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Labour market update: September 2018

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This briefing provides an overview of the Scottish labour market from the latest regional labour market statistics from the Office for National Statistics (ONS).



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Executive Summary

This briefing provides an overview of the Scottish labour market from the latest regional labour market statistics ¹ and UK labour market statistics ² from the Office for National Statistics (ONS).

The [Royal Bank of Scotland Report on Jobs for July](#) highlighted that during July 2018:

“ Demand for permanent and temporary labour remained robust, however the availability of both types of candidates deteriorated markedly. Tight labour market conditions fed through to greater pay pressures, with starting salaries and temp wages rising at stronger rates in July. ”

The employment and unemployment rates fell over the quarter, with no change in the inactivity rate. Over the year the unemployment rate increased by 0.3 percentage point.

The annual change in the the employment level for men represents the biggest fall since 2010, between Aug-Oct 2009 and Aug-Oct 2010, where it fell by 39,000.

The youth employment rate (16-24) in Scotland saw one of its biggest decreases since comparable records began in 2002, falling by 5.5 percentage points over the years. However it is still above the UK youth employment rate.

Scottish headline labour market figures, May-Jul 2018

	Overall		Men		Women	
	Rate (%)	Change over the qtr (% pts)	Rate (%)	Change over the qtr (% pts)	Rate (%)	Change over the qtr (% pts)
Unemployment	4.1%	-0.2	4.6%	-0.2	3.5%	-0.1
Employment	75.1%	-0.1%	78.7%	-0.4	71.5%	+0.1
Economic Inactivity	21.7%	+0.3	17.4%	+0.5	25.8%	0.0

[Regional labour market: Headline indicators for Scotland](#)

What are the labour market measurements?

The International Labour Organisation provides the official definition of labour market statistics.

What is unemployment?

Level: Any individual aged 16 and over without a job who has been actively seeking work within the last four weeks and is available to start work within the next two weeks.

Rate: Number of unemployed individuals as a proportion of the total number of economically active people, which includes both the unemployed and those in work.

What is employment?

Level: Any individual aged 16 and over who is undertaking one hour or more a week of paid work.

Rate: Number of people in employment expressed as a percentage of all people aged 16-64.

What is economic inactivity?

Level: Any individual aged 16 to 64 who is not in employment, has not looked for work in the last four weeks, and/or is unable to start work within the next two weeks.

Rate: Number of people economically inactive expressed as a percentage of all people aged 16-64.

The main reasons for economic inactivity are:

- being a student and not having or looking for a job
- looking after the family and/or home
- being sick (temporary and long-term)
- being retired
- being discouraged.

You can find out more information on labour market statistics in the [SPICe Labour market statistics briefing](#).

Unemployment

The number of unemployed people in Scotland decreased by 6,000 over the quarter, but increased by 7,000 over the year.

The unemployment rate for Scotland is 4.1%, whilst for the UK as a whole it is 4.0%.

The unemployment rate fell over the quarter but increased over the year in Scotland, whilst it fell over the quarter and the year in the UK as a whole.

The UK employment rate is the joint-lowest since the mid-1970s. ²

This is now the seventh consecutive quarter where the unemployment rate has been below 5.0%.

Unemployment (16+) - seasonally adjusted, May-Jul 2018

	Level ('000)	Quarter change ('000)	Year change ('000)	Rate (%)	Quarter change (% pts)	Year change (% pts)
Scotland	113	-6	+7	4.1%	-0.2	+0.3
UK	1,361	-55	-95	4.0%	-0.2	-0.3

[UK labour market](#) and [Regional labour market: Headline indicators for Scotland](#)

Looking at unemployment across the UK, the South West has the lowest rate at 2.6%, whilst London has the highest at 4.7%.

Figure 1: Unemployment rates across the UK (16+) - May-Jul 2018



[Regional labour market summary](#)

Unemployment by gender

Over the quarter the unemployment level decreased by 6,000 in Scotland. The number of unemployed women fell by 3,000, and there were 2,000 fewer unemployed men.

Over the year the unemployment level increased by 7,000 in Scotland. Whilst the number of unemployed women was unchanged, the number of unemployed men increased by 7,000.

The unemployment rate for both men and women in Scotland fell over the quarter, but increased over the year.

The unemployment rate for men is higher in Scotland than the UK, whilst the rate is lower for women in Scotland than in the UK.

Unemployment by gender (16+) - seasonally adjusted, May-Jul 2018

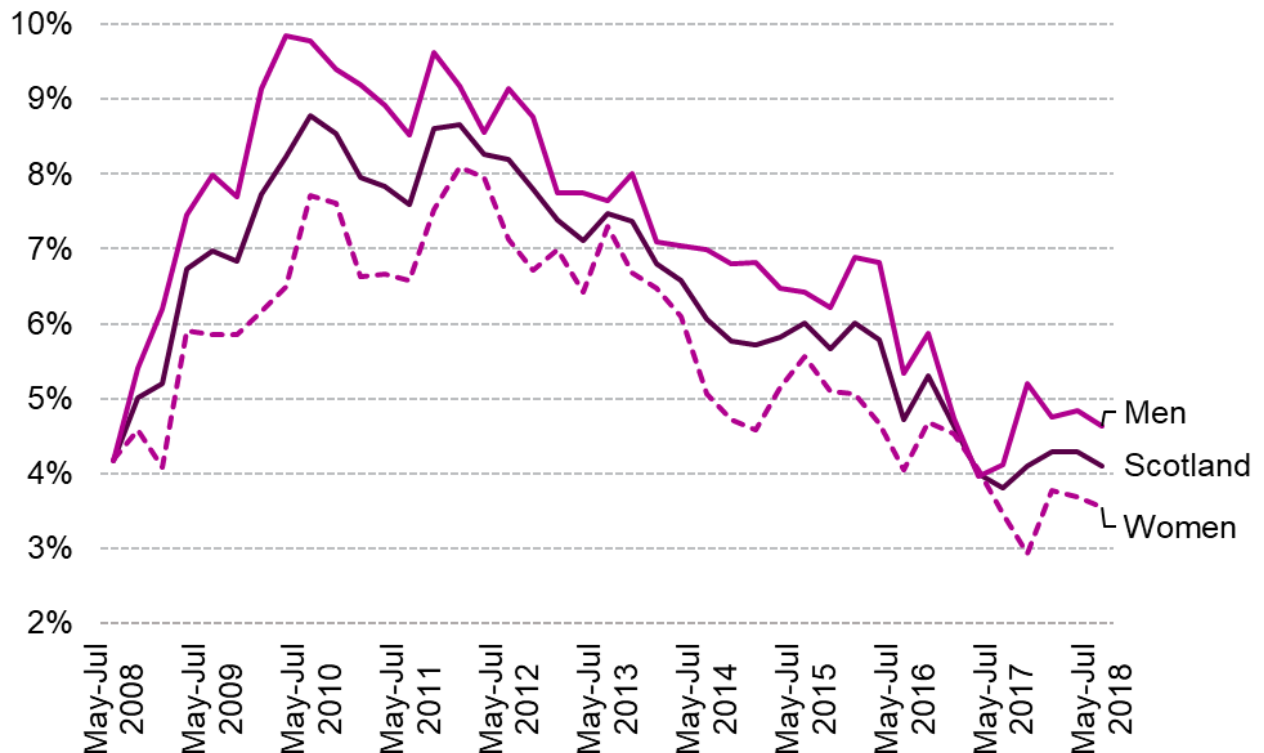
		Level ('000)	Quarter change ('000)	Year Change ('000)	Rate (%)	Quarter change (% pts)	Year change (% pts)
Scotland	Men	66	-3	+7	4.6%	-0.2	+0.5
	Women	47	-2	0	3.5%	-0.1	+0.1
UK	Men	719	-47	-69	4.0%	-0.3	-0.4
	Women	641	-8	-26	4.0%	0.0	-0.2

[UK labour market](#) and [Regional labour market: Headline indicators for Scotland](#)

Figure 2 shows how the unemployment rates by gender in Scotland have changed over the past 10 years.

The unemployment rate for men peaked at 9.8% in Feb-Apr 2010. Since then it has fallen by 5.2 percentage points. It has increased slightly since its low point of 4.0% in May-Jul 2017.

The unemployment rate for women peaked at 8.1% in Nov-Jan 2012. Since then it has fallen by 4.6 percentage points. It has increased slightly since its low point of 2.9% in Aug-Sep 2017.

Figure 2: Unemployment rate by gender (16+) - seasonally adjusted, May-Jul 2008 to May-Jul 2018

[Regional labour market: Headline indicators for Scotland](#)

Unemployment by age

This data is not seasonally adjusted and is compared with the same quarter in previous years.

The youth unemployment rate (16-24) has increased by 1.4 percentage points over the year, which is the first annual increase since between 2011 and 2012 (2.7 percentage points)

Despite this increase, the youth unemployment rate (16-24) is the second lowest since comparable records began in 2002.

The unemployment rate for 35 to 49 year olds (2.3%) is the lowest since comparable records began in 2002. The rate has seen an annual decrease every year since between 2009 and 2010, falling by 2.8 percentage points between 2012 and 2018.

Unemployment by age - not seasonally adjusted, May-Jul 2018

Age group		Scotland	UK
16-24	Rate	10.8%	11.9%
	Year change (% pts)	+1.4	-0.7
25-34	Rate	3.6%	3.9%
	Year change (% pts)	+0.5	+0.2
35-49	Rate	2.3%	2.7%
	Year change (% pts)	-0.1	-0.3
50-64	Rate	3.6%	2.8%
	Year change (% pts)	+0.3	-0.4

Educational status and labour market status for people aged from 16 to 24 (not seasonally adjusted) , [Employment, unemployment and economic inactivity by age group \(not seasonally adjusted\)](#) and [Regional labour market: Estimates of unemployment by age](#)

Employment

The number of people aged 16 and over in employment in Scotland fell by 9,000 over the quarter, and by 40,000 over the year.

The rate in Scotland fell in line with the UK average over the quarter; this is because over the year the rate in Scotland fell over the year, whilst the UK saw an increase.

This is the fourth quarter in a row where the number of people in employment has fallen.

The current employment rate in Scotland is one of the highest on record since comparable records began in 1992.

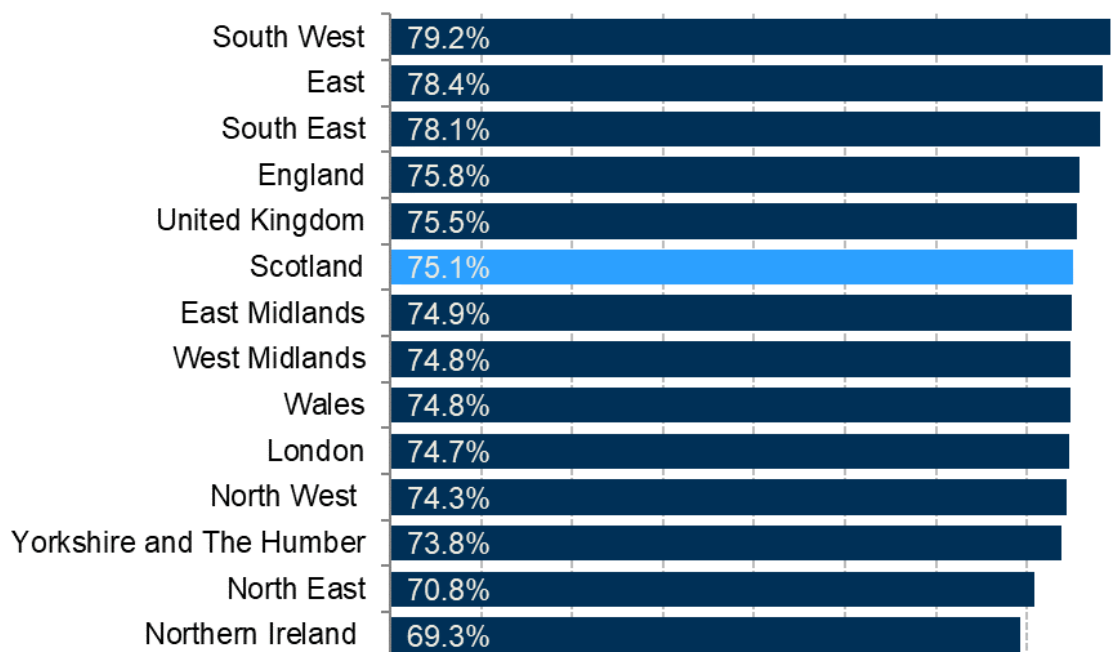
Employment (Level 16+, rate 16-64) - seasonally adjusted, May-Jul 2018

	Level ('000)	Quarter change ('000)	Year change ('000)	Rate (%)	Quarter change (% pts)	Year change (% pts)
Scotland	2,634	-9	-40	75.1%	-0.1	-0.8
UK	32,397	+3	+261	75.5%	-0.1	+0.2

[UK labour market](#) and [Regional labour market: Headline indicators for Scotland](#)

Looking at employment across the UK, the Scottish rate is slightly lower than the UK average. The South West has the highest rate at 79.2%, whilst Northern Ireland has the lowest at 69.3%.

Figure 3: Employment rates across the UK (16-64), May-Jul 2018



[Regional labour market summary](#)

Employment by gender

Employment levels and rates are higher for men than for women at both the Scottish and UK levels.

Over the quarter, the fall in the employment level mainly came from there being 8,000 fewer men in employment, whilst the number of women was unchanged.

The annual change in the the employment level for men is the biggest fall since 2010, specifically between Aug-Oct 2009 and Aug-Oct 2010, where it fell by 39,000.

The rate for men fell over both the quarter and the year, whilst the rate for women increased over the quarter but fell over the year.

The rate for men in Scotland is lower than the UK, whilst the rate for women in Scotland is higher than in the UK.

Employment by gender (Level 16+, rate 16-64) - seasonally adjusted, May-Jul 2018

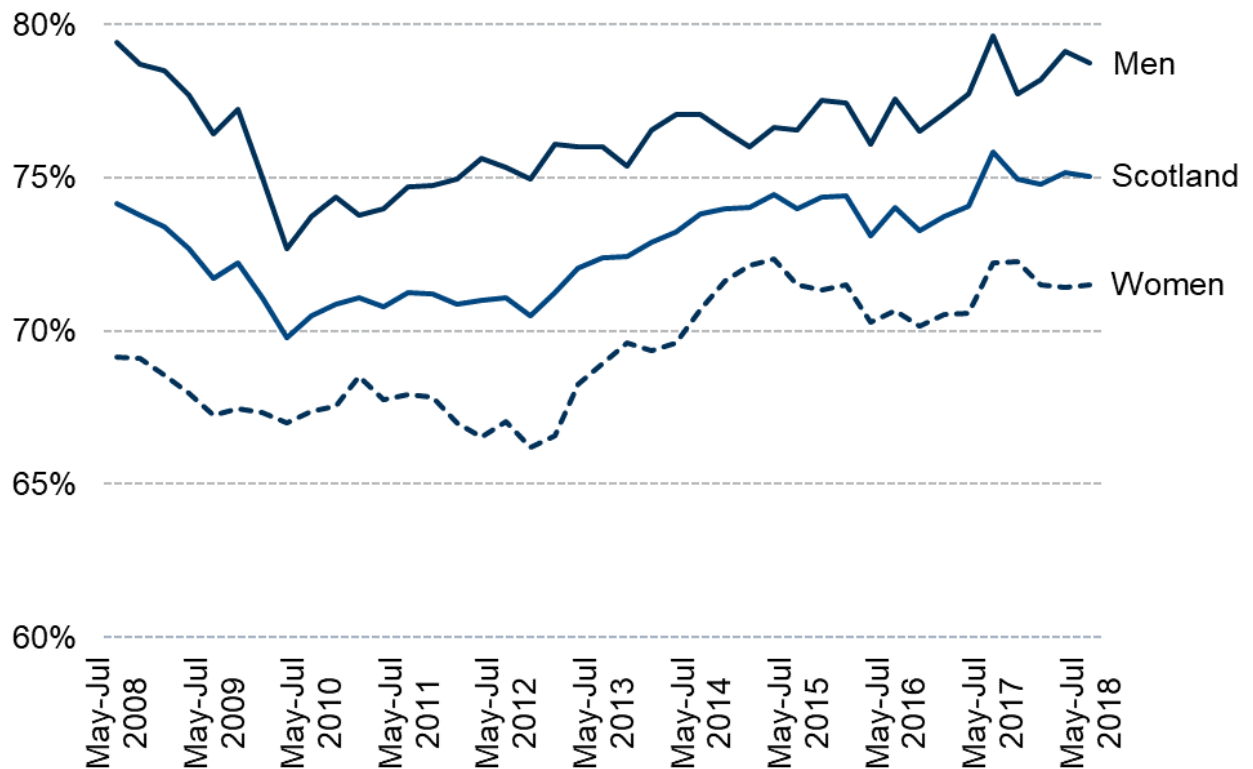
		Level ('000)	Quarter change ('000)	Year change ('000)	Rate (%)	Quarter change (% pts)	Year change (% pts)
Scotland	Men	1,353	-8	-24	78.7%	-0.4	-0.9
	Women	1,281	0	-16	71.5%	+0.1	-0.7
UK	Men	17,165	+30	+145	80.1%	+0.1	+0.3
	Women	15,232	-28	+117	71.0%	-0.3	+0.2

[UK labour market](#) and [Regional labour market: Headline indicators for Scotland](#)

Figure 4 shows how the unemployment rates by gender in Scotland have changed over the past 10 years.

The employment rate for women has increased by 5.3 percentage points since Aug-Sep 2012, when it was its lowest in the last 10 years, at 66.2%. It is, however, slightly below its peak of 72.4% in Feb-Apr 2015.

The men's employment rate has increased by 6.1 percentage points since Feb-Apr 2010, when it was its lowest in the last 10 years, at 72.7%. However, the rate is still slightly below the rate in May-Jul 2017 , when it was above 79.6%.

Figure 4: Employment rate by gender (16-64) - seasonally adjusted, May-Jul 2008 to May-Jul 2018

[Regional labour market: Headline indicators for Scotland](#)

Employment by age

This data is not seasonally adjusted and is compared with the same quarter in previous years.

The employment rate for the 35-49 year old age group is the highest since comparable records began in 2002.

Despite a slight decrease, the employment rate for 50-64 year olds has increased by 12.3 percentage points since 2002.

The youth employment rate (16-24) saw one of its biggest decreases since comparable records began in 2002, falling by 5.5 percentage points over the years.

Employment by age - not seasonally adjusted, May-Jul 2018

Age group		Scotland	UK
16-24	Rate (%)	56.2%	54.7%
	Year change (% pts)	-5.5	-0.2
25-34	Rate (%)	83.6%	83.2%
	Year change (% pts)	-0.2	-0.6
35-49	Rate (%)	85.6%	85.0%
	Year change (% pts)	+1.8	+0.4
50-64	Rate (%)	70.4%	71.8%
	Year change (% pts)	-1.1	+0.7

[Educational status and labour market status for people aged from 16 to 24 \(not seasonally adjusted\)](#), [Employment, unemployment and economic inactivity by age group \(not seasonally adjusted\)](#) and [Regional labour market: Estimates of employment by age](#)

Economic inactivity

The number of people economically inactive in Scotland increased over the quarter by 9,000 and 16,000 over the year.

Over both the quarter and the year the inactivity rate increased in Scotland, whilst it increased across the UK as a whole during the quarter but was unchanged over the year.

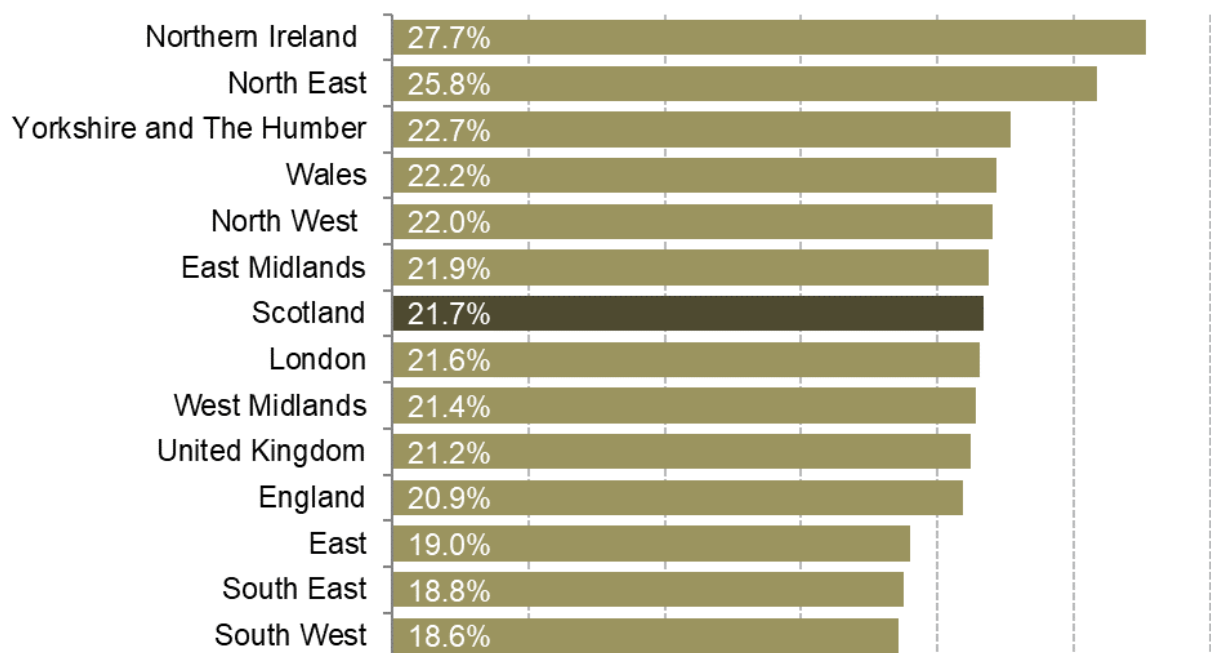
Economic Inactivity (16-64) - seasonally adjusted, May-Jul 2018

	Level ('000)	Quarter change ('000)	Year change ('000)	Rate (%)	Quarter change (%) pts	Year change (%) pts
Scotland	738	+9	+16	21.7%	+0.3	+0.5
UK	8,759	+108	+16	21.2%	+0.3	0.0

[UK labour market](#) and [Regional labour market: Headline indicators for Scotland](#)

Looking at economic inactivity across the UK, the Scottish rate is slightly higher than the UK average. Northern Ireland has the highest rate at 27.7%, whilst the South West has the lowest at 18.6%.

Figure 5: Economic inactivity rates across the UK (16-64)-May-Jul 2018



[Regional labour market summary](#)

Economic inactivity by gender

Economic inactivity rates are higher for women than for men.

Over the quarter the number of inactive men increased by 9,000, whilst the number of inactive women was unchanged.

Over the year the increase in the inactivity level mainly came from an extra 11,000 inactive women whilst the number of inactive men increased by 5,000.

The inactivity rate for men is higher in Scotland than the UK, whilst the rate for women is lower than that for the UK overall.

Economic Inactivity by gender (16-64) - seasonally adjusted, May-Jul 2018

		Level ('000)	Quarter change ('000)	Year change ('000)	Rate (%)	Quarter change (% pts)	Year change (% pts)
Scotland	Men	289	+9	+5	17.4%	+0.5	+0.4
	Women	449	0	+11	25.8%	0.0	+0.7
UK	Men	3,381	+35	+17	16.5%	+0.2	0.0
	Women	5,378	+74	-1	25.9%	+0.3	0.0

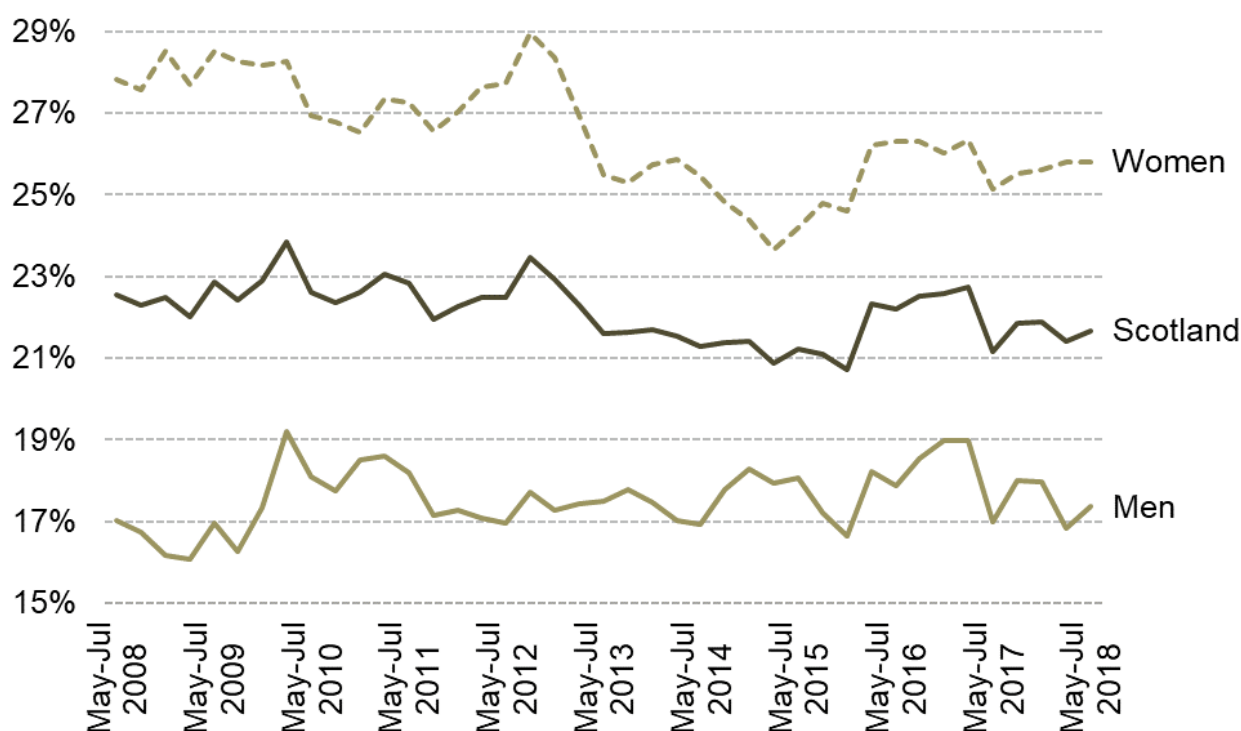
[UK labour market](#) and [Regional labour market: Headline indicators for Scotland](#)

Figure 6 shows how the inactivity rates by gender in Scotland have changed over the past 10 years.

Since the inactivity rate for men peaked in Feb-Apr 2010, at 19.2%, the rate has fallen by 1.8 percentage points to 17.4%. However it is above its lowest rate of 16.6% in Nov-Jan 2016.

The rate for women has fallen by 3.1 percentage points since Aug-Sep 2012, when it has at its highest in the last 10 years. The rate is currently 2.1 percentage points above its lowest point of 23.7% in Feb-Apr 2015.

Figure 6: Inactivity rate by gender (16-64) - seasonally adjusted, May-Jul 2008 to May-Jul 2018



[Regional labour market: Headline indicators for Scotland](#)

Economic inactivity by age

This data is not seasonally adjusted and is compared with the same quarter in previous years.

The youth inactivity rate is the highest since comparable records began, having increased 10.6 percentage points since 2002.

Despite a slight rise over the year, the inactivity rate for the 50-64 year old age group has fallen by 11.9 percentage points since 2002.

The inactivity rate for the 35-49 year old age group is the lowest since comparable records began in 2002.

Economic Inactivity by Age - not seasonally adjusted, May-Jul 2018

Age Group		Scotland	UK
16-24	Rate (%)	37.0%	37.9%
	Year change (% pts)	+5.1	+0.7
25-34	Rate (%)	13.3%	13.4%
	Year change (% pts)	-0.2	+0.4
35-49	Rate (%)	12.3%	12.7%
	Year change (% pts)	-1.8	-0.2
50-64	Rate (%)	26.9%	26.1%
	Year change (% pts)	+0.9	-0.4

[Educational status and labour market status for people aged from 16 to 24 \(not seasonally adjusted\)](#), [Employment, unemployment and economic inactivity by age group \(not seasonally adjusted\)](#) and [Regional labour market: Estimates of economic inactivity by age](#)

Claimant Count

The Claimant Count figures presented here are experimental statistics from the ONS for Jobseekers Allowance, plus Universal Credit claimants who are out of work.

Under Universal Credit, a broader span of claimants are required to look for work than under Jobseekers Allowance. As Universal Credit Full Service is rolled out in particular areas, the number of people recorded as being on the Claimant Count is therefore likely to rise.

This is not an official measure of unemployment, but it does provide accurate information on the labour market at a local level.

Scotland and UK comparison

The seasonally adjusted claimant count rate for August in Scotland was increased by 0.1 percentage point over the month whilst the UK was unchanged.

The Scottish claimant count rate is higher than the UK rate.

Claimant Count - Seasonally adjusted, August 2018

	Level	Month Change	Year Change	Rate (%)	Month Change (% pts)	Year Change (% pts)
Scotland	93,400	+1,100	+13,300	2.7%	+0.1	+0.4
UK	918,800	+8,700	+118,500	2.2%	0.0	+0.3

[Claimant Count via nomis](#)

Constituency data: inactivity rate

The constituency data for Scotland comes from the Annual Population Survey (APS). The APS datasets are produced quarterly, with each dataset containing 12 months of data. This data is based on residence analysis of the APS.

The latest APS data is for Jan Apr 2017-Mar 2018.

Glasgow Maryhill and Springburn has the highest inactivity rate at 39.6%, whilst the Orkney Islands has the lowest at 9.7%. Edinburgh Central saw the biggest increase over the year, whilst Glasgow Cathcart saw the largest decrease.

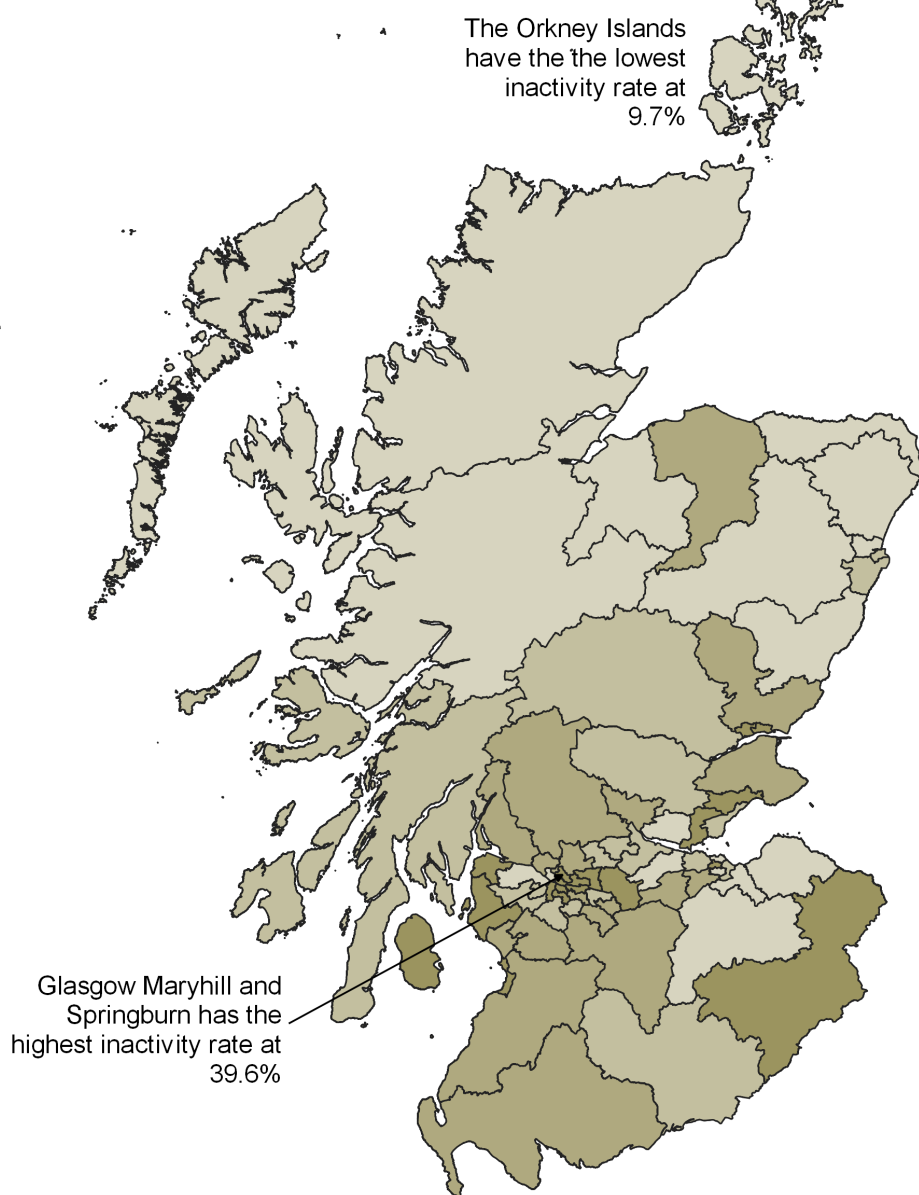
This data is from the resident analysis of the APS, meaning the rate is for those who live in the constituency.

Figure 4: Inactivity by constituency (16-64) - Apr 2017 to Mar 2018

Inactivity rate (16-64) Apr 2017 to Mar 2018

By Scottish Parliament constituencies

- Between 9.7% and 19.1%
- Between 19.2% and 22.3%
- Between 22.4% and 23.9%
- Between 24.0% and 39.6%



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Find out the [latest labour market data for your constituency.](#)

Bibliography

- 1 Office for National Statistics. (2018, September 11). Regional labour market statistics in the UK: September 2018. Retrieved from <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/september2018> [accessed 11 September 2018]
- 2 Office for National Statistics. (2018, September 11). UK labour market: September 2018. Retrieved from <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2018#unemployment> [accessed 11 September 2018]

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