11.3	

Source: Benefits Agency administrative system

Note: * Count of claimants of unemployment-related benefit

Denominator = employee jobs + self-employment jobs + Government-supported trainees + HM Forces + claimants of unemployment-related benefits