

Overview of the Labour Market

The latest figures on the labour market¹ in Scotland are summarised in Table 1. Over the last quarter, Labour Force Survey (LFS) data showed that the level of employment rose in the three months to May 2003, to 2,427 thousand. Over the year to May 2003, employment increased by 51 thousand. The employment rate - as a percentage of the working age population in employment - rose to 74.3 per cent, up 0.1 percentage points on the previous quarter. Figure 1 provides an account of quarterly LFS employment over a four-year period to May 2003.

The preferred measure of unemployment by the International Labour Organisation (ILO) fell to 139 thousand during the period March to May 2003². The ILO unemployment rate in the three months to May 2003 fell to 5.4 per cent. This represents a fall of 1.4 percentage points on the same period a year earlier (6.8 per cent).

The economically active workforce includes those individuals actively seeking employment and currently in employment (i.e. self-employed, government employed, unpaid family workers, and those on training programmes). Table 1 shows that the level of those economically active fell over the last quarter. There were 2,566 thousand economically active people in Scotland during March to May 2003. This comprised 2,427 thousand in employment and 139 thousand ILO unemployed. Hence, taking account of the fall in ILO unemployment (of 14 thousand) and an increase in the number of employed (of 12 thousand), the total number of economically active people in Scotland fell by 2 thousand between March to May 2003. The corresponding level for those economically inactive increased to 678 thousand, up 13 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 July 2003 stood at 99.9 thousand, which represents a fall of 800 on the previous month, reflecting lower flows of claimants onto unemployment related benefits. The claimant count rate in July 2003 remained unchanged at 3.8 per cent for the seventh consecutive month. This represents a marginal fall of 0.1 percentage points on the same period a year earlier.

Figure 2 plots ILO and claimant count unemployment for three-month periods as an index for the period January-March 1999 to April-July 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 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 mirror the distinction between those actively seeking work (but are jobless) and those who are eligible for unemployment benefit payments.

Figure 3 illustrates the gap between Scottish claimant count unemployment against the level of unfilled vacancies, using data up until June 2001. By multiplying the number of vacancies by three - to account for under-reporting by job centres - it is evident that the level of unfilled vacancies against claimant count unemployment increased steadily between July 2000 and January 2001. This suggests a continued tightening of the labour market between this period, with some easing between January and June 2001 where the gap appears to narrow slightly.

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. 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 not yet 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 June to August 2003, the percentage share of employment within manufacturing has fallen to 12.4 per cent. This figure represents a fall of 0.5 percent on the previous quarter - down from 12.9 percent in March to May 2003. The share of employment within service industries increased to 75.7 per cent between June to August 2003, which represents an increase of 0.7 percent over the year so far. The percentage share of employment within the Banking and Finance sector rose to 14.1 per cent between June to August 2003. These figures suggest that the share of employment over the last quarter have moved slightly away from the Manufacturing sector and towards the Banking and Finance and Services sectors.

The most recent figures for the number of employee jobs by industrial activity are detailed in Table 4. Employee jobs figures are a measure of jobs rather than people. Total employee jobs for the period ending March 2003 fell to 2,245 thousand, down 12 thousand on the previous quarter, and 32 thousand lower than the same period a year earlier. The number of jobs in the manufacturing industry fell to 272 thousand over the latest quarter, losing 3 thousand jobs on the previous period, and 15 thousand over the year. Over the same period, the service industry lost 27 thousand jobs on the previous quarter, and over the year as a whole this accounted to a total loss of 18 thousand employee jobs in services.

Table 5 and Figure 4 show the proportion 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 (refer to Table 5) show that during March to May 2003 the share of highly skilled employment within Scotland and Great Britain stood at 38 per cent and 41 per cent respectively. Figure 4 illustrates that the share of Scottish employment within highly skilled jobs has been rising steadily over recent years but continues to lag slightly behind Great Britain. The number of highly skilled jobs in Scotland increased by 2.8 per cent between March to May 2003 on the same period a year earlier, while the number of highly skilled jobs in Great Britain increased by slightly more at 3.5 per cent.

Outlook

Scotland's labour market continues to remain relatively resilient 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 74.3 per cent in the three months to May 2003. The claimant count rate remains unchanged at 3.8 per cent in July 2003. ILO unemployment fell in the three months to May 2003, with the unemployment rate falling to a record low of 5.4 per cent over the same period. While there have been signs of some weakening in the Scottish labour market over the second half of 2001, continuing into 2002, the outlook remains relatively healthy when compared to historical standards. Overall, labour market sentiments are mainly optimistic, with expectations for relatively low unemployment 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.

Grant Allan
10 September 2003

Table 1: Recent developments in the Scottish labour market

		Level (000s)	Rate (%)
Employment*	Dec 2001 -Feb 2002	2,360	72.6
	Mar-May 2002	2,376	73.1
	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
ILO Unemployment**	Dec 2001 -Feb 2002	163	6.5
	Mar-May 2002	173	6.8
	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
Economically active*	Dec 2001 -Feb 2002	2,523	77.7
	Mar-May 2002	2,549	78.5
	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
Economically inactive***	Dec 2001 -Feb 2002	706	22.3
	Mar-May 2002	682	21.5
	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

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 up until 10 September 2003

* 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		Claimant flows		Claimant count	
		(seasonally adjusted)		(seasonally adjusted)		(unadjusted)	
		Level	Rate	Off-flow	On-flow	Level	Rate
2000	January	123.2	5.0	27.5	27.5	134.0	5.2
	February	122.6	5.0	29.3	28.5	133.5	5.2
	March	122.4	4.9	29.0	28.3	130.6	5.1
	April	119.0	4.8	29.1	26.4	123.6	4.8
	May	118.4	4.8	29.4	28.7	120.6	4.7
	June	116.5	4.8	29.1	26.7	117.3	4.6
	July	115.1	4.8	29.2	27.4	121.9	4.8
	August	113.5	4.8	29.1	27.2	120.8	4.7
	September	112.1	4.7	27.7	27.1	109.7	4.3
	October	111.7	4.6	27.6	27.1	106.5	4.2
	November	110.7	4.6	27.8	26.8	106.4	4.2
	December	110.4	4.5	26.9	27.2	108.0	4.2
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	
	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	99.9	3.8	25.6	25.4	105.0	4.0

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

Note:

(1) Data available up until July 2003

* 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

	Manufacturing	Banking & Finance	All services
Dec 2001-Feb 2002	14.1	13.8	73.9
Mar-May 2002	14.1	13.8	73.9
Jun-Aug 2002	13.3	14.6	75
Sep-Nov 2002	13.7	14.5	74.5
Dec 2002-Feb 2003	13.9	14.1	74.3
Mar-May 2003	12.9	13.9	74.9
Jun-Aug 2003	12.4	14.1	75.7

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

SIC92	All jobs (seasonally adjusted)	All jobs A-Q	Mining		Manufacturing Industries D	Construction F	Service Industries G-K	Public Admin & Other Services L-Q
			Agriculture Forestry & Fishing A,B	Energy & Water Supplies Industries C,E				
Mar-00	2,186	2,171	40	41	309	136	949	695
Mar-01	2,237	2,226	35	40	300	128	1,003	720
Mar-02	2,278	2,266	35	45	287	119	1,049	731
Jun-02	2,256	2,257	35	44	286	113	1,049	730
Sep-02	2,247	2,256	34	44	282	115	1,051	730
Dec-02	2,257	2,259	31	43	275	114	1,058	738
Mar-03	2,245	2,234	33	44	272	121	1,031	734

Source: National Statistics: Labour Market Statistics, Scotland (First Release, Table 5: Employee jobs by industry, August 2003)

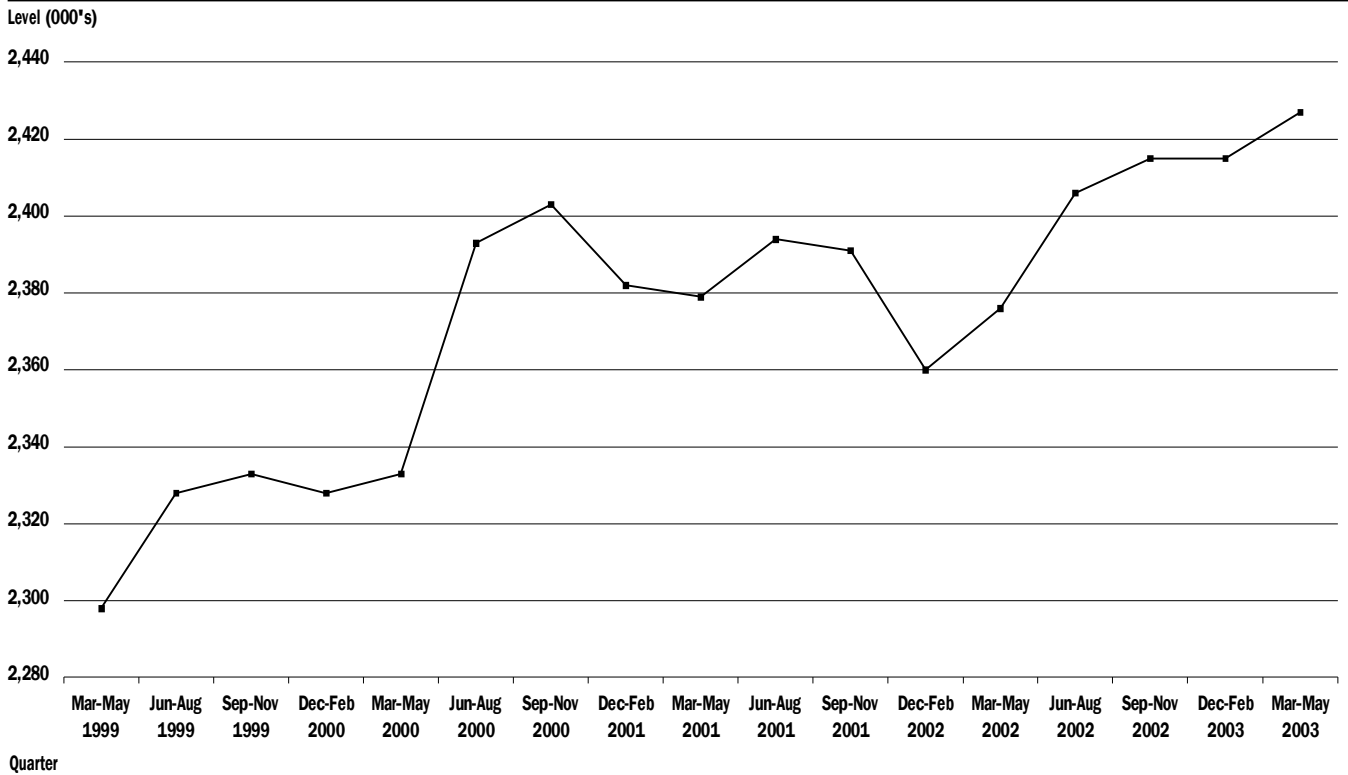
Table 5: Proportion of employment in highly skilled jobs

	Scotland		Great Britain	
	Level	Rate (%)	Level	Rate (%)
Sep-Nov 2001	892,000	37	10,960,000	40
Dec 2001-Feb 2002	855,000	36	10,861,000	39
Mar-May 2002	887,000	37	10,995,000	40
Jun-Aug 2002	898,000	37	11,041,000	40
Sep-Nov 2002	896,000	37	11,182,000	40
Dec 2002-Feb 2003	907,000	38	11,239,000	40
Mar-May 2003	912,000	38	11,383,000	41

Source: National Statistics, Nomis (Labour Force Survey)

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

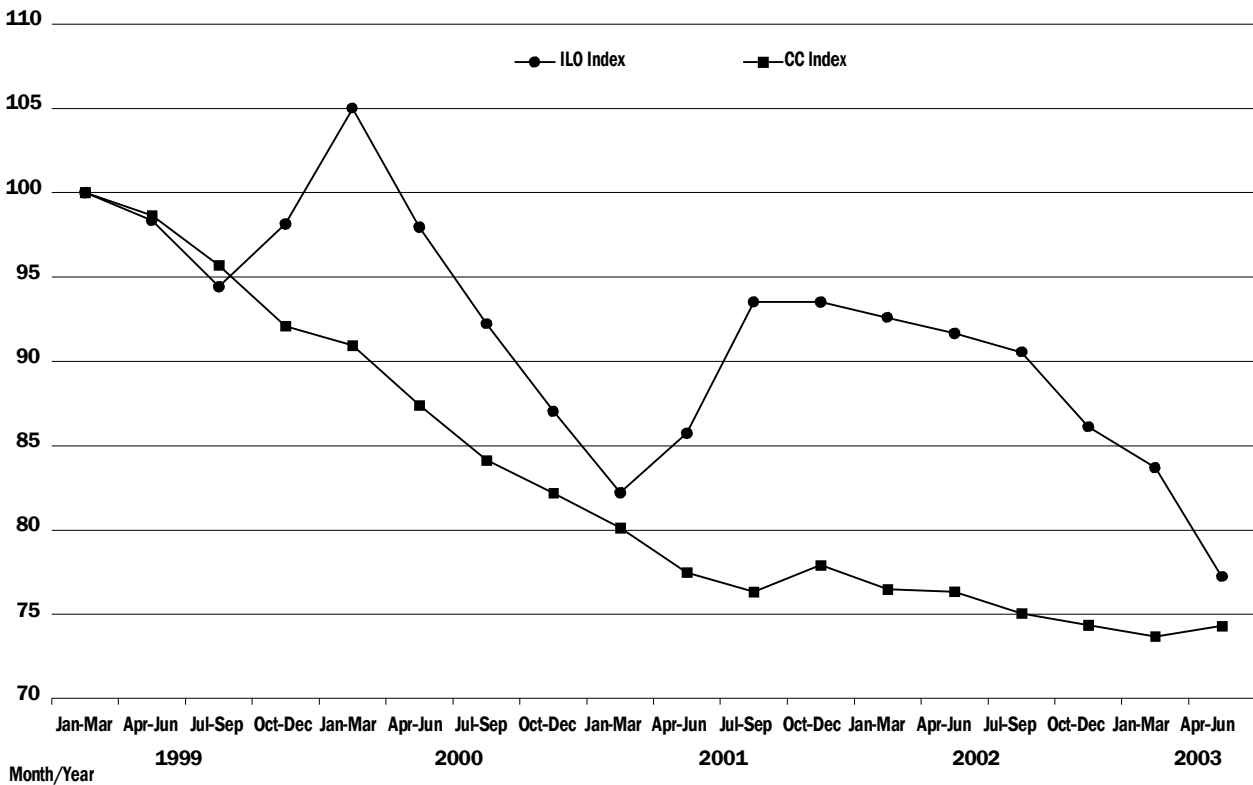
Table 1: ILO Unemployment in Scotland at (FF) and average (FF) 1999 - Mar-May 2003



Source: National Statistics (Nomis)

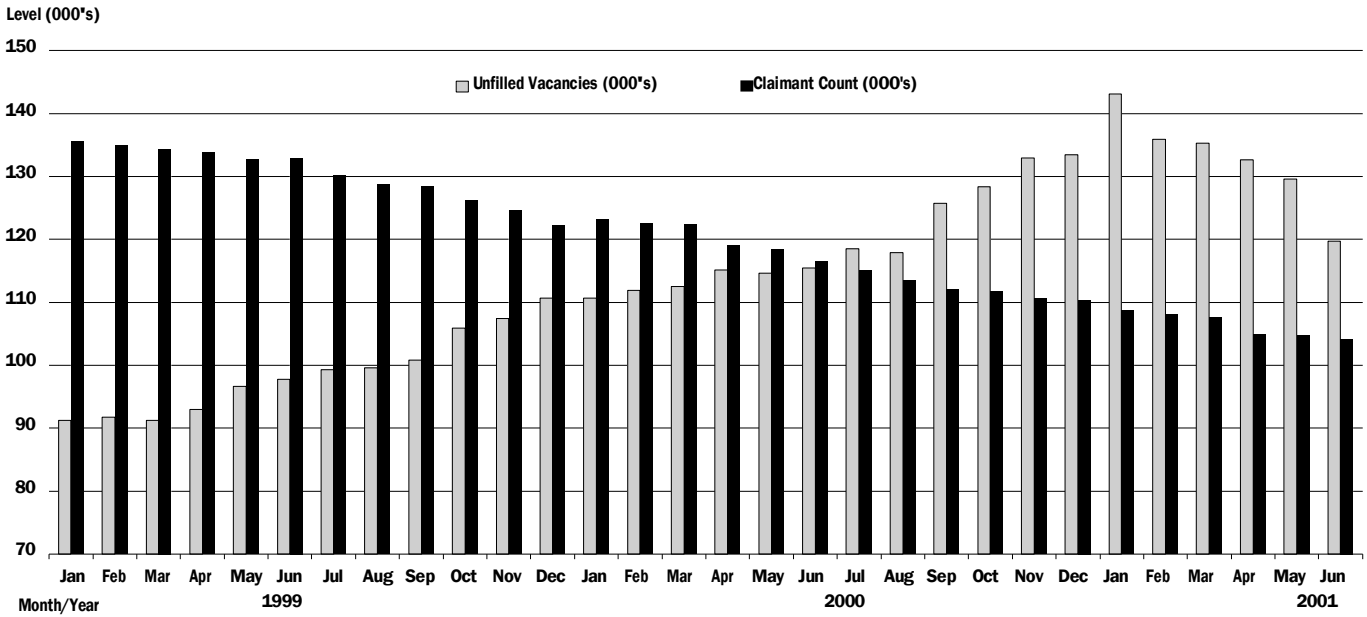
Figure 2: Claimant Count and ILO Unemployment in Scotland, January 1999-June 2003

Index (January-April 1999 = 100)



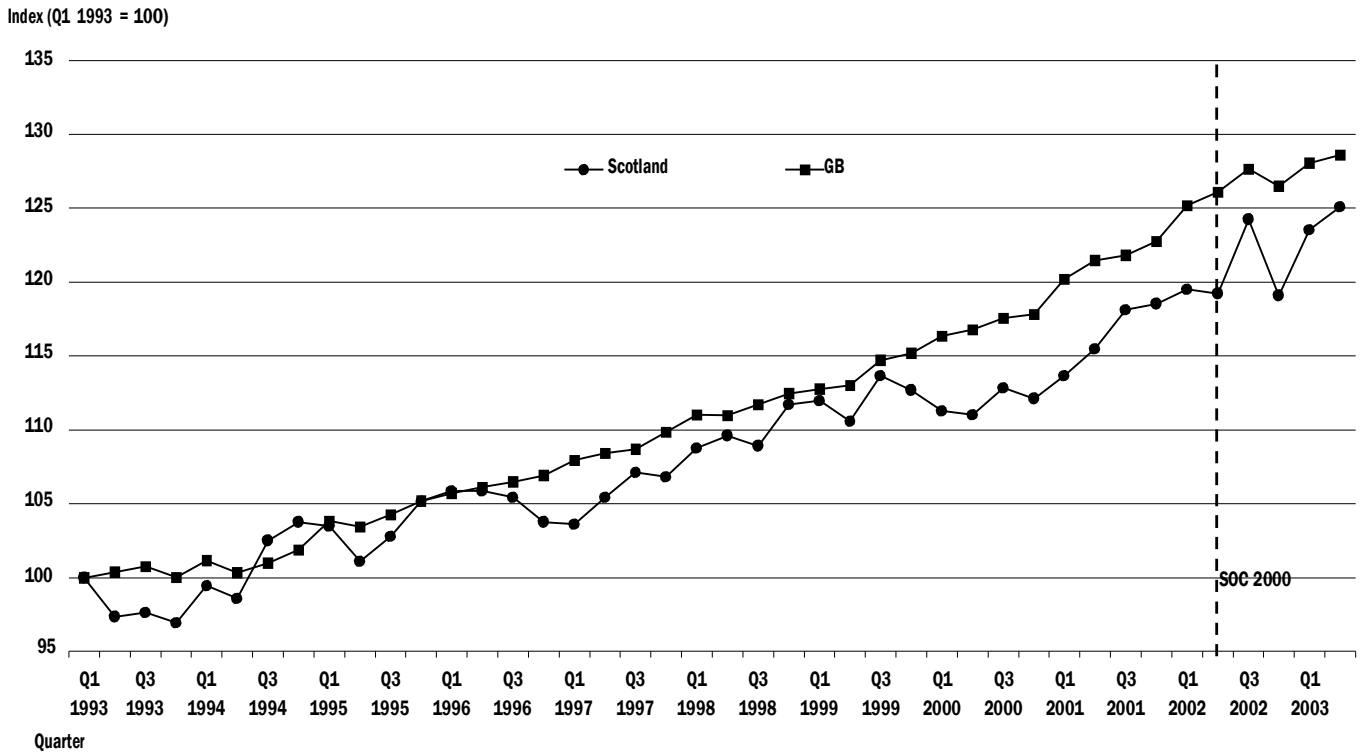
Source: National Statistics (Nomis)

Figure 3: Scottish unemployment (claimant count) against the level of Scottish Vacancies*



Source: National Statistics (Nomis)

Figure 4: Employment in highly skilled jobs*, Scotland and Great Britain



* Highly skilled jobs consists of sections 1-3 of the Standard Occupational Classification

Source: National Statistics (Nomis)

