

Labour Market Strategy Measurement Workstream

Strategic Labour Market Group Meeting 12th June 2018

Purpose

1. As outlined at the first meeting for the Strategic Labour Market Group held on the 22nd February 2017, the measurement work stream forms a key part of the remit of the Strategic Labour Market Group (SLMG).
2. At the meeting on February 2017, discussion focused on data issues in relation to the development of a labour market framework. These included:
 - The possibility that some survey sources may not be repeated i.e. WERS (workplace employment survey), Employment and skills survey.
 - Opportunities from linking data. For example, New Zealand link their student learning and tax records to provide a complete overview of education and career progression.
 - It is important to **understand issues of supply with demand** within the labour market.
 - The need for longitudinal data was discussed.
3. Following this initial discussion this paper provides a summary and update of SG Labour Market Outputs which will be used to monitor the Framework and an outline of developments to note in the area of labour market data from Official Sources. It is proposed that relevant data will be brought together to produce a Labour Market Strategy Dashboard at the end of 2018 and for presentation at the next meeting of this group.

Background

4. The Labour Market Strategy, published August 2016, set out a vision for how the Scottish Government will help to create the conditions for a strong labour market that drives inclusive, sustainable economic growth, characterised by growing, competitive businesses, high employment, a skilled population capable of meeting the needs of employers, and where fair work is central to improving the lives of individuals and their families.
5. To achieve this vision, the Strategy identified five outcomes that provide the strategic framework to measure progress within the labour market:
 - a skilled, productive and engaged workforce capable of meeting the needs of employers;
 - equality of opportunity to access work and to progress to ensure everyone is able to maximise their potential;
 - fulfilling, secure and well-paid jobs, where employees' contributions are encouraged, respected and valued;
 - low unemployment and high employment; and
 - a sustainable working population and that can retain and attract new talent, to meet our wider economic and social ambitions.
6. These outcomes are interdependent. They all play an important role in realising the vision set out in the Strategy. Moving forward, they will be used as a framework to guide the interventions made by the Scottish Government and its partners within Scotland's labour market.

7. The Strategy included a commitment to improve our approach to measurement, reviewing available data sources to establish gaps and develop a more comprehensive approach to how we measure progress against these five outcomes. It also included a commitment to consider how this is presented through the National Performance Framework.

Current Scottish Government Outputs and Sources

8. The Scottish Government already has a wide range of Labour Market Statistical outputs. These span the range of the five Labour Market Outcomes and will be used to inform the Scottish Government Labour Market Strategy measurement framework.

9. The main source of timely labour market statistics for Scotland is the ONS' Labour Force Survey¹, which is released monthly. The Scottish Government publishes a monthly brief using this statistical release, which is published online². The Labour Force Survey is a monthly National Statistics survey of 40,000 private households across the UK (8,000 of which are in Scotland). Each month estimates are produced for a 3 month rolling average, allowing comparisons with the quarter immediately before and the same quarter a year before.

10. The key strength of the survey is that it is a long-standing internationally comparable survey allowing for robust and consistent analysis to be conducted by researchers and analysts. As well as headline labour market indicators, the survey also provides information on measures such as underemployment, Not in Education, Employment or Training (NEET) and zero hours contracts.

11. Alongside the Labour Force Survey, the Scottish Government uses other, less regular, sources to monitor conditions and the quality of labour market performance. This includes disaggregation of data to provide local labour market information and information on equalities groups, as well as data on earnings. The range of sources, publications and web-based outputs are outlined in Annex B.

Developments in data since 2017

Review of the National Performance Framework Consultation Process

12. The National Performance Framework has recently been reviewed to meet the duties placed on Scottish Ministers by the Community Empowerment (Scotland) 2015, Part 1. The public consultation on the review of National Outcomes for the NPF involving 2 phases of engagement: Public and Expert engagement. Further details of this review were published on the Scottish Parliament web site in March 2018

http://www.parliament.scot/S5_Local_Gov/Inquiries/Updated_National_Outcomes.pdf

The revised NPF was published on 11th June 2018.

13. The consultation was been overseen and informed by the National Performance Framework Round Table which advises on the development of the NPF. Derek Mackay,

¹ The latest Labour Force Survey data is available [here](#)

² These products are published on the [SG Labour Market Statistics Webpages](#) incorporates the general headline labour market statistics as well as detailed youth briefings and shows the key comparisons between Scotland and the UK.

Cabinet Secretary for Finance and Constitution hosts the Round Table with members from across the political parties in Scotland and key Third Sector organisations (Carnegie UK Trust, Oxfam Scotland, STUC, COSLA, Scottish Human Rights Commission, Scottish Environment LINK, the Scottish Local Government Partnership and businesses). The Round Table and Cabinet have provided sign-off on the proposed National Outcomes.

14. Additionally, the alignment of the National Performance Framework with the Sustainable Development Goals (SDGs) and Scotland’s National Action Plan on Human Rights (SNAP) is a commitment in Scotland’s first Open Government Partnership National Action Plan. Alignment of the National Outcomes with the SDGs and SNAP will be independently reported on by the Open Government Partnership Independent Reporting Mechanism for which the Scottish Government is one of the pioneer countries.

15. Indicators relevant to the Labour Market Strategy and now included in the National Performance Framework are shown below.

National Outcome	Indicator
We are well educated, skilled and able to contribute to society	Skill shortage vacancies Skill profile of the population (E) Skill underutilization
We have thriving and innovative businesses, with quality jobs and fair work for everyone	Economic participation (E) Employees on the living wage (E) Pay gap (E) Contractually secure work Employee voice Gender balance in organisations Work related ill health On the job training

(E) Existing Indicators prior to the review

Inclusion of Indicators related to Fair work in the Labour Force Survey

16. Office for National Statistics are also looking to include around 10 questions in the labour Force Survey, which should provide "Scotland – Specific" estimates of metrics related to jobs quality. These relate to job satisfaction, job security and skills utilization amongst others. Scottish Government are liaising with Office for National Statistics on this to maximise availability of data in relation to fair work for Scotland.

ANNEX A: LABOUR MARKET DATA SOURCES, PUBLICATIONS AND WEB OUTPUTS

Data Sources

Alongside the Labour Force Survey, the Scottish Government uses other, less regular, sources to monitor conditions and the quality of labour market performance. This includes disaggregation of data to provide local labour market information and information on equalities groups, as well as data on earnings. These are set out below..

The latest **Annual Population Survey (APS)** combines results from the LFS and the Scottish Labour Force Survey boost to provide rolling annual labour market information four times a year. It is the primary source for information on local labour markets, and equalities groups within the labour market. It provides headline estimates on employment, unemployment and economic activity. The APS is the largest annual household survey in Scotland and provides a wealth of information about individuals' personal circumstances and their work.

The **Annual Survey of Hours and Earnings (ASHE)** is the primary source of data on levels, distribution and make-up of earnings and hours worked for employees by sex and full-time or part-time status in all industries and occupations.

The **Scottish Surveys Core Questions (SSCQ)** is an annual Official Statistics publication, published by the Scottish Government. It enables the production of reliable and detailed information on the composition, characteristics and attitudes of Scottish households and adults across a number of topic areas. This includes employment, and allows for a deeper consideration of equalities issues within the labour market.

The **Census** provides information at more detailed levels of geography and across small sub-groups. This allows for more detailed analysis of sub-groups and sub-localities in the Scottish labour market. However, it is only undertaken once a decade so is not very timely and so cannot be used for up to date analysis.

The **Workplace Employment Relations Study (WERS)** is a national survey of people at work in Britain. The survey provides a comprehensive source of data on the relationship between employee, employer and the nature of workplace organisation. However, WERS is not a regular survey and has been undertaken only 6 times: 1980, 1984, 1990, 1998, 2004 and 2011. Fieldwork for the latest WERS (2011) was completed in June 2012 with UK results published in 2014 and there are currently no plans for a future survey. The survey has a relatively small sample size which restricts availability of data at a sub-GB level. Nevertheless some regional results, including Scotland were produced for ACAS in 2014³.

³ Available [here](#).

Oxfam have undertaken a “**Decent Work Project**”, to look into the quality of work within Scotland. This research adapts and applies – using participatory research methods – the concept of ‘decent work’ in Scotland for the first time. Devised by Oxfam Scotland and the University of the West of Scotland, and in collaboration with the Warwick Institute for Employment Research, the research consulted more than 1,500 people in Scotland in 2016 about what ‘decent work’ means to them through focus groups, individual interviews, street stalls and an opinion poll. It focused on people with experience in low-wage sectors or with low earnings – such as those working in social care, hospitality, and cleaning – and specifically included demographic groups facing additional disadvantages in the workplace. The research showed that the most important aspects for respondents in defining “decent work” were: a decent hourly rate; job security; paid leave; a safe working environment; a supportive manager; and a job with no discrimination.

Skills Development Scotland (SDS), have been developing a robust evidence base for planning investment in skills, driven by demand for evidence and insight from partners. This approach has included the development of the Scottish Skills Planning model⁴. The evidence base has evolved through a process of continuous improvement (including an independent review in 2015) and, where gaps have been identified, they seek to address this through co-working with partners.

⁴ Available [here](#).

Publications and Web Outputs

The headline Labour Market Statistics for Scotland are published monthly by Office for National Statistics. However, following this the Scottish Government also release statistical web Tables and Charts which present key data relevant to Scotland. On a quarterly basis they produce a web-based slide pack based on the quarterly data published by Office for National Statistics

Key publications and web-based outputs by Scottish Government are shown below:

Table showing key Scottish Government outputs

	Frequency	Description
National Statistics Publications		
Regional Employment Patterns	Annual	Provides detailed analysis on the labour market, education and training from the Annual Population Survey January to December dataset. Results are provided for Scotland and local authority areas. http://www.gov.scot/Publications/2018/05/7903
Public Sector Employment in Scotland	Quarterly	Estimates the level of public sector employment in Scotland and expressed as a percentage of all employment. It covers employment in reserved and devolved public sector organisations in Scotland. http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/PublicSectorEmployment
Rolling Annual Population Survey	Quarterly	Key labour market results from the Annual Population Survey for April-March, July-June, October-September and January-December. Results are provided for Scotland and local authority areas in Scotland. Analysis is less detailed than the regional employment patterns publication. http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/Publications
Web outputs		
Labour Market Brief – Tables and Charts	Monthly	The tables and charts provide a summary of headline labour market statistics from the Labour Force Survey, trends by gender and youth labour market statistics. These are updated each month the same week that the Regional Labour Market Statistics are published by ONS. http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/LMTrends
Labour Market Brief – Slide Pack	Quarterly	The slide pack contains headline national statistics trends for Scotland and UK on employment, unemployment and economic inactivity, economic status by gender and youth labour market statistics. It also presents analysis for topical labour market subjects presenting data from the quarterly Labour Force Survey Data set and ASHE http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/LMSummary
Annual Survey of Hours and Earnings Analysis Tables	Annual	These tables provide estimates of the median weekly earnings by gender and public and private sector; the gender pay gap by sector, age and occupation; and the proportion of employees earning less than the Living Wage in Scotland by age, gender, sector and local authority. http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/Earnings