
The LABOUR Market

Overview of the labour market

Recall from the previous Commentary, that the Office for National Statistics (ONS) have introduced a new presentation of labour market statistics. In particular, data from the Labour Force Survey are now fully integrated into reported labour market statistics.

The LFS definition of unemployment has the distinct advantage over the claimant count in 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 period April to June 1999 was 2,304 thousand, one thousand up on the same period of 1998. 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 2,304 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. (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 7.2% in the second quarter (April to June) of 1999. The comparable figure one year previous was 7.6%, indicating a fall of 0.3% over this period.

(The ILO rates for men and women in the 2nd quarter of 1999 were 8.6 and 5.5 per cent, respectively.) The traditional claimant-count-based measure of unemployment for the second quarter (July, 1999) was 5.3%. Recall that the difference between both 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.

The percentage of the Scottish labour force that are economically active increased by 0.2% from the first quarter of 1999 to 77.1 per cent. In total, there was 2,482 thousand economically active people in Scotland. This figure includes the sum of those who are in employment or who were actively seeking work during this period. In comparison with the same period one year previous this represents a fall of 0.3% or 6,000.

Employment

The most recent employee jobs data are for March 1999 and these are reported in Tables 2 and 3. These figures indicate that total employee jobs rose by around 4,000 in the year to March 1999. Full-time male employees in employment are estimated to have risen by 22,000, however estimates of full-time female employment indicate a fall of around 5,000, over the same period. Part-time male employment estimates were unchanged and part-time female employment fell by 12,000.

Over the year to March 1999 employment in service industries rose by 13,000, which was the largest sectoral employment gain. Other sub-sectors which recorded employment gains over the year to March 1999 include Transport Storage & Communication (10,000), Financial intermediation (6,000), Real Estate etc. (5,000), Construction (4,000), Wholesale & Retail Trade (3,000) and Agriculture etc. (1,000). Employment losses were recorded in Manufacturing (14,000), Hotels, etc. (11,000), Public Admin & Education (2,000).

Vacancies: stocks and flows

Over the year to July 1999 Job Centre unfilled vacancies throughout Scotland fluctuated between 30.2 and 31.8 thousands on a seasonally adjusted basis (Table 4). Vacancies increased by 1.6 thousand in the year to July 1999 (5.3%), on a seasonally adjusted basis. Figure 1 plots the monthly stock and outflows of Job Vacancies in Scotland over the period April 1997 to July 1999.

Recall that were the monthly gross outflows (vacancies being filled) of the same order of magnitude to the outstanding stock of vacancies in each month, this indicates 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). Note from Figure 1 that over the last quarter the magnitude of gross outflows has decreased in relation to the stock of existing vacancies. For example, gross outflows in July 1999 were 24.1 thousand compared with a stock of vacancies of 31.8 thousand. If this trend continues we may have a gradual tightening of the labour market in Scotland.

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 1999 total claimant unemployment fell by about 9.6 thousand, from 137.5 thousand or by 7.0%. Female unemployment fell by 5.1 thousand over the year (16.1%), while male unemployment fell by 4.5 thousand (4.3%).

Table 5 also presents recent flows into and out of the unemployment stock. In July 1999 inflows were, at 27.3 thousand, larger than one year previous. Similarly, outflows were, at 34.4 thousand, larger than one year previously. If gross outflows were maintained at their July 1999 level unemployment stocks could turnover in less than 5 months.

TABLE 1 RECENT DEVELOPMENTS IN THE SCOTTISH LABOUR MARKET

	1998/1999	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
	Jul-Sep	2,295	71.4	-19	±58	-0.1	±1.5
	Oct-Dec	2,305	71.6	-17	±58	-0.4	±1.5
	Jan-Mar	2,288	71.0	-14	±57	-0.4	±1.5
ILO unemployment**	Apr-Jun	2,304	71.5	0	±57	-0.1	±1.5
	Jan-Mar	194	7.8	-22	±24	-0.9	±1.0
	Apr-Jun	188	7.6	-32	±25	-1.2	±1.0
	Jul-Sep	192	7.7	-17	±24	-0.5	±0.9
	Oct-Dec	182	7.3	9	±22	0.4	±0.9
Economically active*	Jan-Mar	187	7.6	-6	±24	-0.2	±0.9
	Apr-Jun	178	7.2	-7	±23	-0.3	±0.9
	Jan-Mar	2,496	77.5	18	±56	0.9	±1.4
	Apr-Jun	2,488	77.4	-13	±56	0.1	±1.4
	Jul-Sep	2,488	77.4	-35	±56	-0.6	±1.4
Economically inactive ⁺ of which:	Oct-Dec	2,487	77.4	-9	±56	-0.1	±1.4
	Jan-Mar	2,475	76.9	-21	±56	-0.6	±1.4
	Apr-Jun	2,482	77.1	-7	±56	-0.9	±1.4
	Jan-Mar	708	22.5	-27	±55	-0.1	±1.4
	Apr-Jun	711	22.6	-3	±55	0.6	±1.4
Not wanting a job ⁺	Jul-Sep	710	22.6	19	±55	0.1	±1.4
	Oct-Dec	711	22.6	1	±55	0.6	±1.4
	Jan-Mar	724	23.1	17	±55	-0.3	±1.4
	Apr-Jun	717	22.9	7	±55		
	Jan-Mar	451		-46	±47		
Wanting a job ⁺	Apr-Jun	456		-13	±46		
	Jul-Sep	474		36	±47		
	Oct-Dec	497		42	±47		
	Jan-Mar	499		49	±47		
	Apr-Jun			37	±47		
Claimant count (seasonally adjusted)	Jan-Mar	257		19	±35		
	Apr-Jun	255		10	±35		
	Jul-Sep	237		-16	±35		
	Oct-Dec	214		-41	±35		
	Jan-Mar	225		-32	±35		
Vacancies notified (seasonally adjusted)	Apr-Jun	223		-28	±35		
	Apr 98	138.6	5.7	-24.8		-1.0	
	July 98	137.4	5.6	-10.6		-0.4	
	Oct 98	136.5	5.5	-5.7		-0.2	
	Jan 99	135.3	5.5	-4.7		-0.2	
	Apr 99	134.7	5.3				
	Jul 99	127.9		-9.6		-0.4	
	Apr 98	23.3		-4.3			
	July 98	24.2		-2.3			
	Oct 98	24.8		-1.4			
	Jan 99	26.4		3.0			
	Apr 99	26.6		3.5			
	Jul 99	24.5		0.3			

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

(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					
Sep	1,043		943	404	1,986	594	464	405	1,362
Dec	1,043		949	416	1,992	589	462	403	1,376
1991 Mar	1,035		941	413	1,978	571	450	391	1,377
Jun	1,031	106	953	417	1,984	561	444	385	1,394
Sep	1,026 ~	103	954	414	1,984	567	444	385	1,394
Dec	1,037	85	976	427	2,013	560	435	377	1,425
1992 Mar	1,026	87	980	429	2,005	551	431	372	1,426
Jun	1,023	92	981	431	2,005	544	425	368	1,434
Sep	1,012	81	980	432	1,992	543	427	360	1,423
Dec	993	90	984 ~	442	1,976	529	416	359	1,421
1993 Mar	988	85	979	437	1,967	534	414	358	1,408
Jun	1000	91	992	445	1991	531	417	364	1,433
Sep	1009	92	994	445	2003	536	414	362	1,440
Dec	1001	95	996 ~	450	1996	532	410	360	1,440
1994 Mar	893	88	525	431	1937	472	347	305	1,430
Jun	899	92	535	436	1962	482	353	313	1,443
Sep	899	95	538	435	1967	483	355	316	1,447
Dec	888	95	528	434	1945	479	357	316	1,431
1995 Mar	886	96	520	427 ~	1928	466	352	312	1,427
Jun	887	95	525 ~	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
1996 Mar	879	94	514	428	1915	468	355	316	1,413
Jun	884	87	545	459	1974	468	320	316	1,468
Sep	893	88	545	462	1988	474	353	318	1,473
Dec	847	120	521	500	1988	459	355	314	1,498
1997 Mar	848 ~	117	532	475	1972	454	353	310	1,488
Jun	(855)	(125)	(534)	(481)	(1996)	(465)	(358)	(313)	(1500)
Sep	(854) 873	(131) 106	(539) 548	(482) 459	(2007) 1987	(462) 473	(357) 363	(311) 322	(1510) 1479
Dec	(853) 873	(138) 114	(537) 545	(491) 473	(2019) 2005	(466) 477	(355) 361	(309) 321	(1518) 1494
1998 Mar	(851) 870	(135) 111	(542) 552	(492) 473	(2020) 2007	(473) 483	(355) 360	(309) 320	(1514) 1492
Jun	(858) 880	(133) 110	(544) 556	(491) 467	(2026) 2013	(467) 478	(352) 358	(306) 317	(1528) 1503
Sep	902	109	559	460	2031	487	357	317	1510
Dec	898	115	556	462	2030	488	355	315	1510
1999 Mar	892	111	547	461	2011	473	346	306	1505

Source:

ONS

- Figures within (.) reflect estimates prior to the Spring 1998 LFS
- ~ indicates revision in series

TABLE 3 EMPLOYEE JOBS IN SCOTLAND BY INDUSTRY

SIC 1992	Agric. hunting forestry fishing	Mining & Quarrying	Manufac-turing	Elect, gas & water supply	Construct ion	Wh'salere tail trade & repairs	Hotels & rest.	Tr'port storage & comm.	Financial inter-mediation	Real Estate renting & bus. activities	Public admin. & defence: comp. Soc. Sec.	Educa-tion	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) 33	(27) 25	(313) 322	(19) 17	(107) 112	(352) 324	(123) 120	(110) 106	(71) 78	(184) 207	(141) 129	(155) 154	(271) 266	(93) 96
Sep	(35) 35	(28) 25	(311) 322	(19) 16	(105) 110	(353) 318	(129) 127	(111) 104	(71) 78	(185) 213	(141) 126	(153) 150	(272) 266	(95) 97
Dec	(34) 34	(26) 24	(309) 321	(19) 16	(112) 117	(361) 326	(125) 123	(111) 105	(71) 79	(188) 219	(141) 127	(154) 154	(272) 265	(95) 96
1998														
Mar	(32) 32	(27) 24	(309) 320	(19) 16	(118) 123	(354) 321	(125) 123	(111) 104	(75) 84	(187) 217	(141) 126	(155) 154	(272) 267	(96) 95
Jun	(31) 31	(28) 25	(306) 317	(19) 16	(115) 120	(356) 324	(126) 123	(114) 109	(75) 84	(188) 218	(141) 125	(159) 154	(273) 268	(97) 97
Sep	34	24	317	16	129	330	119	110	87	224	125	151	265	98
Dec	32	24	315	16	133	332	113	111	89	225	125	152	266	99
1999														
Mar	33	24	306	16	127	324	112	114	90	222	125	157	266	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
June	24.2	1.3	30.8	-0.6	24.9	1.5	14.6	0.3
July	24.2	0.0	30.2	-0.6	24.9	0.0	14.7	0.1
August	24.0	-0.2	30.3	0.1	24.0	-0.9	14.3	-0.4
September	24.6	0.6	30.2	-0.1	24.4	0.4	15.1	0.8
October	24.8	0.2	30.6	0.4	24.9	0.5	15.9	0.8
November	24.2	-0.6	30.4	-0.2	24.1	-0.8	14.9	-1.0
December	25.0	0.8	31.0	0.6	24.7	0.6	15.6	0.7
1999								
January	26.5	1.5	31.5	0.5	25.5	0.8	16.1	0.5
February	26.8	0.3	31.6	0.1	26.7	1.2	16.4	0.3
March	25.7	-1.1	31.3	-0.3	25.7	-1.0	15.4	-1.0
April	26.6	0.8	31.0	-0.3	26.8	1.1	17.0	1.6
May	24.0	-2.5	31.0	0.0	23.4	-3.4	14.6	-2.4
June	24.4	0.4	31.3	0.3	24.4	1.0	14.9	0.3
July	24.5	0.1	31.8	0.5	24.1	-0.3	15.1	0.2
Change on year	0.3		1.6		-0.8		0.4	
Change on year (%)	1.2		5.3		-3.2		2.7	

Source: Employment Service

TABLE 5 CLAIMANT COUNT*

		Claimant Count (seasonally adjusted)		Inflows (standardised)	Outflows (standardised)	Claimant Count (unadjusted)	
		Level	Rate (%)	Level	Level	Level	Rate (%)
		1	2	3	4	5	6
People	1997 October	147.1	6.0	28.8	30.7	142.1	5.8
	November	143.4	5.8	28.9	31.3	138.7	5.6
	December	139.3	5.7	29.9	32.9	139.0	5.7
	1998 January	141.0	5.7	29.8	28.4	152.2	6.2
	February	140.2	5.7	30.1	30.7	149.5	6.1
	March	139.5	5.7	29.4	30.0	144.5	5.9
	April	139.4	5.7	28.1	29.3	143.4	5.8
	May	139.9	5.7	29.1	28.0	139.7	5.7
	June	139.7	5.7	28.7	28.9	138.0	5.6
	July	137.5	5.6	26.6	29.0	148.7	6.0
	August	136.4	5.5	28.6	29.6	149.0	6.1
	September	135.9	5.5	27.7	29.7	135.4	5.5
	October	136.8	5.6	28.4	27.0	132.1	5.4
	November	136.3	5.5	29.1	28.6	132.1	5.4
	December	134.7	5.5	28.8	30.7	132.3	5.4
	1999 January	135.3	5.5	28.0	29.0	133.0	5.4
	February	136.5	5.6	28.9	28.6	145.4	6.0
	March	137.3	5.6	30.2	28.9	142.8	5.9
	April	134.7	5.5	28.2	30.9	139.0	5.7
	May	134.5	5.5	30.2	30.2	134.7	5.5
	June	133.6	5.5	29.4	30.0	133.7	5.5
	July	127.9	5.3	27.3	34.4	138.7	5.7
	Change on mnth	-5.7	-0.2	-2.1	4.4	4.9	0.2
	Change %	-4.3		-7.1	14.7	3.7	
Change on year	-9.6	-0.4	0.7	5.4	-10.1	-0.4	
Change %	-7.0		2.6	18.6	-6.8		
Men	1997 October	114.1	8.6	20.5	22.4	110.3	8.3
	November	111.4	8.4	20.8	22.8	108.0	8.1
	December	107.7	8.1	21.4	24.0	108.8	8.2
	1998 January	109.4	8.2	21.6	20.3	118.8	9.0
	February	108.5	8.2	71.6	22.2	115.9	8.7
	March	107.9	8.1	21.1	21.7	112.0	8.4
	April	107.9	8.1	20.0	21.1	110.8	8.4
	May	108.1	8.2	20.8	20.1	108.6	8.2
	June	107.5	8.1	20.1	20.7	106.4	8.0
	July	105.8	8.0	18.2	20.4	109.8	8.3
	August	105.2	7.9	19.9	20.5	109.7	8.3
	September	104.9	7.9	19.5	20.2	103.5	7.8
	October	105.3	7.9	20.0	19.5	101.6	7.7
	November	104.9	7.9	20.6	20.4	102.2	7.7
	December	103.4	7.8	20.4	22.1	103.3	7.7
	1999 January	103.9	7.8	19.8	20.7	113.3	7.8
	February	105.1	8.1	20.6	20.3	112.0	8.6
	March	105.9	8.1	21.8	20.5	110.4	8.5
	April	103.9	8.0	20.3	22.2	107.1	8.2
	May	104.1	8.0	21.7	21.5	104.8	8.0
	June	103.8	8.0	21.2	21.4	103.7	8.0
	July	101.3	7.8	20.2	23.1	105.1	8.1
	Change on mnth	-2.5	-0.2	-1.0	1.7	1.5	0.1
	Change %	-2.4		-4.7	7.9	1.4	
Change on year	-4.5	-0.3	2.0	2.7	-4.6	-0.4	
Change %	-4.3		11.0	13.2	-4.2		

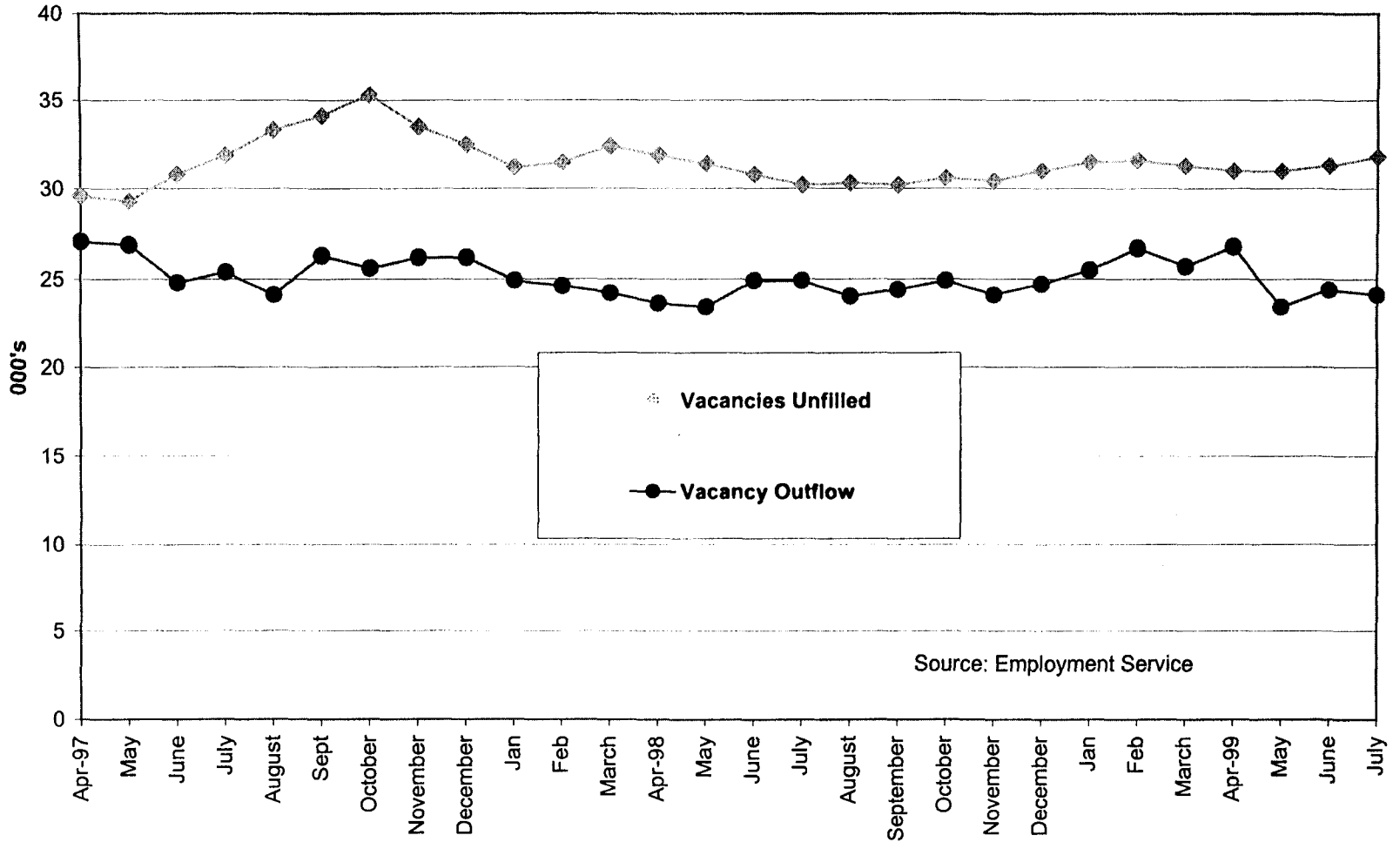
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Women	1997 October	33.0	2.9	8.3	8.3	31.8	2.8
	November	32.0	2.8	8.1	8.5	30.7	2.7
	December	31.6	2.8	8.5	8.9	30.2	2.7
	1998 January	31.6	2.8	8.2	8.1	33.4	2.9
	February	31.7	2.8	8.5	8.5	33.6	3.0
	March	31.6	2.8	8.3	8.3	32.5	2.9
	April	31.5	2.8	8.1	8.2	32.7	2.9
	May	31.8	2.8	8.3	7.9	31.1	2.7
	June	32.2	2.8	8.6	8.2	31.6	2.8
	July	31.7	2.8	8.4	8.6	39.0	3.4
	August	31.2	2.8	8.7	9.1	39.3	3.5
	September	31.0	2.7	8.2	9.5	31.9	2.8
	October	31.5	2.8	8.4	7.5	30.5	2.7
	November	31.4	2.8	8.5	8.2	30.2	2.7
	December	31.3	2.8	8.4	8.6	29.7	2.6
	1999 January	31.4	2.8	8.2	8.3	33.2	2.9
	February	31.4	2.8	8.3	8.3	33.4	3.0
	March	31.4	2.8	8.4	8.4	32.5	2.9
	April	30.8	2.7	8.1	8.7	31.9	2.8
	May	30.4	2.7	8.5	8.7	29.9	2.6
	June	29.8	2.6	8.2	0.6	30.1	2.7
	July	26.6	2.4	7.1	11.3	33.5	3.0
	Change on mnth	-3.2	-0.3	-1.1	2.7	3.5	0.3
	Change %	-10.7		-13.4	31.4	11.5	
	Change on year	-5.1	-0.5	-1.3	2.7	-5.4	-0.5
	Change %	-16.1		-15.5	31.4	-13.9	

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

Figure 1 - Monthly stock and outflows of Job Vacancies in Scotland for the period April 1997 to July 1999



Source: Employment Service