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# *The* **LABOUR** *Market*

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## Overview of the labour market

The Office for National Statistics (ONS) has recently introduced a new presentation of labour market statistics, which the Commentary will adopt from now on. Presentation of labour market data is now more systematically organised by topic rather than data source. In particular, data from the Labour Force Survey are now fully integrated into reported labour market statistics.

This change in part reflects the decision to emphasise the more complete measure of unemployment provided by LFS (in line with the International Labour Organisation (ILO) definition) rather than the traditional claimant count. The LFS definition of unemployment has the distinct advantage over the claimant count 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 third quarter of 1998 was 2,305 thousand, 17 thousand down on the same period of 1997. 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 2,305 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. However, it is a useful indicator of trends so the moderate reduction reported for the last year is worrying. (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 7.3% in the fourth quarter of 1998. The comparable figure a year earlier was 6.9%. The traditional claimant-count-based measure of unemployment for the fourth quarter was 5.5%. The difference between the two 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.

In the fourth (third) quarter of 1998 there were 2,487 (2,488) thousand economically active people in Scotland, reflecting the sum of those who are in employment or who were actively seeking work during this period (representing 77.4% of those of working age).

## Employment

The most recent employee jobs data are for September 1998 and these are reported in Tables 2 and 3. Overall, it appears as if total employee jobs rose by around 47,000 (2.3%) in the year to September 1998. Full-time male employees in employment are estimated to have risen by 30,000 (3.4%), and estimates of full-time female employment rose by 9,000 (1.6%). Part-time male employment estimates rose by 2,000 (1.9%) and part-time female employment rose by 4,000 or 0.8%.

Over the year to September 1998 employment in service industries rose by 36,000 (1.8%). Employment losses were recorded in Hotels, etc., Manufacturing, Mining & Quarrying and Agriculture etc. Growth in estimated employment was greatest in Construction (19,000 or 17.2%).

## Vacancies: stocks and flows

Over the year to January 1998 Job Centre unfilled vacancies at job centres in Scotland fluctuated between 30.2 and 32.4 thousands on

a seasonally adjusted basis (Table 4). Vacancies rose by 0.4 thousand in the year to January 1999 (1.3%), on a seasonally adjusted basis. There were still large gross flows, however, which were of a similar order of magnitude to the outstanding stock of vacancies in each month. For example, in January 1999 outflows were 25.5 thousand. The short average duration of vacancies is a sign 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).

**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 January 1999 total unemployment fell by about 5.7 thousand, from 141.0 thousand or by 4.0%. Female unemployment fell by 0.2 thousand over the year (0.6%), while male unemployment fell by 5.5 thousand (5.0%).

Table 5 also presents recent flows into and out of the unemployment stock. In January 1999 inflows were, at 28.0 thousand, a little less than January 1999. Outflows were, at 29.0 thousand, a little more than a year previously. If gross outflows were maintained at their January 1999 level unemployment stocks could turnover in just over 5 months.

TABLE 1 RECENT DEVELOPMENTS IN THE SCOTTISH LABOUR MARKET

	1998	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
ILO unemployment**	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	2,496	77.5				
	Apr-Jun	2,488	77.4	18	±56	0.9	±1.4
	Jul-Sep	2,488	77.4	-13	±56	0.1	±1.4
	Oct-Dec	2,487	77.4	-35	±56	-0.6	±1.4
Economically inactive <sup>†</sup> of which:	Jan-Mar	708	22.5				
	Apr-Jun	711	22.6	-27	±55		
	Jul-Sep	710	22.6	-3	±55	-0.9	±1.4
	Oct-Dec	711	22.6	19	±55	-0.1	±1.4
Not wanting a job <sup>†</sup>	Jan-Mar	451		1	±55	0.6	±1.4
	Apr-Jun	456		-46	±47	0.1	±1.4
	Jul-Sep	474		-13	±46		
	Oct-Dec	497		36	±47		
Wanting a job <sup>†</sup>	Jan-Mar	257		42	±47		
	Apr-Jun	255		19	±35		
	Jul-Sep	237		10	±35		
	Oct-Dec	214		-16	±35		
Claimant count (seasonally adjusted)	Apr 98	138.6	5.7				
	July 98	137.4	5.6	-24.8	±35		
	Oct 98	136.5	5.5	-10.6		-1.0	
	Jan 99	135.3		-5.7		-0.4	
Vacancies notified (seasonally adjusted)	Apr 98	23.3				-0.2	
	July 98	24.2		-4.3			
	Oct 98	24.8		-2.3			
	Jan 99	26.4		-1.4			
				3.0			

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	893	431	1937	472	347	305	1,430
Jun	899	92	899	436	1962	482	353	313	1,443
Sep	899	95	899	435	1967	483	355	316	1,447
Dec	888	95	888	434	1945	479	357	316	1,431
1995 Mar	886	96	886	427 ~	1928	466	352	312	1,427
Jun	887	95	887	437	1944	470	357	318	1,439
Sep	894	97	894	430	1947	479	359	319	1,434
Dec	892	98	892	435	1943	477	360	321	1,432
1996 Mar	879	94	879	428	1915	468	355	316	1,413
Jun	884	87	884	459	1974	468	320	316	1,468
Sep	893	88	893	462	1988	474	353	318	1,473
Dec	847	120	847	500	1988	459	355	314	1,498
1997 Mar	848 ~	117	848 ~	475	1972	454	353	310	1,488
Jun	(855) 870	(125) 110	(534) 542	(481) 466	(1996) 1987	(465) 475	(358) 363	(313) 322	(1500) 1480
Sep	(854) 871	(131) 106	(539) 548	(482) 459	(2007) 1983	(462) 473	(357) 363	(311) 322	(1510) 1479
Dec	(853) 871	(138) 113	(537) 545	(491) 472	(2019) 2001	(466) 478	(355) 361	(309) 321	(1518) 1493
1998 Mar	(851) 868	(135) 110	(542) 552	(492) 474	(2020) 2004	(473) 485	(355) 362	(309) 321	(1514) 1490
Jun	(858) 879	(133) 108	(544) 554	(491) 467	(2026) 2009	(467) 479	(352) 359	(306) 318	(1528) 1502
Sep	901	108	899	463	2030	486	357	317	1515

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 A,B	Minig & Quarrying C	Manufacturing D	Elect. gas & water supply E	Construction F	Wholesale trade & repairs G	Hotels & rest. H	Transport storage & comm. I	Financial intermediation J	Real Estate renting & bus. activities K	Public admin. & defence: comp. Soc. Sec. L	Education M	Health & Social Work N	Other comm, social & pers. activities 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) 31	(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) 30	(26) 24	(309) 321	(19) 16	(112) 117	(361) 326	(125) 122	(111) 105	(71) 79	(188) 219	(141) 126	(154) 154	(272) 265	(95) 96
1998														
Mar	(32) 28	(27) 24	(309) 321	(19) 16	(118) 124	(354) 321	(125) 122	(111) 105	(75) 84	(187) 217	(141) 126	(155) 154	(272) 266	(96) 95
Jun	(31) 28	(28) 25	(306) 318	(19) 16	(115) 120	(356) 324	(126) 123	(114) 109	(75) 84	(188) 218	(141) 126	(159) 154	(273) 267	(97) 97
Sep	30	24	317	16	330	330	120	110	87	224	126	153	268	98

\* 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 (r)	25.0	0.8	31.0	0.6	24.7	0.6	15.6	0.7
1999								
January (p)	26.4	1.4	31.6	0.6	25.5	0.8	16.1	0.5
Change on year	3.0		0.4		0.6		0.4	
Change on year (%)	12.8		1.3		2.4		2.5	

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
<b>People</b>	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
	Change on mnth	0.6	0.0	-0.8	-1.7	13.5	0.5
	Change %	0.4		-2.8	-5.5	10.2	
	Change on year	-5.7	-0.2	-1.8	0.6	-5.8	-0.2
	Change %	-4.0		-6.0	-2.1	-3.8	
<b>Men</b>	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	21.6	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
	Change on mnth	0.5	0.0	-0.6	-1.4	9.9	0.8
	Change %	0.5		-2.9	-6.3	9.6	
	Change on year	-5.5	-0.4	-1.8	0.4	-5.5	-0.4
	Change %	-5.0		-8.3	2.0	-4.7	



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<b>Women</b>	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
	Change on mnth	0.1	0.0	-0.2	-0.3	3.6	0.3
	Change %	0.3		-2.4	-3.5	12.0	
	Change on year	-0.2	0.00	0.0	0.2	-0.2	0.0
	Change %	-0.6		0.0	2.5	-06	

**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