

Overview of the Scottish labour market

The latest comparable figures on the labour market¹ between Scotland and the United Kingdom are summarised in Table 1. Labour Force Survey (LFS) data show that in the first three months of 2008 the level of employment in Scotland rose by 0.2 per cent, to 2,537 thousand. Over the year to March 2008, however, employment in Scotland fell by 1 thousand, approximately 0.0 per cent. For the same period, UK employment rose by 1.6 per cent. The Scottish employment rate – those in employment as a percentage of the working age population – remained at 76.5 per cent, unchanged from the previous quarter but down 0.2 per cent compared to one year earlier.

Figure 1 provides an account of Scottish quarterly LFS employment over a sixteen-year period to the most recent quarter – the earliest for which comparable figures are available. Employment levels remain close to historical highs, reached in Q2 2007. A comparison of the residence-based employment rates for the regions of the UK in Q1 2008 is provided in Figure 2. Scotland's employment rate gives it the fourth highest employment rate of all regions in the UK, behind the South East, South West and East of England.

Table 1 shows that the preferred International Labour Organisation (ILO) measure of unemployment in Scotland fell by 4.9 per cent to 124 thousand between the last quarter of 2007 and the first quarter of 2008. This equates to a 5.6 per cent annual decline in the number unemployed under this measure². The ILO unemployment rate fell in the three months to March 2008 and now stands at 4.7 per cent. This represents a 0.2 per cent fall over the last quarter and a 0.3 per cent fall relative to the same period a year earlier (5.0 per cent). The comparable ILO unemployment rate for the UK stands at 5.2 per cent, and is unchanged over the most recent quarter, and shows a 0.3 per cent fall relative to the same period a year earlier. Figure 3 shows the ILO unemployment rate for Scotland and the UK from Q2 1992 to Q1 2008. This shows that Scotland's ILO unemployment rate has been below that of the UK since the start of 2006, and was previously only below that of the UK when both rates were significantly higher in the period to the mid-1990s.

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 by 0.1 per cent between Q4 2007 and Q1 2008. There were 2,662 thousand economically active people in Scotland during Q1 2008. This comprised 2,537 thousand in employment and 124 thousand ILO unemployed. The level for those of working age economically inactive rose in the last quarter, up 1.0 per cent on the previous quarter to 630 thousand people. This indicates an increase of 2.1 per cent in the number of people of working age economically inactive over the last year. The numbers of people currently economically inactive however are lower than the same quarter in 2005 and 2006.

The most recent (seasonally adjusted) figure for Jobseekers allowance claimants in Scotland stood at 70.1 thousand in April 2008, up 0.9 thousand from the previous month. The claimant count rate in April 2008 stood at 2.5 per cent. This is equal to the UK claimant count rate and remains at historical lows. Figure 4 shows the claimant count rates for Scotland and the UK since comparable records began in April 1974. Over this period, Scottish claimant count rate has, with exceptions roughly between 1992-1996, been greater than the UK claimant count rate.

Figure 5 shows the inflows, outflows, and net flows onto Jobseekers allowance in Scotland between November 1988 and the most recent data (April 2008). The reduction in the claimants over recent years can be seen by the greater outflows than inflows over much of this time period. The recent increase in claimant count levels can be seen by the increased inflows to Jobseekers allowance over March and April 2008, while the number of outflows from Jobseekers allowance over these months has remained approximately constant.

Figure 6 plots ILO and claimant count unemployment in Scotland for three-month periods as an index for the period Q1 1999 to Q1 2008 (where on both series Q1 1999 = 100). Claimant count unemployment has generally fallen over this period, and, after a slight rise during 2006, has recently begun declining again. By comparison, ILO unemployment has fluctuated 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.

Due to changes in the way in which these data are collected, consistent data on the level of unfilled vacancies in the Scottish and Great Britain labour market are only available from May 2006. We report standard live unfilled vacancies, which are vacancies for an employee (rather than self-employed) person and are notified through a Jobcentre. The proportion of total vacancies which this measure represents will therefore change over time as the industrial sector and region of the vacancies changes. Such measures are useful however for a snapshot of

vacancies in the Scottish economy. In April 2008 there were a total of 31,592 live unfilled vacancies. Figure 7 shows the spread by local authority of the 4,457 “skilled” vacancies³ across Scotland in April 2008. The largest numbers of such posts are in Edinburgh and Glasgow respectively, with the least number of skilled vacancies currently in Eilean Siar, Orkney Islands and Clackmannanshire.

The most recent figures for the number of employee jobs by industrial activity are detailed in Table 2. Employee job figures are a measure of jobs rather than people. Total seasonally adjusted employee jobs for the quarter ending December 2007 stood at 2,388 thousand, up 5 thousand from the previous quarter, and 17 thousand higher than the same period a year earlier. The number of jobs in the manufacturing industry fell to 221 thousand over the last quarter, down 2 thousand from the previous quarter, and down 2 thousand against the same quarter one year earlier. The number of jobs in the service industry rose by 19 thousand over the last quarter to 1,125 thousand, and there are now 25 thousand more jobs in the service industry than the same period ending a year earlier.

Outlook

Scotland’s labour market continues to perform strongly in light of continued global uncertainty. The level of employment has risen in the most recent quarter, while over the last year the employment rate has fallen slightly. Overall UK employment growth has been stronger than in Scotland over the last quarter and year, but Scotland’s unemployment levels and rates, on both ILO and claimant count measures continue to fall.

Scotland’s employment performance continues remain robust, and while the employment level and has dipped from the high seen in Q2 2007, it remains close to its highest level since 1992 (before which consistent records are unavailable). The employment rate in Scotland remains above that of the UK (76.5 per cent compared to 74.9 per cent). The Scottish claimant count rate fell to 2.5 per cent in April 2008, equal to the UK claimant count rate, and at historical lows. The outlook for the Scottish labour market remains robust, however we are uncertain as to the impact of continued economic uncertainty on labour market indicators. This could depend on the pattern of short-term changes in sectoral growth and the extent to which migrant labour is able to exit or join the Scottish labour market in response to any such changes.

Scotland at the quarterly level, so this will continue to form the basis of our analysis of movements in the labour market between quarters.

²The 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.

³Highly skilled jobs include sections 1-3 of the Standard Occupational Classification (SOC), covering “Managers and senior officials”, “Professional Occupations” and “Associate Professional and Technical Occupations”.

Grant Allan
9th June 2008

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, May 2008 and are consistent with the updated LFS data available on NOMIS from Summer 2004. Labour Market Statistics continue to report data for

Table 1: Headline indicators for Scottish and UK labour market, Q1 2008

January to March 2008		Scotland	Change on quarter (%)	Change on year (%)	United Kingdom	Change on quarter (%)	Change on year (%)
Employment*	Level (000s)	2,537	0.2	0	29,538	0.4	1.6
	Rate (%)	76.5	0	-0.2	74.9	0.1	0.6
Unemployment**	Level (000s)	124	-4.9	-5.6	1,612	0.8	-4.9
	Rate (%)	4.7	-0.2	-0.3	5.2	0	-0.3
Activity*	Level (000s)	2,662	-0.1	-0.3	31,151	0.4	1.2
	Rate (%)	80.3	-0.2	-0.4	79.1	0.1	0.3
Inactivity	Level (000s)	630	1.0	2.1	7,878	-0.4	1.0
	Rate (%)	19.7	0.2	0.4	20.9	-0.1	-0.3

Source: Labour Market Statistics (First Releases), Scotland and UK, May 2008

* Levels are for those aged 16+, while rates are for those of working age (16-59/64)

** Levels and rates are for those aged 16+, rates are proportion of economically active.

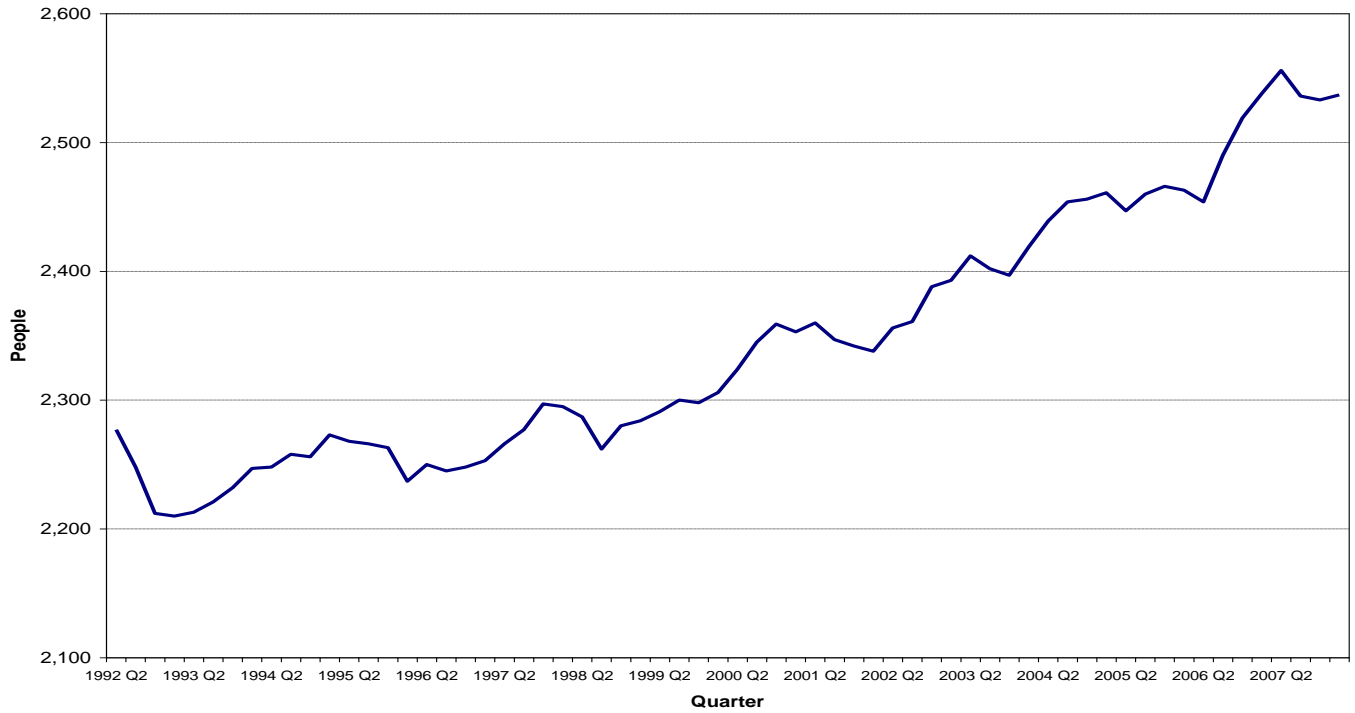
*** Levels and rates for those of working age (16-59/64)

Table 2: Employee jobs by industry, Scotland

SIC 2003 Section	All jobs (seasonally adjusted)	All jobs	Agriculture, Forestry and Fishing	Mining Energy and Water Supplies Industries	Manufacturing Industries	Construction	Distribution etc, transport etc, finance and business services	Education, health, public admin and other services
	A-O	A,B	C,E	D	F	H-K	L-O	
Dec-04	2326	2337	33	38	236	125	1088	818
Dec-05	2374	2386	30	37	228	130	1109	852
Dec-06	2371	2384	34	38	223	145	1100	843
Mar-07	2369	2362	32	39	223	144	1082	843
Jun-07	2380	2377	32	39	224	140	1100	842
Sep-07	2383	2380	32	40	223	136	1106	843
Dec-07	2388	2400	32	39	221	136	1125	847

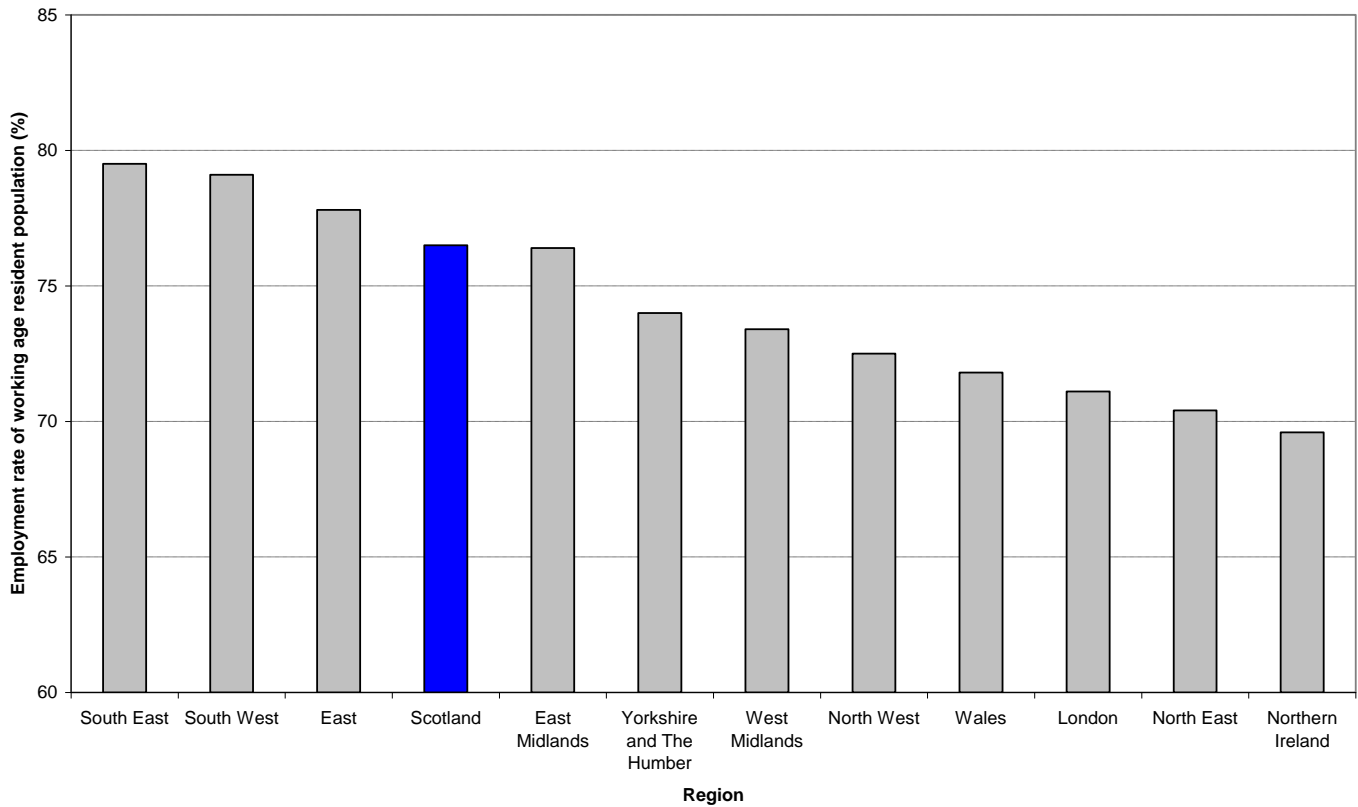
Source: Labour Market Statistics (First Release), Scotland, May 2008

Figure 1: Total (16+) employment in Scotland, Q2 1992 to Q1 2008, seasonally adjusted



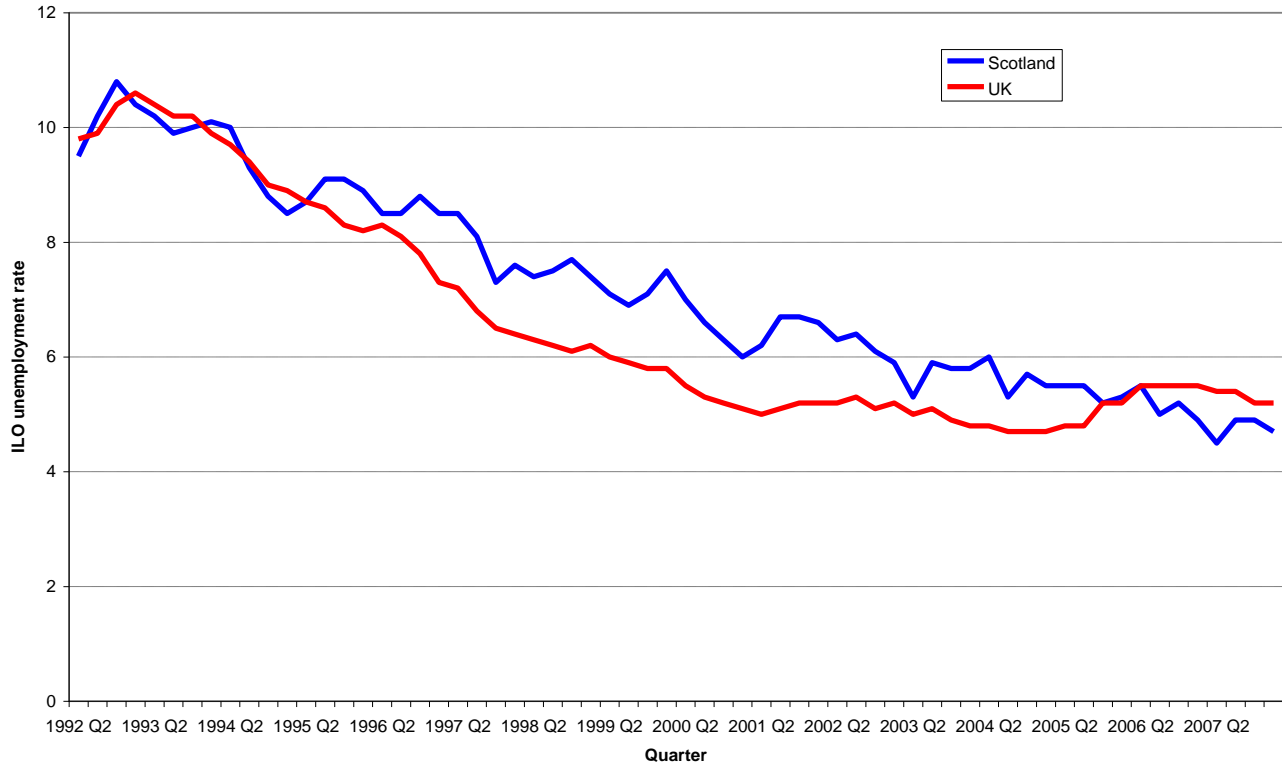
Source: Labour Force Survey, National Statistics

Figure 2: Residence based employment rates for Scotland and other regions of UK, Q1 2008



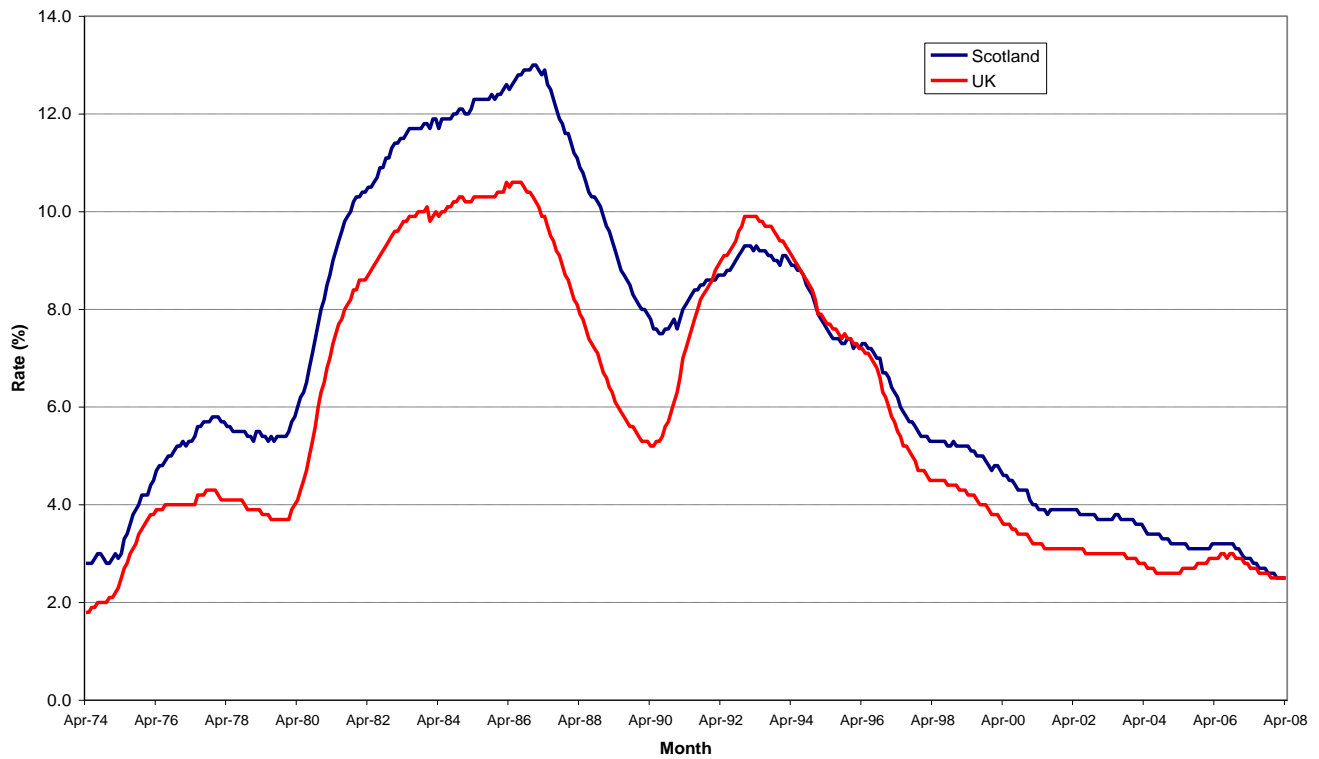
Source: Labour Force Survey, National Statistics

Figure 3: Scotland and UK ILO unemployment rate, Q2 1992 to Q1 2008



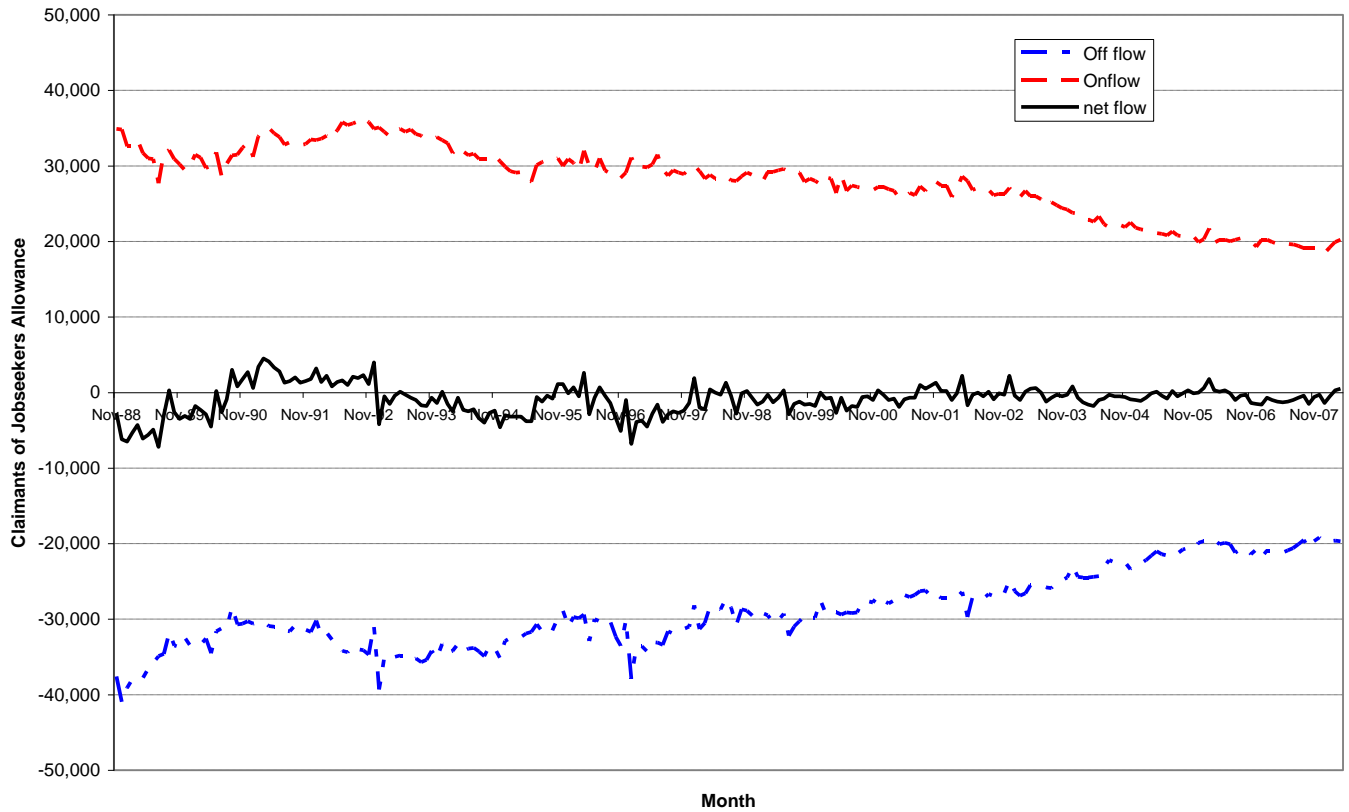
Source: Labour Force Survey, National Statistics

Figure 4: Scotland and UK monthly Claimant Count rate, April 1974 to April 2008



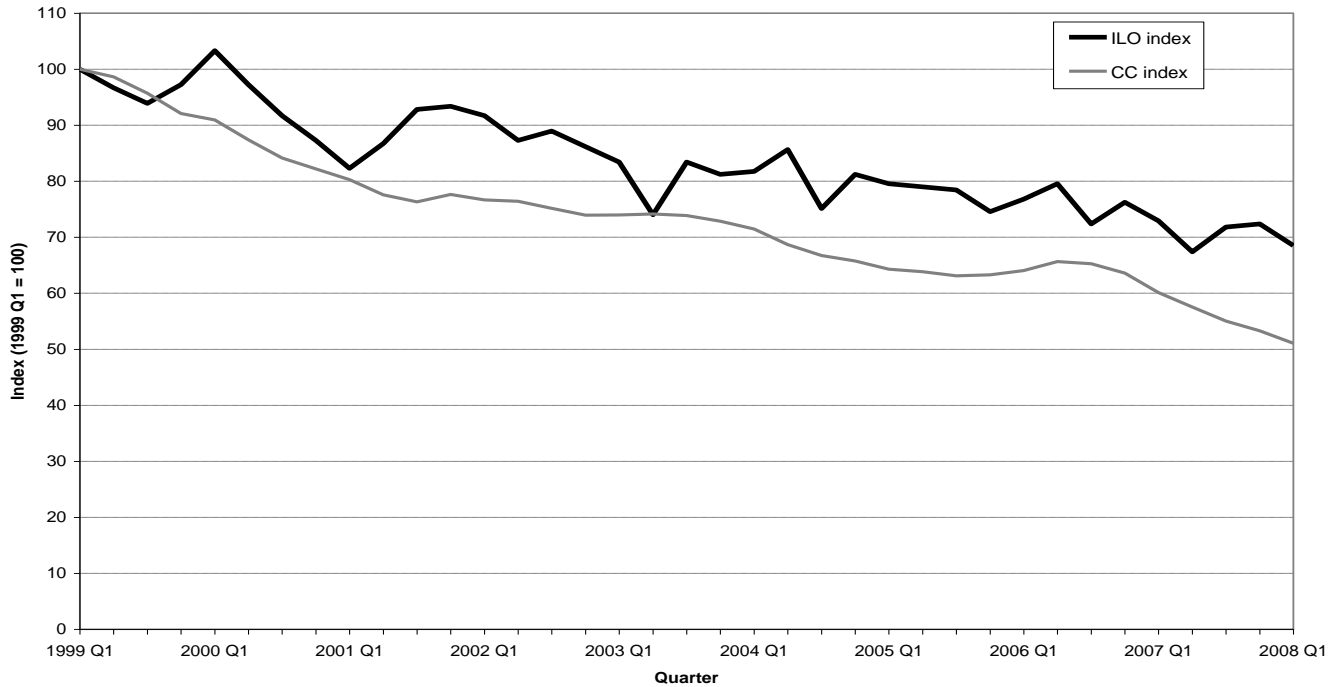
Source: National Statistics (accessed through Nomisweb)

Figure 5: Scotland inflows, outflows and net flows to Jobseekers allowance, November 1988 to April 2008



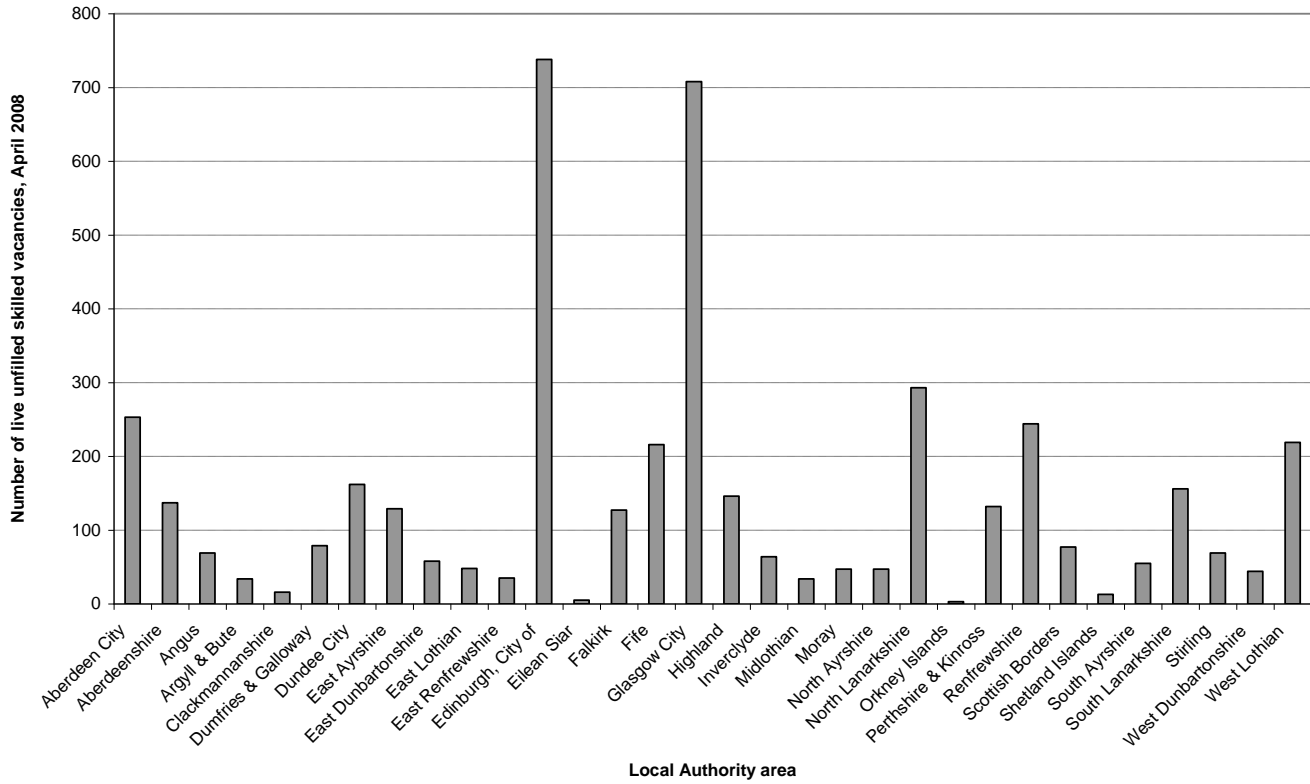
Source: National Statistics (accessed through Nomisweb)

Figure 6: ILO and claimant count unemployment in Scotland, Q1 1999 to Q1 2008, index Q1 1999 = 100



Source: National Statistics (accessed through Nomisweb)

Figure 7: Live unfilled vacancies for “skilled”³ occupations in Scotland by local authority area, April 2008



Source: National Statistics (accessed through Nomisweb)