

Labour Market Strategy Measurement Workstream

Strategic Labour Market Group Meeting 22nd February 2017

Purpose

1. The measurement work stream forms a key part of the remit of the Strategic Labour Market Group (SLMG). This short note describes the development of a potential framework for measurement of labour market outcomes, key data sources, known gaps in labour market information, and issues around data quality.
2. At the first meeting of SLMG, members may wish to outline their thoughts on the way forward on this workstream; and to agree on potential outputs that will help to monitor the success and delivery of the labour market strategy.

Background

3. 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.
4. 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.
5. 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.
6. 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.

Broader measurement of economic performance

7. The development of a measurement framework is part of a broader programme of Scottish Government work to monitor and analyse drivers of and progress towards inclusive and sustainable growth in Scotland. The diagram in Annex A sets out some of the key linkages to existing measurement frameworks and work currently being progressed within the Scottish Government and key partners such as through the Enterprise and Skills Review, and development of the Inclusive Growth agenda.
8. Introduced in 2007, and refreshed in 2011 and 2016, the National Performance Framework (NPF) and the online reporting tool “Scotland Performs” monitor progress towards the Government’s Purpose, measuring a mix of high level targets, national outcomes and indicators.
9. In 2013, a Round Table, composed of members from across the political parties in Scotland, key academics and Third Sector organisations, was established to inform and oversee the development and improvement of the NPF and Scotland Performs. The Round Table identified key gaps in the indicator set, including ‘work and employment’. Throughout 2015, a review of the indicator set was undertaken to address these gaps. This included working with expert external stakeholders. The outcome of this was that three new National Indicators to improve upon the ‘quality’ of labour market indicators were added in 2016 - (i) Reduce underemployment, (ii) Reduce the proportion of employees earning less than the Living Wage, and (iii) Reduce the pay gap.
10. The National Outcomes are currently being 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 is now drawing to a close. A series of stakeholder engagement sessions are being held with experts out with the Scottish Government.
11. In addition, as part of delivering on the Enterprise and Skills Review stage 1 recommendations, a separate project on Data, Performance and Evaluation functions is seeking to improve the impact of data and intelligence across the Enterprise and Skills landscape through better sharing and use of existing data and intelligence. The project will review all existing data and evidence of relevance to enterprise and skills, and its findings will be particularly relevant to the Labour Market Strategy outcome on skills. Initial outputs are expected in Spring.
12. Scotland’s Economic Strategy, particularly the strategic priority of inclusive growth, has strong links to the ambitions set out in the Labour Market Strategy. The vibrant, fair and inclusive labour market that the Strategy envisages is a key component to realising the Economic Strategy’s twin pillars of boosting competitiveness and tackling inequality. The development of an ‘inclusive growth framework’ to measure progress has outcomes focused on economic performance, fair work and labour market access. Also relevant to the measurement framework is analytical work to identify drivers of growth and inclusion, such as the recent inclusive growth diagnostic.

Overview of key data sources for the Scottish Labour market

Headline indicators

13. There are a number of data sources underpinning key headline indicators on Scotland's labour market performance. These span the range of the five Labour Market Outcomes. A range of publications and web-based outputs are published and regularly updated, as outlined in Annex B.
14. 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.
15. 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.

Other measures of Labour Market Performance

16. 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. This information can be used to identify proposed indicators for each of the labour market outcomes, as set out below. More information on data sources is included in Annex B.

A Proposed measurement Framework for Labour Market Outcomes

17. The purpose of the Measurement Framework will be to monitor whether progress is being made against the five Labour Market Strategy outcomes, in order that evidence-based policy actions can be taken to address identified issues
18. A draft Measurement Framework for Scotland's Labour Market Strategy's five outcomes is set out in Annex C. The draft framework makes a start at proposed indicators, alongside an indication of existing sources and known gaps. The framework identifies national level data to measure progress at a Scotland level, it also gives an indication of where data exists at a sub-national level.

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

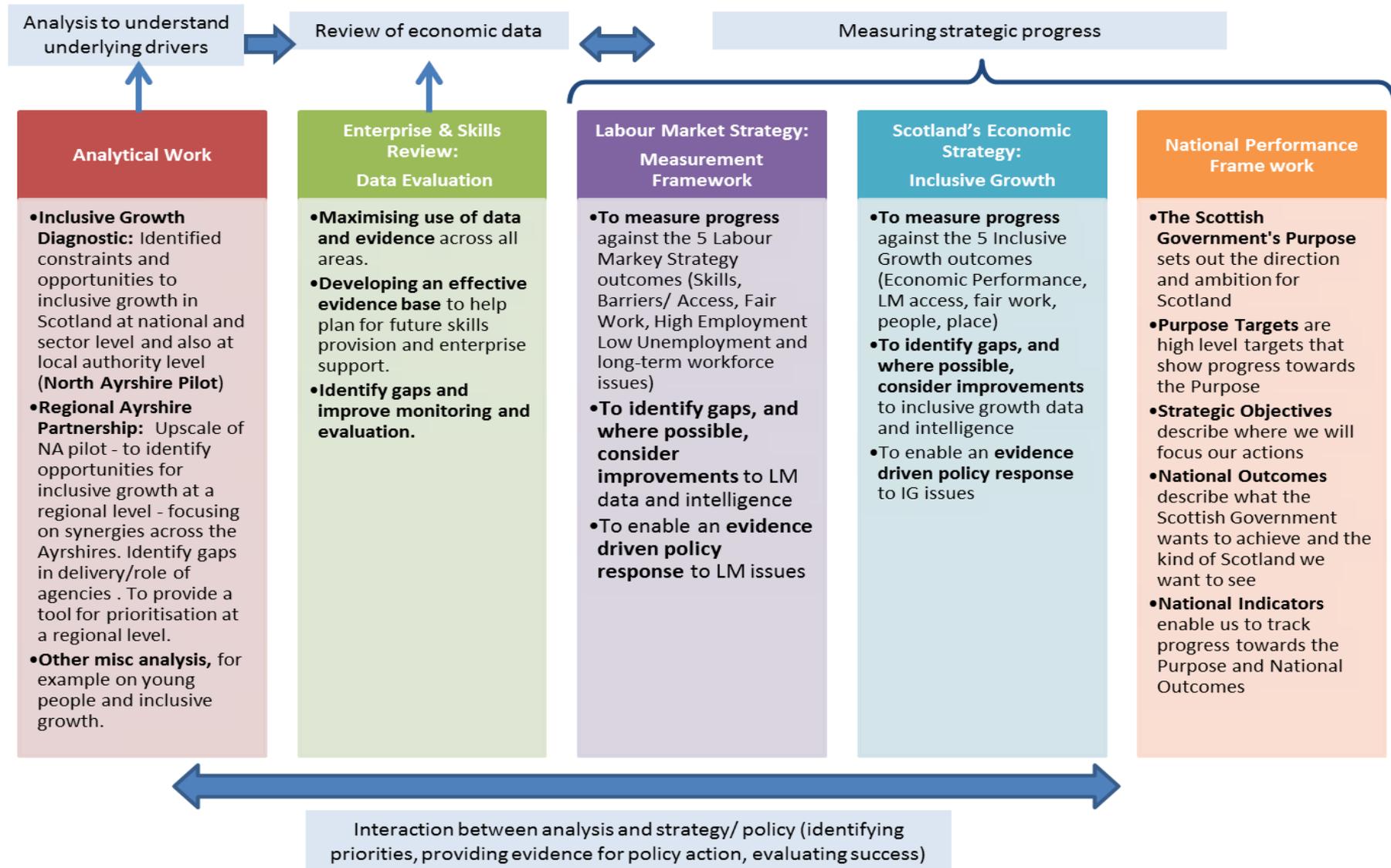
² These products are published on the [SG Labour Market Statistics Webpages](#) incorporates the general headline labour market statistics as well as detailed youth briefings and shows the key comparisons between Scotland and the UK.

19. Where possible, proposed indicators are taken from existing publications and are consistent with Scotland Performs and the National Performance Framework. As currently framed, the monitoring framework does not contain targets, with the exception of indicators constituted as targets within Scotland Performs and the NPF.
20. The indicators and gaps set out in the emerging framework are consistent with a Scotland Performs-type approach. However, it should be noted that there are limitations to such an approach. While data for these indicators could indicate trends and directions of travel for different facets of Scotland's Labour Market performance, they would not provide a direct way of measuring the success of specific policies or programmes, which will need to be monitored as part of normal programme delivery processes.

Issues for consideration

21. The measurement remit can potentially cover a broad range of issues – from developing a framework for tracking and reporting progress on labour market outcomes; to a deeper discussion and investigation of labour market data and sources including an assessment of availability of disaggregated data, and in raising issues around quality of labour market intelligence to inform actions and strategic responses. The Strategic Labour Market Group may wish to comment on the way forward on this work stream, and agree on potential outputs that will help to monitor the success and delivery of the Labour Market Strategy.

ANNEX A: LINKS BETWEEN DATA PROJECTS



ANNEX B: 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. This data can then be used to identify proposed indicators for each of the labour market outcomes, as set out in the measurement framework in Annex C.

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.

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.

³ Available [here](#).

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 and Skills Development Scotland 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/2016/05/8208
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/Publications#pse
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#aps
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/LMSummary
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.

Scotland Performs Indicators		http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/Earnings The following Labour Market Indicators are updated with Labour Market data annually and Quarterly: Reduce the Pay Gap Reduce the proportion of employees earning less than the Living Wage Reduce Underemployment Improve the skills profile of the population Participation Purpose Target <ul style="list-style-type: none"> • To maintain our position on labour market participation as the top performing country in the UK. • To close the gap with the top five OECD economies by 2017 Cohesion Purpose Target <ul style="list-style-type: none"> • To narrow the gap in participation between Scotland's best and worst performing regions by 2017
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Key Skills Development Scotland outputs

	Frequency	Description
Jobs and Skills in Scotland	Annual	Provides detailed analysis on performance of the Scottish economy and labour market, drawing on a range on national and international data sets and a review of primary and secondary research. The report examines: Economic performance and productivity; The labour market in Scotland from 2008 – 2015; Sectoral economic and employment performance; Regional economic and employment performance; Skills shortages, gaps and underemployment; Supply of skills; Occupational and employment forecasts. Publication due March 2017
Employment occupational forecasts	Annual	Provides forecasts of changing employment and occupational patterns to 2025, including forecasts changes by skills level. Includes national overview, forecasts for SG Key Sectors and Scottish regions. . Publication due March 2017
Skills Investment Plans	Ongoing	Skills Investment Plans have been published for 11 Industry Sectors (Creative Industries, Energy, Financial Services; Food and Drink, Life Sciences, Tourism, Chemical Sciences, Construction, Digital and ICT, Early Years Learning and Childcare (forthcoming) Engineering) http://www.skillsdevelopmentscotland.co.uk/what-we-do/partnerships/skills-investment-plans
Web outputs		
Regional Skills Assessments and Data Matrix	Annual	Key data on economic performance, employment patterns, business base demography, labour market participation, skills provision, employment forecasts. Data is available on a time series, and can be interrogated at City Deal, College Regional Outcome Agreement Area and Local Authority. The data matrix is supported by analysis in the form of presentations for each of these geographical areas. . http://www.skillsdevelopmentscotland.co.uk/what-we-do/partnerships/regional-skills-assessments

ANNEX C: LABOUR MARKET MEASUREMENT FRAMEWORK - DRAFT

Outcome	Description of Outcome	Variable	Indicators Currently Being Used	Local Authority Breakdown	Measurement Data Gaps
			Key: Black – published by SG Blue – published externally		
A skilled, productive and engaged workforce capable of meeting the needs of employers	Skills: This outcome focusses on up skilling, reskilling and improving work-based productivity to make sure that the skills supply matches the skills demand within the labour market to increase productivity; mapping the skills of the workforce to the skills needed by employers to be more productive.	Skills profile	<ul style="list-style-type: none"> o Skill profile of the population (NPF indicator) [APS] o Job related training [APS] 		
		Skills mismatch	<ul style="list-style-type: none"> o Skills shortage, skills gaps [UK Employers Skill Survey] o Skills mismatch from SDS at sector and regional level through a boost of sample for the Employer Skills Survey [SDS] o Qualification and Job Skill level [APS] 	Not for skills mismatches – regional and Scotland only	<ul style="list-style-type: none"> o Mismatch of skills supply with demand – especially at a regional/ local level. o Lack of good information on vacancies which require to be filled
		Productivity	<ul style="list-style-type: none"> o Output per hour worked (NPF target) [SG Stats] o GVA per job [SDS commission to Oxford Economics] 	No Yes	<ul style="list-style-type: none"> o Total factor productivity – focussing on labour’s contribution. In particular measures surrounding work-based productivity
Equality of opportunity to access work and to progress to ensure everyone is able to maximise their potential	<u>Barriers to employment/ progression</u> : This outcome focusses on reducing the barriers to employment as well as career progression.	Employability/ Access to employment	<ul style="list-style-type: none"> o Employment, unemployment and inactivity by some of the protected characteristics –age; disability; gender reassignment; race; religion or belief; sex (equalities website) [APS, SCQS, Census] o Gender segregation (occupational and skills) [APS] o Employment equality, selection and recruitment [WERS] 	Yes – possibility of LA breakdown but some samples too small	<ul style="list-style-type: none"> o Information of labour market situation by marriage and civil partnership; pregnancy and maternity; o Detailed analysis of subgroups (e.g. specific country ethnicities) o Employability programme services data (to be published shortly)
		Progression within employment	<ul style="list-style-type: none"> o Gender pay gap (NPF indicator) - gender earnings by occupation and earnings decile and gender segregation (occupational and skills) by age group [ASHE, APS] 	Yes – possibility of LA breakdown but some samples too small	<ul style="list-style-type: none"> o Data around progression within the workplace o Detailed analysis of subgroups (e.g. specific country ethnicities)

Fulfilling, secure and well-paid jobs, where employees' contributions are encouraged, respected and valued	<u>Fair work</u> : This outcome focusses on conditions within employment; improving the quality of work surrounding pay, work conditions and job security.	Job security	<ul style="list-style-type: none"> ○ Underemployment (NPF indicator) [APS] ○ Zero-hour contracts [APS] ○ Part-time and Full-time [LFS/ APS] ○ Tribunal Statistics [Ministry of Justice] 		<ul style="list-style-type: none"> ○ More detailed, regular reporting on employment conditions ○ Contractual information (e.g. around sick leave, maternity leave etc.)
		Pay	<ul style="list-style-type: none"> ○ Proportion of employees earning less than the Living Wage (NPF indicator) [ASHE] ○ In-work poverty [ASHE] 		
		Wellbeing at work	<ul style="list-style-type: none"> ○ Fair treatment at work [WERS] ○ Family-friendly policies [WERS] 		Detailed regular data/ information about the quality of work
Low unemployment and high employment	<u>Job creation</u> : This outcome focusses on increasing employment and reducing unemployment by growing the economy.	Supply of jobs	<ul style="list-style-type: none"> ○ Employment rate (NPF Target) [LFS, APS] ○ Unemployment and inactivity [LFS, APS] ○ Breakdowns of headline labour market statistics by region, sector and occupation [APS] ○ Claimant count [LFS] 	Yes – possibility of LA, regional sectoral breakdown	<ul style="list-style-type: none"> ○ Statistics on labour market churn (in particular, issues around the length of unemployment) ○ Use of results from business surveys and Bank of England reports for an up-to-date picture of conditions within the labour market
A sustainable working population and that can retain and attract new talent, to meet our wider economic and social ambitions	<u>Long-term workforce attraction and retention</u> : This outcome focusses on issues impacting on longer term trends within Scotland's labour market to achieve Scotland's Economic Strategy outcomes; and the ability of Scotland to attract and retain a good quality labour force	Demographics	<ul style="list-style-type: none"> ○ NRS population projections [Census & NRS] 		
		Technological change			<ul style="list-style-type: none"> ○ No data available. Links to skills mismatch above. Automation and job creation through disruptive technologies.
		Migration	<ul style="list-style-type: none"> ○ NRS migration projections [Census & NRS] 		
		Health	<ul style="list-style-type: none"> ○ Improve self-assessed general health (NPF Target) ○ Improve mental wellbeing (NPF Target) 		