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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 February 2007 the level of employment rose by 35 thousand, to 2,515 thousand. Over the year to February 2007, employment increased by 51 thousand. The employment rate – as a percentage of the working age population – rose to 76.3 per cent, up 1.0 percentage points on the previous quarter. Over the year to February 2007, the employment rate was up by 1.0 per cent. Figure 1 provides an account of quarterly LFS employment over a six-year period to the most recent quarter.

The preferred International Labour Organisation (ILO) measure of unemployment rose by 1 thousand to 138 thousand during the period December to February 2007². The ILO unemployment rate in the three months to February 2007 remained at 5.2 per cent. This represents a slight fall relative to the same period a year earlier (5.4 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 rose by 36 thousand over the last quarter to February 2007. There were 2,653 thousand economically active people in Scotland during December to February 2007. This comprised 2,515 thousand in employment and 138 thousand ILO unemployed. Taking account of the rise in ILO unemployment (of 1 thousand) and the rise in the number in employment (of 35 thousand), the total number of economically active people in Scotland rose by 36 thousand between December and February 2007. The level for those of working age economically inactive fell significantly in the last quarter, down 32 thousand on the previous quarter to 619 thousand, and down 25 thousand on the same period a year earlier. The economic inactivity rate for those of working age fell by 1.1 per cent in the quarter to December to February 2007.

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 March 2007 stood at 80.7 thousand, down 1.2 thousand from the previous month. The claimant count rate in March 2007 stood at 3.0 per cent.

Figure 2 plots ILO and claimant count unemployment for three-month periods as an index for the period March-May 2000 to March to May 2007. Claimant count unemployment has generally fallen during this period, and, after a slight

rise during the first quarters of 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 vacancies, which are vacancies for an employee (rather than self-employed) person, and focus on the number of unfilled vacancies reported, and the split by full and part-time vacancy. These are shown in Table 3. In May 2007 there were 49,539 unfilled vacancies for employment reported in Scotland, with 70.3 per cent of these vacancies for full-time employees. The total number of vacancies has fluctuated significantly since May 2006, however a longer time-trend will be required before conclusions can be drawn from this series. One feature which can be noted at the moment is that the pattern of vacancies appears significantly different between Scotland and Great Britain – with part-time vacancies a larger proportion of all vacancies in Scotland (29.7 per cent in May 2007) than in Great Britain (22.9 per cent in the same period). This is a feature of this series to date and might, in part, be explained by differences in the sectoral composition of unfilled vacancies between Scotland and Great Britain. This issue will be monitored in future reports.

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 seasonally adjusted employee jobs for the quarter ending December 2006 stood at 2,395 thousand, unchanged from the previous quarter, and 26 thousand higher than the same period a year earlier. The number of jobs in the manufacturing industry fell to 224 thousand over the last quarter, down 2 thousand from the previous quarter, and down 6 thousand against the same quarter one year earlier. The number of jobs in the service industry rose slightly over the last quarter to 1,116 thousand, and there are now 9 thousand more jobs in the service industry than the same period ending a year earlier.

Table 5 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 available (shown in Table 5) indicate that during the most recent four-quarter average, the share of highly skilled employment within Scotland and United Kingdom stood at 39.8 per cent and 41.9 per cent respectively. This is slightly higher than the previous quarter for Scotland

(39.7 per cent) and higher than the previous quarter for United Kingdom (41.6). The proportion of employment in Scotland in highly skilled jobs has been rising steadily in recent years but continues to lag slightly behind the United Kingdom.

Outlook

Scotland's labour market continues to perform strongly in light of global uncertainty. Overall UK unemployment (as a portion of the total economically active) rose 0.1 per cent over the quarter to February 2007 to 5.5 per cent, while Scotland's comparable unemployment rate remained at 5.2 per cent over the same period. Scotland's employment performance continues remain robust, and the employment level and rate in Scotland are the highest level since 1992 (before which consistent records are unavailable). The employment rate in Scotland reached a high of 76.3 per cent in the three months to February 2007. The claimant count rate fell to 3.0 per cent in February 2007 while the number unemployed and claiming benefit remains relatively low at 80.7 thousand (and has been falling since June 2006). The outlook for the labour market remains healthy when compared to historical standards for Scotland, with labour market sentiments expecting relatively low unemployment and high employment patterns to continue over the next few years⁶.

⁴Employer Direct involves transferring the vacancy-taking process from local Jobcentres, to regional Customer Service Centres (National Statistics).

⁵Highly 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.

⁶See the FutureSkills Scotland report "Labour Market Projections 2007 to 2017", published 14th June 2007.

Grant Allan
18 June 2007

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, October 2004 and are consistent with the updated LFS data available on NOMIS from Summer 2004. This information has been release for rolling four-quarters averages, making it impossible to identify individual quarters over time. Labour Market Statistics continue to report data for 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.

³All 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).

Table 1: Recent developments in the Scottish labour market

		Level (000s)	Rate (%)
Employment*	Dec-Feb 2006	2,464	75.3
	Mar-May 2006	2,461	75.2
	Jun-Aug 2006	2,467	75.1
	Sep-Nov 2006	2,480	75.3
	Dec-Feb 2007	2,515	76.3
ILO unemployment**	Dec-Feb 2006	141	5.4
	Mar-May 2006	146	5.6
	Jun-Aug 2006	125	4.8
	Sep-Nov 2006	137	5.2
	Dec-Feb 2007	138	5.2
Economically active*	Dec-Feb 2006	2,605	79.7
	Mar-May 2006	2,607	79.8
	Jun-Aug 2006	2,592	78.9
	Sep-Nov 2006	2,617	79.5
	Dec-Feb 2007	2,653	80.6
Economically inactive***	Dec-Feb 2006	644	20.3
	Mar-May 2006	642	20.2
	Jun-Aug 2006	671	21.1
	Sep-Nov 2006	651	20.5
	Dec-Feb 2007	619	19.4

Source: Labour Market Statistics (First Release), National Statistics.

Notes:

(1) Data available as of 18th June 2007.

(2) Data taken from Table 1 of Labour Market Statistics for April 2007, ONS, and are not directly comparable with previous series taken from NOMIS.

* 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*

(000s)		Claimant count (Seasonally adjusted)		Claimant flows (seasonally adjusted)	
		Level	Rate	Outflow	Inflow
2004	January	96,700	3.6	23,200	23,800
	February	96,200	3.6	24,500	23,700
	March	95,500	3.6	24,400	23,400
	April	94,400	3.5	24,100	22,700
	May	92,400	3.5	24,100	22,700
	June	91,600	3.4	24,400	23,200
	July	90,200	3.4	23,000	21,900
	August	90,200	3.4	22,400	22,200
	September	90,600	3.4	22,600	22,200
	October	89,800	3.4	22,700	22,100
	November	88,800	3.3	22,900	22,000
	December	87,800	3.3	23,400	22,200
2005	January	86,800	3.2	23,400	21,700
	February	85,900	3.2	22,600	21,900
	March	86,100	3.2	22,200	21,600
	April	86,100	3.2	21,300	21,400
	May	86,600	3.2	21,300	21,200
	June	86,300	3.2	21,500	20,800
	July	84,900	3.2	21,500	20,600
	August	85,500	3.2	21,300	21,600
	September	86,000	3.2	21,100	20,900
	October	85,800	3.2	20,800	20,800
	November	85,700	3.2	21,000	20,900
	December	85,400	3.2	20,600	19,900
2006	January	84,100	3.1	20,200	20,700
	February	86,000	3.2	19,600	21,400
	March	87,900	3.3	19,800	21,600
	April	88,300	3.3	19,500	19,800
	May	88,800	3.3	20,100	20,300
	June	88,800	3.3	20,100	20,400
	July	88,500	3.3	20,200	20,000
	August	88,000	3.3	21,000	20,300
	September	87,400	3.3	20,500	20,300
	October	87,200	3.2	20,700	20,100
	November	86,000	3.2	21,400	20,100
	December	84,800	3.2	20,500	19,400
2007	January	81,400	3.0	21,900	19,900
	February	81,900	3.1	21,000	20,400
	March	80,700	3.0	20,900	19,900

Source: National Statistics: Labour Market Statistics, Scotland (First Release, Table 7, April 2007)

(1) Data available as of 18th June 2007

* Levels are those claiming unemployment benefits, rates are those claiming benefit divided by workforce jobs plus claimants.

Table 3: Unfilled vacancies in Scotland and Great Britain, May 2006 to May 2007

	Total unfilled vacancies	Seeking full-time employee (%)	Scotland Seeking part-time employee (%)	Total unfilled vacancies	Seeking full-time employee (%)	Great Britain Seeking part-time employee (%)
May 2006	53,814	69.3	30.7	591,744	75.1	24.9
June 2006	43,475	70.2	29.8	475,112	75.3	24.7
July 2006	39,438	71.5	28.5	431,017	76.5	23.5
August 2006	42,445	70.9	29.1	470,169	76.8	23.2
September 2006	51,154	67.1	32.9	531,555	73.9	26.1
October 2006	55,975	67.1	32.9	574,128	71.6	28.4
November 2006	49,235	66.1	33.9	530,905	73.1	26.9
December 2006	41,868	67.5	32.5	467,312	74.4	25.6
January 2007	29,220	68.6	31.4	357,615	75.8	24.2
February 2007	40,787	68.8	31.2	449,679	76.5	23.5
March 2007	45,117	71.5	28.5	495,031	77.1	22.9
April 2007	49,225	71.5	28.5	529,591	76.7	23.3
May 2007	49,539	70.3	29.7	557,296	77.1	22.9

Source: National Statistics, JobCentrePlus Vacancies, Vacancies – Summary analysis, available from Nomisweb
 Accessed 18 June 2007

Table 4: Employee jobs by industry, 000s

SIC 1992 section	II jobs (seasonally adjusted)	All jobs	Agriculture, Forestry and Fishing	Mining, Energy and Water Supplies Industries	Manufacturing Industries	Construction	Service Industries	Public administration and other services
		A-O	A,B	C,E	D	F	G-K	L-O
Dec 03	2,299	2,308	29	37	243	119	1,077	802
Dec 04	2,328	2,337	33	38	236	125	1,088	818
Dec 05	2,369	2,379	30	35	230	130	1,107	847
Mar 06	2,375	2,368	29	35	226	135	1,094	849
Jun 06	2,386	2,383	30	36	227	140	1,098	852
Sep 06	2,384	2,384	32	37	226	141	1,098	850
Dec 06	2,395	2,406	33	37	224	146	1,116	850

Source: National Statistics: Labour Market Statistics, Scotland (First Release, Table 5: Employee jobs by industry, April 2007)

Table 5: Proportion of employment in highly skilled jobs

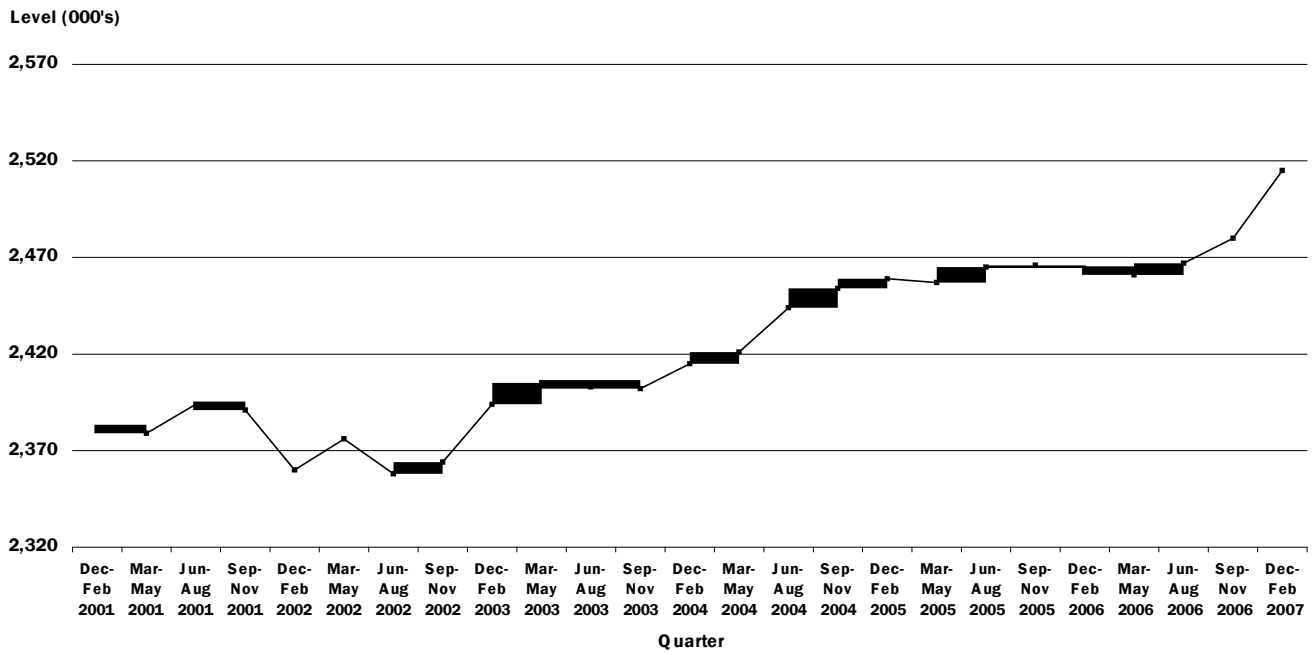
	Level	Scotland Rate (%)	Level	United Kingdom Rate (%)
Jan 2004-Dec 2004	923,100	38.3	11,469,100	41.0
Apr 2004-Mar 2005	928,700	38.4	11,567,400	41.3
Oct 2004-Sep 2005	938,300	38.9	11,595,200	41.2
Jan 2005-Dec 2005	945,300	39.1	11,633,800	41.4
Apr 2005-Mar 2006	958,000	39.7	11,706,000	41.6
Jul 2005-Jun 2006	964,500	39.8	11,794,200	41.9

Source: National Statistics, Nomis (Annual Population Survey)

Notes:

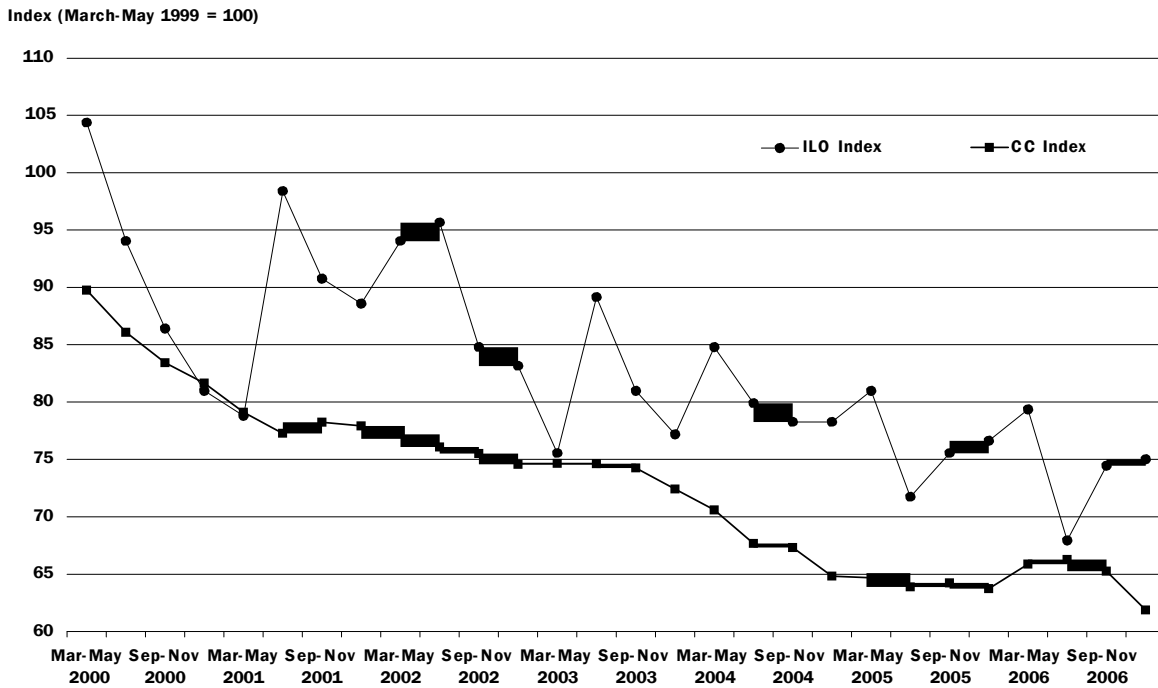
Highly skilled jobs includes sections 1-3 of the Standard Occupational Classification, where 1 = managers and senior officials, 2 = professional occupations and 3 = associate professional and technical occupations.

Figure 1: LFS employment in Scotland for those aged 16 and over, Dec-Feb 2001 to Dec-Feb 2007



Source: National Statistics (NOMIS)

Figure 2: Claimant Count and ILO Unemployment in Scotland, Mar-May 2000 to Mar-May 2006



Source: National Statistics (Nomis)