

Overview of the labour market

Table 1 provides a summary of the most recent Scottish labour market statistics. The Labour Force Survey (LFS) estimate of the level of Scottish employment during the period June to August 2001 was 2,394. This figure had risen considerably by 15 thousand compared to previous quarter and was 3 thousand higher than the same period in the previous year. The employment rate rose to 73.8% up from 73.4% in the previous quarter, this was slightly lower than the 73.9% in the same period in the previous year.

The International Labour Organisation (ILO) definition of unemployment rose to 180 thousand during the period June to August 2001 compared to 145 thousand in the previous quarter and 173 thousand in the same quarter in the previous year. The ILO unemployment rate for the period was 7.0%, a significant increase from the 5.7% in the previous quarter. It had also increased slightly from 6.7% in the same quarter in the previous year.

The simultaneous quarterly increase in employment of 15 thousand and in unemployment of 35 thousand may be explained by a large rise in the level of those economically active. Table 1 shows an increase of 50 thousand in the level of those economically active. Those classified as ILO unemployed are actively seeking work and are thus classified as economically active along with those currently in employment. These figures therefore suggest that the significant increase in ILO unemployment was largely due to individuals entering the labour market looking (but not yet finding) work.

The latest Scottish claimant count figures are given in Table 2. The figures show the seasonally adjusted claimant count unemployment at 104.4 thousand during October 2001, a slight increase of 800 upon the previous month but lower than the 112.2 thousand claimant count during October in the previous year. The claimant count figures provide the most recent information available for the Scottish labour market. In the previous commentary it was correctly predicted that the claimant count would rise from August over the next quarter. From August to October the claimant count level rose by 2.2 thousand, the claimant count rate nudged up from 4.1 to 4.2.

The most useful measure of claimant count unemployment is the seasonally adjusted series commented on above. Table 2 provides both the seasonally adjusted and

unadjusted series. The unadjusted series shows a fall in claimant count unemployment in October and a lower level of unemployment. This series reflects 'actual' changes in the claimant count, not taking into account seasonal factors. Unadjusted unemployment in the previous October was also lower, indicating that the claimant count is usually lower in the month of October. However, last year the seasonally adjusted series was also falling and this year is it rising.

Thus, the clear indications of a cooling in the labour market by the seasonally adjusted series are not yet reflected in the level of the actual claimant count. This may occur next January when temporary employment created during the Christmas period ends.

Further LFS statistics released earlier this month also showed a significant increase in Scottish unemployment. Seasonally adjusted figures for July to September 2001 showed ILO unemployment at 171 thousand, an increase of 16 thousand on the previous quarter. The seasonally adjusted level of Scottish employment stood at 2,381 thousand. This was 15 thousand lower than in the previous quarter but still 4 thousand higher than the same quarter in the previous year. The same figures also showed the seasonally adjusted level of economically active individuals increase by 1 thousand to 2,552 thousand.

The release of figures for Scottish job centre vacancies is still unfortunately delayed. The figures shown in the previous Commentary remain the most up to date available.

Outlook

The majority of the Scottish labour market indicators clearly suggest that the labour market is cooling. Temporary employment during the Christmas period may help cushion this effect but a significant increase in unemployment is likely to occur from January onwards. Although many of the indicators are currently moving in a negative direction, they compare favourably to their position in the same period during the previous year. The figures for those economically active are also encouraging, when individuals move from employment there is a risk that they may leave the labour market altogether (at least on a temporary basis). The seasonally adjusted LFS figures suggest that the level of those economically active has at least remained stable despite the slack now appearing in the labour market.

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Table 1: Recent developments in the Scottish labour market

		Level (000s)	Rate (%)
Employment*	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
	Jun-Aug 2001	2,394	73.8
ILO Unemployment**	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
	Jun-Aug 2001	180	7.0
Economically active*	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
	Jun-Aug 2001	2,574	79.5
Economically inactive***	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
	Jun-Aug 2001	650	20.5

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 unemployment

		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	102.2	4.1	26.2	26.7	109.4	4.4
	September	103.6	4.1	26.0	26.9	100.5	4.0
	October	104.4	4.2	26.8	27.7	99.2	4.0

Source: Benefits Agency administrative system

Figure 1: LFS employment in Scotland

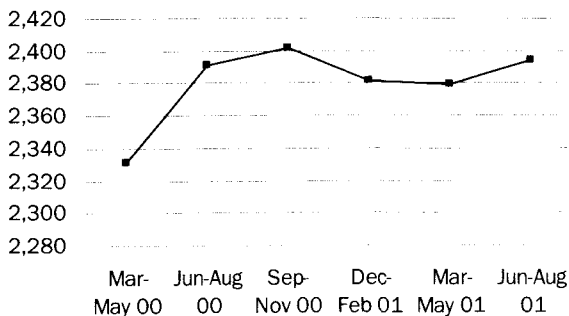


Figure 2: Comparison of Scottish unemployment (claimant count) against the level of Scottish vacancies

