

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 2003 the level of employment fell by 8 thousand, to 2,436 thousand. Over the year to November 2003, employment increased by 21 thousand. The employment rate – as a percentage of the working age population – fell slightly to 74.5 per cent, down 0.3 percentage points on the previous quarter. Over the year to November 2003, the employment rate was unchanged. Figure 1 provides an account of quarterly LFS employment over a four-year period to November 2003.

The preferred measure of unemployment by the International Labour Organisation (ILO) fell by 15 thousand to 149 thousand during the period September to November 2003². The ILO unemployment rate in the three months to November 2003 fell to 5.7 per cent. This represents a fall of 0.4 percentage points on the same period a year earlier (6.1 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 fell over the last quarter. There were 2,585 thousand economically active people in Scotland during September to November 2003. This comprised 2,436 thousand in employment and 149 thousand ILO unemployed. Taking account of the decrease in ILO unemployment (of 15 thousand) and a fall in the number in employment (of 8 thousand), the total number of economically active people in Scotland fell by 23 thousand between June and August 2003. The corresponding level for those economically inactive rose to 665 thousand, up 27 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 January 2004 stood at 96.0 thousand, down 1.7 thousand from the previous month, reflecting greater flows off than onto unemployment related benefits. The claimant count rate in January 2004 remained unchanged at 3.8 per cent for the thirteenth consecutive month.

Figure 2 plots ILO and claimant count unemployment for three-month periods as an index for the period March-May 1999 to September-November 2003. Claimant count unemployment has been generally falling since January 1999, though remaining relatively steady over the year so far. 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. Work at 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 are available from ONS through NOMIS, but these do not permit the stock of unfilled vacancies to be calculated, and are also not yet confirmed as National Statistics.

Labour Force Survey (LFS) data provide the industrial composition of the total number of individuals in employment within Scotland. Table 3 shows that between September to November 2003, the percentage share of employment within manufacturing has risen to 12.9 per cent. This represents an increase of 0.6 per cent on the previous quarter – down from 13.9 per cent from the same quarter in 2002. The share of employment within services fell to 74.6 per cent between September to November 2003, which represents an increase of 0.3 per cent over the same quarter one year ago. The percentage share of employment within the Banking and Finance sector fell to 13.2 per cent between September and November 2003.

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 employee jobs for the quarter ending September 2003 rose to 2,254 thousand, up 4 thousand on the previous quarter, but 6 thousand lower than the same period a year earlier. The number of jobs in the manufacturing industry fell to 267 thousand over the last quarter, losing 3 thousand jobs on the previous period, and 15 thousand over the year. The number of jobs in the service industry fell slightly over the last quarter to 1,027 thousand, 24 thousand lower 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 September to November 2003 the share of highly skilled employment within Scotland and Great Britain stood at 38.4 per cent and 40.8 per cent respectively. This is up

from 36.9 per cent and 40.6 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. The number of workers in highly skilled jobs in Scotland increased by 4.5 per cent between September to November 2003 on the same period a year earlier. For Great Britain, the number of workers in highly skilled jobs increased by 2.8 per cent compared to the period one year earlier.

Figure 4 shows a breakdown of these Scottish 'highly skilled jobs' since the introduction of SOC 2000 in the second quarter of 2001. The increase in the share of employment in these occupations over the last quarter comes from an increase in the share of employment in the 'associated professionals and technical' occupation class.

Outlook

Scotland's labour market continues to remain steady in light of recent global uncertainty. Overall, Scotland's employment performance continues to improve, and the unemployment rate in Scotland is at its lowest level since the 1970s. The employment rate remains close to historically high levels at 74.5 per cent in the three months to November 2003. The claimant count rate remains unchanged at 3.8 per cent in January 2004 while the number unemployed and claiming benefit has fallen to 96 thousand. ILO unemployment fell in the three months to November 2003, with the unemployment rate falling to 5.7 per cent – which remains lower than its value for the same period one year before. The outlook for the labour market remains healthy when compared to historical standards, with optimistic labour market sentiments expecting relatively low unemployment 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 covers the periods up to mid-2001. The data presented here are taken mainly from NOMIS and are consistent with the national LFS data currently being published in the Labour Market Integrated First Release (National Statistics).
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.

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12 March 2004

Table 1: Recent developments in the Scottish labour market

		<i>Level (000s)</i>	<i>Rate (%)</i>
Employment*	Jun-Aug 2002	2,406	74.1
	Sep-Nov 2002	2,415	74.5
	Dec 2002-Feb 2003	2,415	74.2
	Mar-May 2003	2,427	74.3
	Jun-Aug 2003	2,444	74.8
	Sep-Nov 2003	2,436	74.5
ILO Unemployment**	Jun-Aug 2002	176	6.8
	Sep-Nov 2002	156	6.1
	Dec 2002-Feb 2003	153	6.0
	Mar-May 2003	139	5.4
	Jun-Aug 2003	164	6.3
	Sep-Nov 2003	149	5.7
Economically active*	Jun-Aug 2002	2,582	79.6
	Sep-Nov 2002	2,571	79.4
	Dec 2002-Feb 2003	2,568	79.0
	Mar-May 2003	2,566	78.6
	Jun-Aug 2003	2,608	79.9
	Sep-Nov 2003	2,585	79.1
Economically inactive***	Jun-Aug 2002	646	20.4
	Sep-Nov 2002	654	20.6
	Dec 2002-Feb 2003	665	21.0
	Mar-May 2003	678	21.4
	Jun-Aug 2003	638	20.1
	Sep-Nov 2003	665	20.9

Source: National Statistics, Nomis (Labour Force Survey)

Notes:

(1) Interim LFS data taken from Nomis are in line with Census 2001-consistent population estimates at local authority level, and are comparable with the data in ONS UK Labour Market First Release.

(2) Data available as of 5 March 2004.

* 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)		Claimant count (unadjusted)	
		Level	Rate	Off-flow	On-flow	Level	Rate
2001	January	108.8	4.4	27.1	27.1	119.3	4.5
	February	108.1	4.4	27.9	27.1	118.9	4.5
	March	107.6	4.4	27.6	26.7	115.8	4.4
	April	104.9	4.3	27.9	25.4	109.7	4.1
	May	104.7	4.3	26.4	25.7	106.7	4.0
	June	104.2	4.1	27.0	26.6	104.7	4.0
	July	102.4	4.1	26.7	26.0	108.2	4.1
	August	103.2	4.1	26.4	27.2	109.4	4.1
	September	103.5	4.0	26.3	26.8	100.5	3.8
	October	104.6	4.0	26.9	28.1	99.2	3.7
	November	105.6	3.9	26.7	28.0	101.2	3.8
	December	105.3	3.9	27.3	27.3	102.5	3.9
2002	January	104.0	3.9	27.2	27.2	113.6	4.3
	February	103.1	3.9	26.9	26.3	113.1	4.3
	March	102.6	4.0	27.3	27.1	110.2	4.2
	April	104.1	4.0	26.8	28.1	108.4	4.1
	May	102.7	4.0	29.4	27.8	104.7	4.0
	June	102.4	3.9	27.2	27.3	102.9	3.9
	July	101.5	3.9	26.8	26.6	106.8	4.1
	August	101.1	3.9	27.0	26.7	106.9	4.1
	September	101.3	4.0	26.6	27.0	98.1	3.7
	October	100.8	3.9	26.8	26.3	95.5	3.6
	November	100.6	3.9	26.4	26.3	96.6	3.7
	December	99.7	3.9	26.8	26.6	97.5	3.7
2003	January	99.6	3.8	25.0	26.7	109.8	4.2
	February	99.7	3.8	26.4	26.5	110.7	4.2
	March	99.1	3.8	27.0	26.2	107.2	4.1
	April	98.8	3.8	26.5	26.3	103.4	3.9
	May	100.5	3.8	25.5	26.1	102.4	3.9
	June	100.7	3.8	25.6	26.2	101.7	3.9
	July	99.6	3.8	25.6	25.2	105.0	4.0
	August	98.9	3.8	25.6	24.8	104.2	4.0
	September	99.7	3.8	25.5	25.2	97.0	3.7
	October	99.6	3.8	25.0	24.9	95.0	3.6
	November	98.8	3.8	25.2	24.6	95.4	3.6
	December	97.7	3.8	24.8	24.5	96.2	3.7
2004	January	96.0	3.8	24.4	23.7	105.9	4.0

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

Note:

(1) Data available up until January 2004

* 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>
Mar-May 2002	13.3	14.6	75.0
Jun-Aug 2002	13.7	14.5	74.5
Sep-Nov 2002	13.9	14.1	74.3
Dec 2002-Feb 2003	12.9	13.9	74.9
Mar-May 2003	12.4	14.1	75.7
Jun-Aug 2003	12.3	13.7	75.2
Sep-Nov 2003	12.9	13.2	74.6

Source: National Statistics, Nomis (Labour Force Survey)

Notes:

- (1) Where manufacturing covers SIC section D, banking and finance covers sections J and K and all services covers section G-Q
(2) LFS data taken from Nomis are currently not consistent with the 2001 Census population data and are therefore not comparable with the data in ONS UK

Table 4: Employee jobs by industry, 000s

<i>SIC92</i>	<i>All jobs (seasonally adjusted)</i>	<i>All jobs A-Q</i>	<i>Mining</i>		<i>Manufacturing Industries D</i>	<i>Construction F</i>	<i>Service Industries G-K</i>	<i>Public Admin & Other Services L-Q</i>
			<i>Agriculture & Fishing A,B</i>	<i>Energy & Water Supplies Industries C,E</i>				
Sep-00	2,189	2,205	41	39	307	141	981	693
Sep-01	2,257	2,266	35	44	298	115	1,037	737
Sep-02	2,253	2,260	34	44	282	115	1,051	735
Dec-02	2,257	2,260	31	43	275	114	1,058	739
Mar-03	2,253	2,240	33	44	272	120	1,031	740
Jun-03	2,248	2,250	33	44	270	125	1,031	748
Sep-03	2,248	2,254	34	44	267	130	1,027	751

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

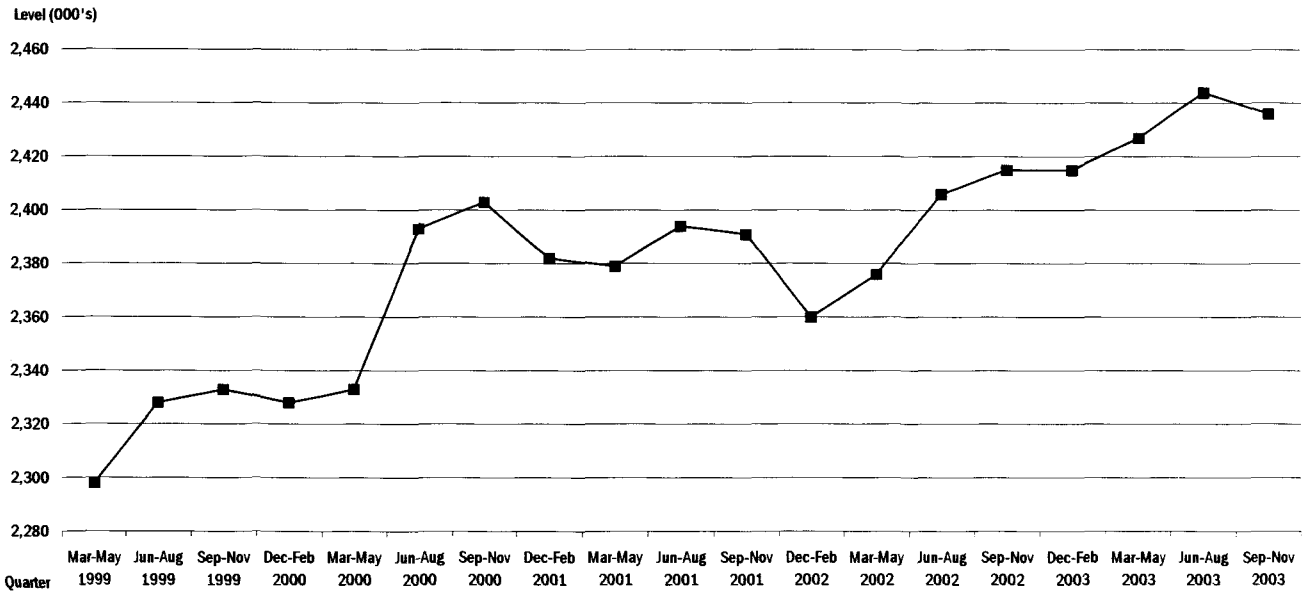
Table 5: Proportion of employment in highly skilled jobs

	<i>Scotland</i>		<i>Great Britain</i>	
	<i>Level</i>	<i>Rate (%)</i>	<i>Level</i>	<i>Rate (%)</i>
Mar-May 2002	887,000	37.3	10,995,000	39.7
Jun-Aug 2002	898,000	37.3	11,041,000	39.6
Sep-Nov 2002	896,000	37.1	11,182,000	40.0
Dec 2002-Feb 2003	907,000	37.6	11,239,000	40.3
Mar-May 2003	912,000	37.6	11,383,000	40.7
Jun-Aug 2003	901,000	36.9	11,432,000	40.6
Sep-Nov 2003	936,000	38.4	11,494,000	40.8

Source: National Statistics, Nomis (Labour Force Survey)

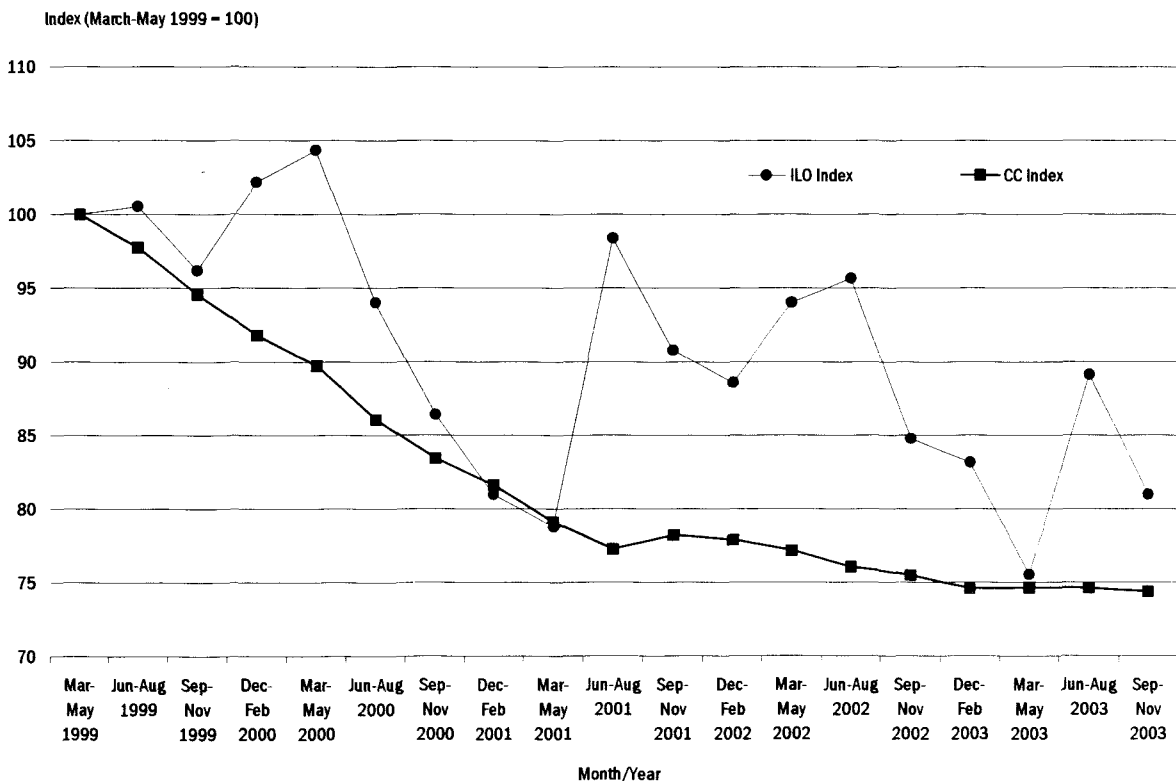
Notes: Highly skilled Jobs includes sections 1-3 of the Standard Occupational Classification (SOC 2000)

Figure 1: LFS Employment in Scotland for those aged 16 and over, Mar-May 1999 - Sep-Nov 2003



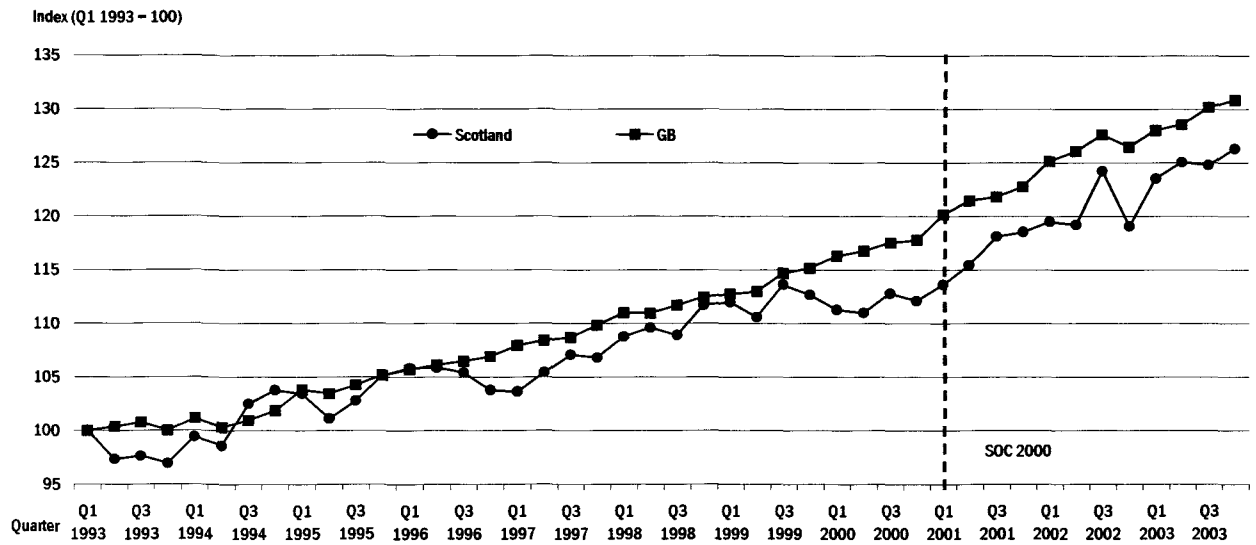
Source: National Statistics (Nomis)

Figure 2: Claimant Count and ILO Unemployment in Scotland, Mar-May 1999 to Sep-Nov 2003



Source: National Statistics (Nomis)

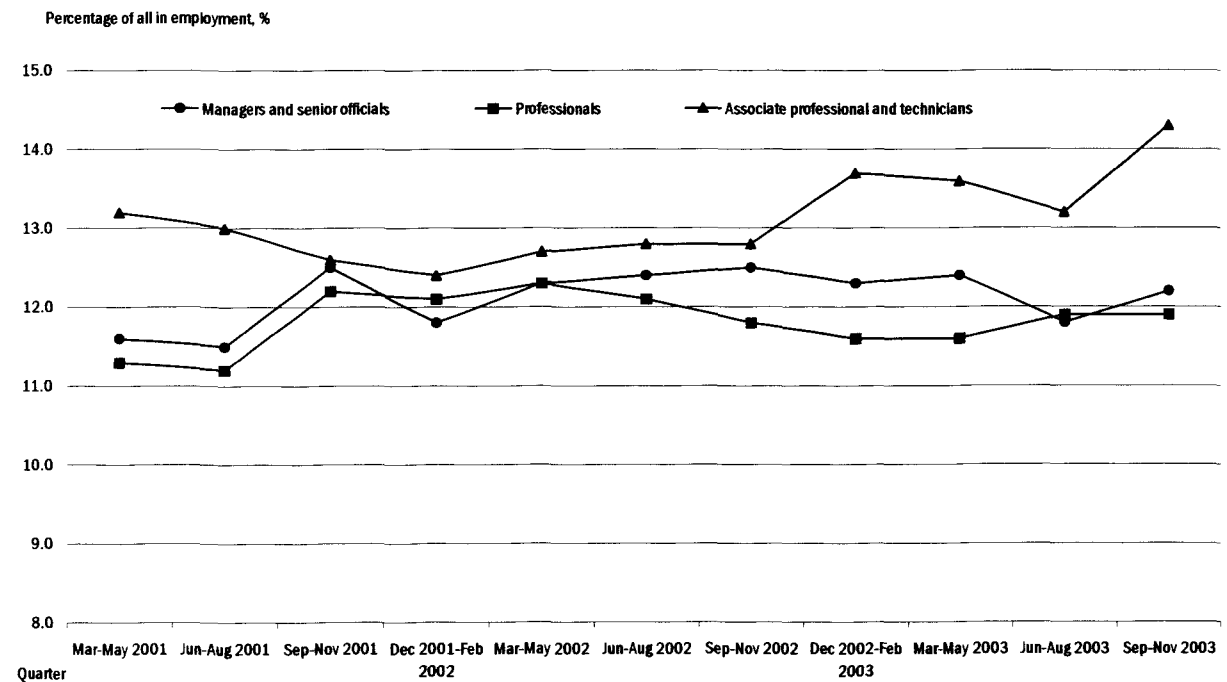
Figure 3: Employment in highly skilled jobs*, Scotland and Great Britain, Q1 1993 - Q4 2003



*Highly skilled Jobs includes sections 1-3 of the Standard Occupational Classification (SOC). Pre-2001 data relates to SOC 1990. Post-2001 data relates to SOC 2000.

Source: National Statistics (Nomis)

Figure 4: Percentage of all in employment in Scotland employed in high skilled occupations, by occupation category, Mar-May 2001 to Sep-Nov 2003



Source: National Statistics (Nomis)