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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 employment increased by 9 thousand in the three months to November 2002, to 2,415 thousand - up 0.4 percent on the previous quarter level. Over the year to November 2002, employment increased by 24 thousand. The employment rate - as a percentage of the working age population in employment - increased to 74.5 per cent, up 0.4 percentage points on the previous quarter. Figure 1 provides an account of quarterly LFS employment over a two-year period to November 2002.

The preferred measure of unemployment by the International Labour Organisation (ILO) fell to 156 thousand during the period September to November 2002². The ILO unemployment rate in the three months to November 2002 fell to 6.1 per cent. This represents a fall of 0.4 percent on the same period a year earlier (6.5 per cent).

Economic activity 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 engaged in economic activity fell over the last quarter. There were 2,571 thousand economically active people in Scotland during September to November 2002. This was comprised of 2,415 thousand in employment and 156 thousand ILO unemployed. Hence, taking account of the increase in employment (of 9 thousand) and the fall in ILO unemployment (of 20 thousand), the total number of economically active people in Scotland increased by 11 thousand in the September to November 2002. The corresponding level for those economically inactive increased to 654 thousand, up 8 thousand on the previous quarter.

Overall, the latest figures on the labour market suggest that the fall in economic activity may be partly attributed to the increase in economic inactivity, where less individuals may be actively looking for work, or available for work.

The traditional measure of Scottish claimant count unemployment - a count of claimants on unemployment related benefits - is detailed in Table 2. The most recent (seasonally adjusted) claimant count figure for January 2003 stood at 99.1 thousand, which represents a fall of 200 on the previous month. The claimant count rate in January 2003 remained unchanged at 4.0 per cent for the sixth consecutive month. This represents a marginal fall of 0.1 percent on the same period a year earlier.

Figure 2 plots ILO and claimant count unemployment as an index for the period January 1999 to June 2002. Claimant

count unemployment has been generally falling since January 1999, though remaining relatively steady over the past year. 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 May 2002. By multiplying the number of vacancies by three - to account for under-reporting by job centres - it is evident from figure 3 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. The 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 Direct³.

Labour Force Survey (LFS) data provides the industrial composition of the total number of individuals in employment within Scotland. Table 3 shows that over the year so far, the percentage share of employment within manufacturing has increased to 13.9 per cent. This figure represents an increase of 0.2 percentage points on the previous quarter - up from 13.7 percent in June to August 2002. The share of employment within service industries fell slightly to 74.3 per cent between September and November 2002, but has remained relatively stable over the past year or so⁴. The percentage share of employment within the Banking and Finance sector fell to 14.1 per cent between September and November 2002. These figures suggest that the share of employment over the last quarter have moved slightly away from Services and Banking and Finance, and towards the manufacturing sector.

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 September 2002 fell to 2,257 thousand, down 4 thousand on the previous quarter, and 10 thousand lower than the same period a year earlier. The number of jobs in the manufacturing industry fell slightly over the latest quarter, losing 4 thousand jobs places on the previous period, and 16 thousand over the year. Over the same period, the service industry gained 2 thousand job fills on the previous quarter, but over the year as a whole this accounted to a total loss of 14 thousand employee jobs.

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 to be classified as highly skilled jobs. The most recent data (refer to table 5) show that during September to November 2002 the share of highly skilled employment within Scotland and Great Britain stood at 37 per cent and 39 per cent respectively. Figure 4 illustrates that the share of Scottish employment within highly skilled jobs has been rising since the early nineties, but on the whole, continuing to lag slightly behind Great Britain. However, more recently, the number of highly skilled jobs in Scotland increased by 0.4 per cent between September to November 2002 on the same period a year earlier and falling slightly by 0.8 per cent in Great Britain respectively.

Outlook

Scotland's labour market continues to improve in light of recent global uncertainty. The employment rate has remained close to historically high levels, increasing to 74.5 per cent in the three months to November 2002. The claimant count rate remained unchanged at 4.0 per cent in January 2002, and current levels of claimant count unemployment remain low relative to those for the same period one year earlier. ILO unemployment fell significantly in the three months to November 2002, with the unemployment rate remaining relatively stable at 6.1 per cent up until November 2002. 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 healthy relative to historical standards. Overall, labour market sentiments are mainly optimistic, with expectations for relatively low unemployment over the next few years.

Endnotes

1. ONS recently published 2001 Census results and, consistent with them, national and sub-national mid-year population estimates for 2001 and interim national mid-year population estimates for the years 1982 to 2001. Revised sub-national population estimates are not yet available for 1982 to 2000. The data presented here are taken mainly from NOMIS and are consistent with the best population estimates that were available before the results of the 2001 census were published. Hence the data presented here are consistent with existing annual local area LFS databases for 1994/95 to 2000/01, but not with the latest available population estimates for 2001, nor with the national LFS data currently being published in the Labour Market Integrated First Release. Regional and local midyear population estimates for 1992 to 2000 will be published by ONS in early Spring 2003. When these data are available, a re-weighting of all LFS series, including the annual databases, will be carried out which should be completed in Autumn 2003. The data presented here will then be replaced by final estimates consistent with the new population estimates derived from the 2001 Census (National Statistics).
2. 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.
3. Employer Direct involves transferring the vacancy-taking process from local Jobcentres, to regional Customer Service Centres (National Statistics).
4. 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 1999 and 2002, 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.

Linda Ferguson
18 March 2003

Table 1: Recent developments in the Scottish labour market (1)

		Level (000s)	Rate (%)
Employment*	Jun-Aug 2001	2,394	73.7
	Sep-Nov 2001	2,391	73.7
	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
ILO Unemployment**		9	
	Jun-Aug 2001	181	7.0
	Sep-Nov 2001	167	6.5
	Dec 2001-Feb 2002	163	6.5
	Mar-May 2002	173	6.8
	Jun-Aug 2002	176	6.8
Economically active*	Sep-Nov 2002	156	6.1
		20	
	Jun-Aug 2001	2,574	79.4
	Sep-Nov 2001	2,558	78.9
	Dec 2001-Feb 2002	2,523	77.7
	Mar-May 2002	2,549	78.5
Economically inactive***	Jun-Aug 2002	2,582	79.6
	Sep-Nov 2002	2,571	79.4
		11	
	Jun-Aug 2001	651	20.6
	Sep-Nov 2001	667	21.1
	Dec 2001-Feb 2002	706	22.3
	682	21.5	
	646	20.4	
	654	20.6	

Source: National Statistics, Nomis (Labour Force Survey)

Notes:

(1) Data available up until 11 March 2002

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 Labour Market First Release.

* 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	123.1	4.9	27.6	27.3	134.0	5.3
	February	122.4	4.9	29.3	28.4	133.5	5.3
	March	121.5	4.8	29.1	28.2	130.6	5.2
	April	119.5	4.8	29.0	27.1	123.6	4.9
	May	118.6	4.7	29.6	29.1	120.6	4.8
	June	116.8	4.7	29.0	26.7	117.3	4.7
	July	115.0	4.6	29.2	27.2	121.9	4.9
	August	113.7	4.5	28.9	27.1	120.8	4.8
	September	112.6	4.5	27.6	27.2	109.7	4.4
	October	111.9	4.5	27.7	26.8	106.5	4.3
	November	110.7	4.4	27.8	26.6	106.4	4.2
	December	110.0	4.4	27.0	27.0	108.0	4.3
2001	January	108.6	4.3	27.3	27.0	119.3	4.8
	February	107.7	4.3	27.8	27.3	118.9	4.7
	March	106.5	4.3	27.7	26.6	115.8	4.6
	April	105.4	4.2	27.8	26.5	109.7	4.4
	May	105.1	4.2	26.6	26.5	106.7	4.3
	June	104.6	4.2	27.0	26.7	104.7	4.2
	July	102.3	4.1	26.8	25.7	108.2	4.3
	August	103.4	4.1	26.4	27.0	109.4	4.4
	September	104.1	4.2	26.3	27.0	100.5	4.0
	October	104.7	4.2	27.0	27.6	99.2	4.0
	November	105.4	4.2	26.6	27.5	101.2	4.0
	December	104.6	4.2	27.4	27.0	102.5	4.1
2002	January	103.5	4.1	27.4	26.9	113.6	4.5
	February	102.2	4.1	26.8	26.3	113.1	4.5
	March	103.1	4.1	27.0	26.9	110.2	4.4
	April	104.1	4.2	26.8	28.1	108.4	4.3
	May	103.0	4.1	29.7	28.2	104.7	4.2
	June	102.7	4.1	27.3	27.5	102.9	4.1
	July	101.9	4.1	26.8	26.8	106.8	4.3
	August	101.4	4.0	27.1	26.8	106.9	4.3
	September	101.3	4.0	26.6	26.9	98.1	3.9
	October	100.5	4.0	26.8	26.2	95.5	3.8
	November	99.9	4.0	26.5	26.1	96.6	3.8
	December	99.3	4.0	25.3	26.5	97.5	3.9
2003	January	99.1	4.0	26.7	26.6	109.8	4.4

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

Note:

(1) Data available up until 10 March 2003

Table 3 : Industrial composition of total in employment (LFS), percentage share

	<i>Manufacturing (%)</i>	<i>Banking & Finance (%)</i>	<i>All services (%)</i>
Mar-May 2001	14.5	12.6	72.1
Jun-Aug 2001	14.3	12.9	72.9
Sep-Nov 2001	14.1	13.5	73.8
Dec 2001 - Feb 2002	14.1	13.8	73.9
Mar-May 2002	13.3	14.6	75
Jun-Aug 2002	13.7	14.5	74.5
Sep-Nov 2002	13.9	14.1	74.3

Source: National Statistics, Nomis (Labour Force Survey)

Notes:

Where manufacturing covers SIC section D, banking and finance covers sections J and K and all services covers section G-Q

Table 4: Employee jobs by industry

<i>SIC92</i>	<i>All jobs</i>	<i>All jobs (seasonally adjusted)</i>						
		<i>Agriculture Forestry & Fishing A-Q</i>	<i>Mining A,B</i>	<i>Energy & Water Supplies Industries C,E</i>	<i>Manufacturing Industries D</i>	<i>Construction F</i>	<i>Service Industries G-K</i>	<i>Other Industries L-Q</i>
Sep-99	2,171	2,182	43	42	317	132	954	696
Sep-00	2,189	2,205	41	39	307	141	984	693
Sep-01	2,267	2,271	35	44	298	115	1037	743
Dec-01	2,282	2,288	35	45	295	116	1067	730
Mar-02	2,184	2,272	35	45	287	119	1050	735
Jun-02	2,261	2,262	35	44	286	113	1,049	735
Sep-02	2,257	2,260	34	44	282	115	1,051	735

Source: National Statistics: Labour Market Statistics, Scotland (First Release, January 2003)

Table 5: Proportion of employment in highly skilled jobs

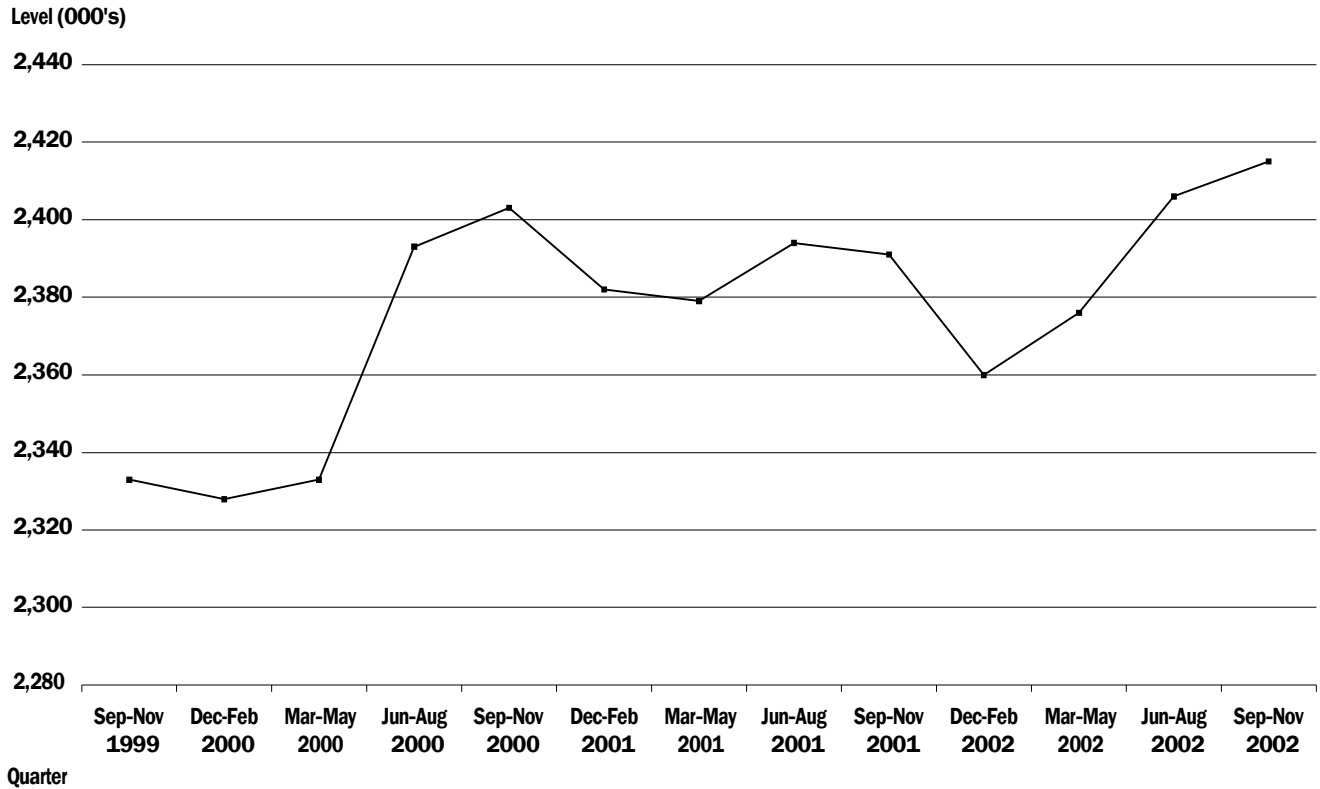
	<i>Scotland Level (000's)</i>	<i>Rate (%)</i>	<i>Great Britain Level (000's)</i>	<i>Rate (%)</i>
Jun-Aug 2001	856,000	36	10,826,000	39
Sep-Nov 2001	892,000	37	10,960,000	40
Dec 2001-Feb 2002	855,000	36	10,861,000	39
Mar-May 2002	887,000	37	10,995,000	40
Jun-Aug 2002	898,000	37	11,041,000	40
Sep-Nov 2002	896,000	37	10,872,000	39

Source: National Statistics, Nomis (Labour Force Survey)

Notes:

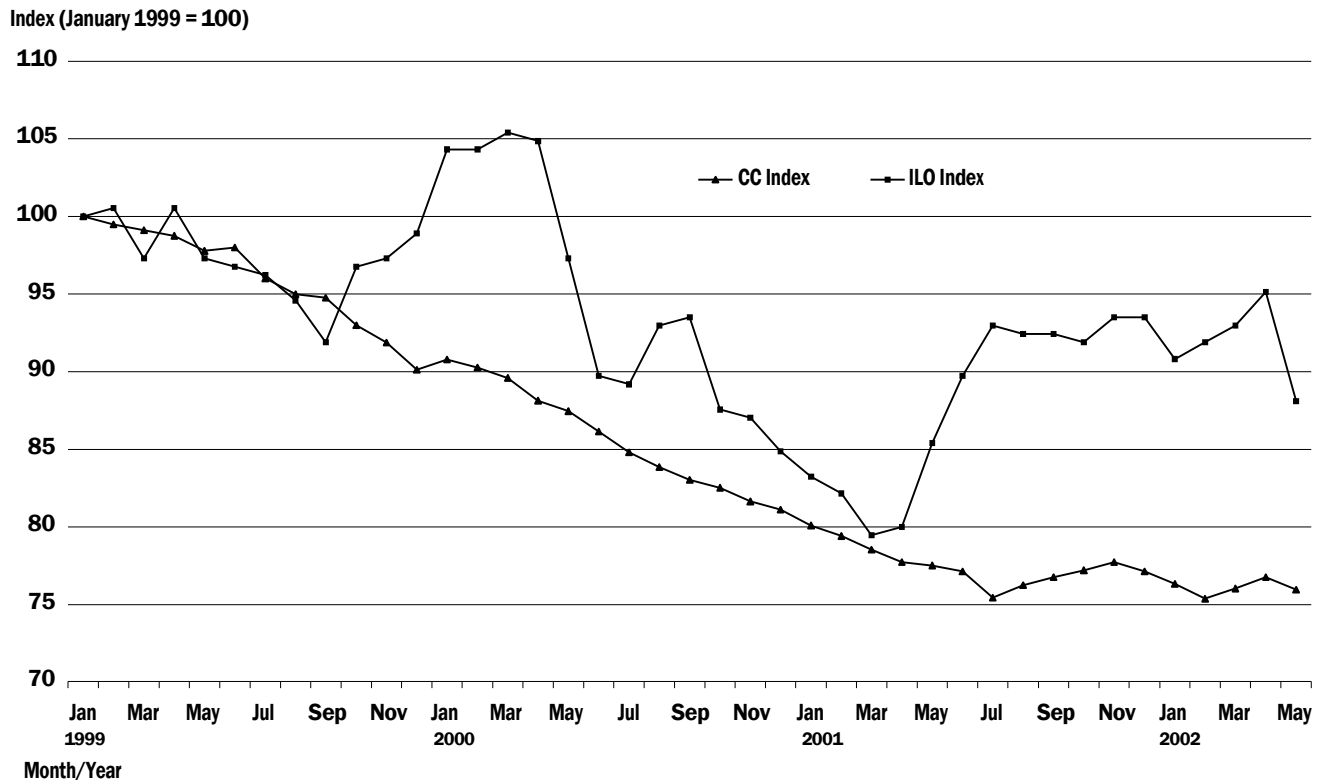
Highly skilled Jobs includes sections 1-3 of the Standard Occupational Classification (SOC 2000)

Table 3 : Industrial composition of total in employment (LFS), percentage share



Source: National Statistics (Nomis)

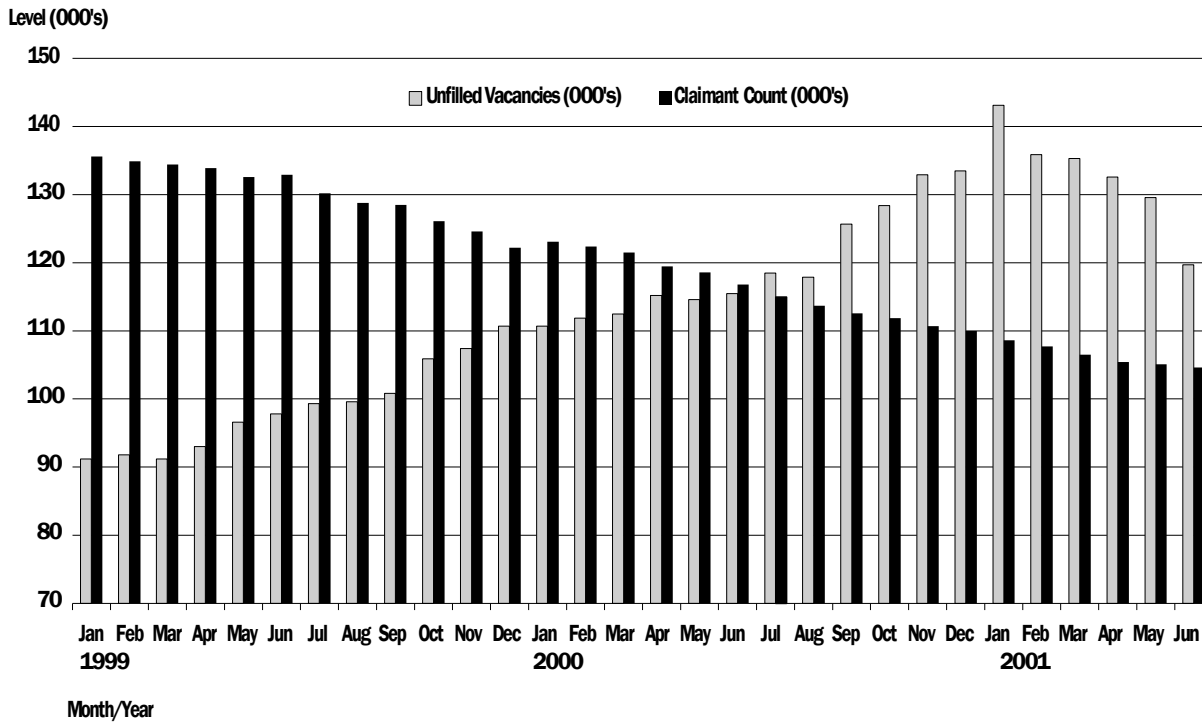
Figure 2: Claimant Count and ILO unemployment in Scotland, January 1999 - May 2002



*Seasonally adjusted data for ILO unemployment after May 2002 is currently unavailable due to data adjustments being undretaken by ONS in light of 2001 population Census data.

Source: National Statistics (Nomis)

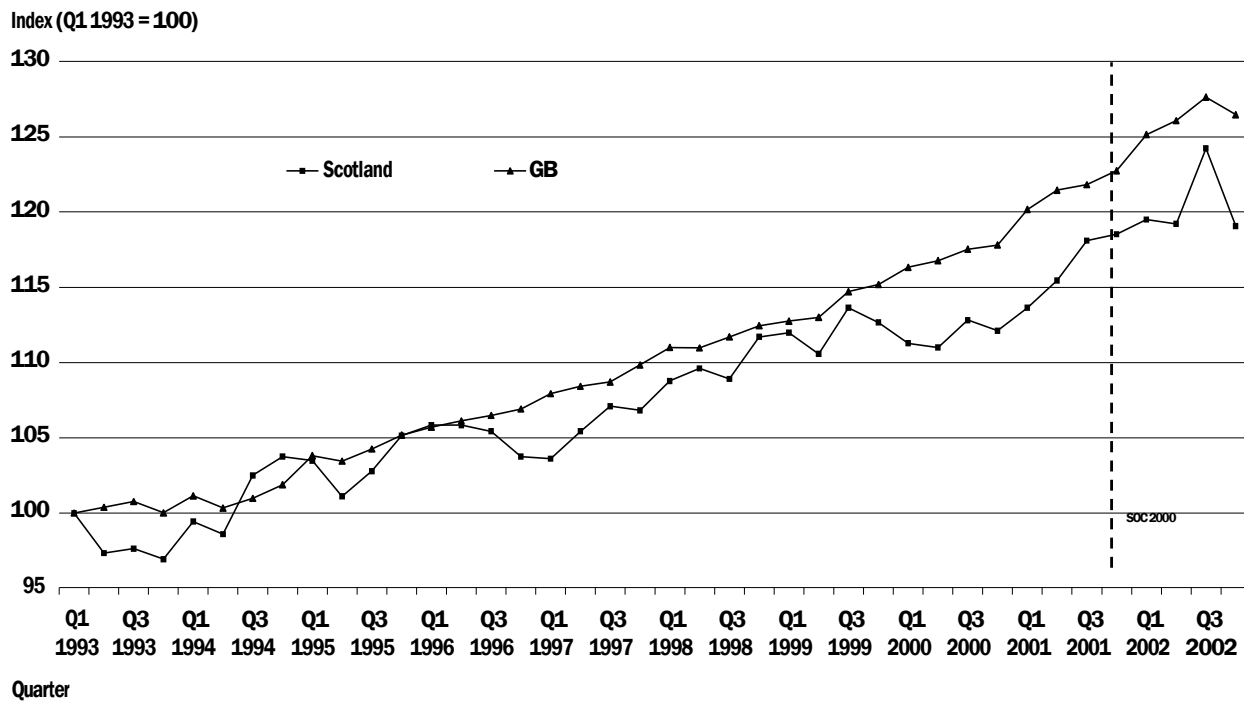
Figure 3: Scottish unemployment (claimant count) against the level of Scottish Vacancies*



*Vacancies notified to job centres multiplied by three (latest figures available)

Source: National Statistics (Nomis)

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



*Highly skilled Jobs includes sections 1-3 of the Standard Occupational Classification (SOC). Pre-2001 data relates to SOC 1990. Post-2001 data relates to SOC 2000.

Source: National Statistics (Nomis)

