



ECONOMY AND LABOUR MARKET

Regional Employment Patterns in Scotland: Statistics from the Annual Population Survey 2015

Summary

People in Work

Record high employment level seen in 2015, driven by the second highest women's employment level since comparable records began.

Employment rates for women increased to 70.2%, the highest since comparable records began.

The gender employment gap in Scotland was 6.0 percentage points, 4.0 percentage points lower than the UK and the lowest since comparable records began.

Gap between employment rates of disabled and non-disabled people was almost 40 percentage points.

Men driving decrease in employment rates for younger workers since 2008, while women drive increase for those aged 50-64.

Youth employment rates increased in 21 local authority areas over the year as overall youth employment rate in Scotland increased by 3.0 percentage points to 56.2%.

Number of workers aged 65 and over has almost doubled since 2004, helping drive higher employment rates for older workers.

Full-time employment levels for women increased to 727,500, the highest level since comparable records began.

Private sector employment in 2015 was 1,876,500 - amongst the highest on record since the series began.

A record high 48.4% of working people (aged 16-64) have Further or Higher education qualifications (or equivalent) in Scotland.

Over a third (34.6%) of workers aged 25-64 in Scotland were graduates in 2015 – the highest on record from the APS.

People not in Work

Unemployment rate decreased by 0.4 percentage points to 5.8% over the year, but is still 0.9 percentage points higher than in 2008.

The youth unemployment rate in Scotland decreased by 2.7 percentage points over the year to 14.3% in 2015.

The number of 16-19 year olds who were NEET in 2015 increased by 3,000 over the year to 23,000.

Less than half (48.4%) of all unemployed people in Scotland have been unemployed for more than 6 months.

About this publication

The Annual Population Survey (APS) is the primary source for information on local labour markets providing headline estimates on employment, unemployment and economic activity in Scotland. It combines results from the Labour Force Survey (LFS) and the English, Welsh and Scottish Labour Force Survey boosts. The boosts increase the sample size, which means the APS can provide more robust labour market estimates for local areas compared to the main LFS. The Scottish Government funds the boost to the LFS sample in Scotland, taking the sample size from approximately 5,950 households each year to 22,000 households.

This is the thirteenth publication of the series (previously known as Local Area Labour Markets in Scotland). It aims to provide reliable and up-to-date headline information for local area labour markets and covers employment, underemployment, inactivity and youth participation in the labour market within Scotland and its local authorities. Results are provided for the calendar years (January to December) 2004 to 2015, based on the data released by the Office for National Statistics (ONS) on 17 March 2016. ONS also release rolling quarterly datasets covering the periods April-March, July-June and October – September. The data for these are not presented in the tables of this publication, but have been used for some of the detailed timeseries and in references to record levels. The data for these is available at: <https://www.nomisweb.co.uk/>

This year's publication has been streamlined to highlight the key statistics for Scotland's labour market from the APS. The supporting data tables have also been updated to include a user selectable local area summary which gives an overview of a local area results to another area which the user can select (default is Scotland).

Notes:

1. All statistics, charts and tables presented in this publication are sourced from the Annual Population Survey datasets up to January – December 2015 produced by the Office for National Statistics (ONS).
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Supporting data is available in the publication [web-tables](#)

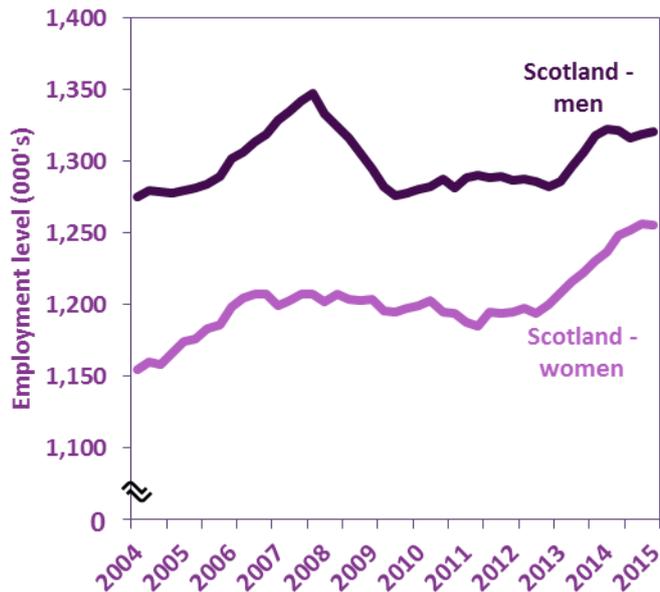
People in Work

Record high employment level seen in 2015, driven by the second highest women's employment level since comparable records began.

Employment levels (16+) in Scotland reached a record high 2,575,500 in 2015, driven by continued increases in the employment level for women, up 18,200 over the year to 1,255,100- the second highest level seen since comparable records began. (The highest occurred in Oct 2014-Sept 2015).

Employment levels for men dropped slightly to 1,320,400, down 1,500 over the year.

However, there are indications that the rapid growth seen through 2013 and 2014 is starting to level off.

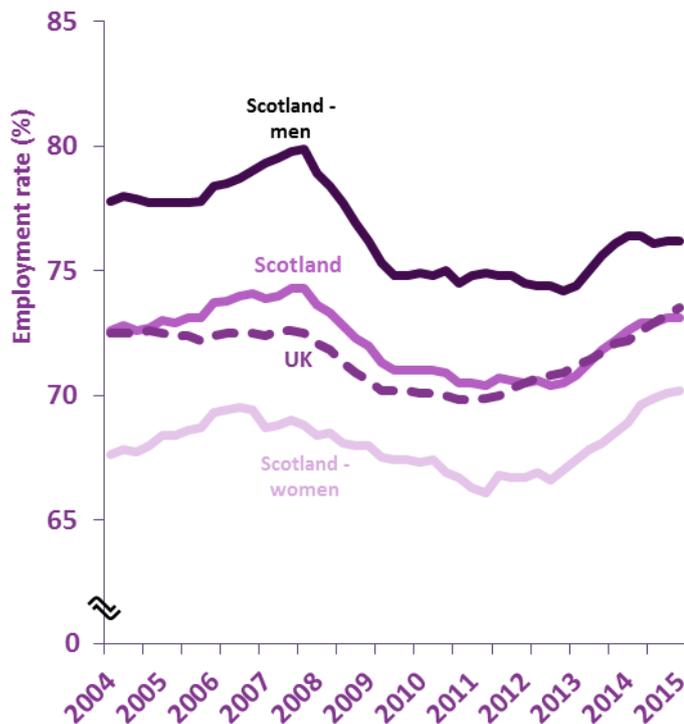


Scotland's employment rate for women highest on record from APS, but overall employment rate still lags pre-recession high.

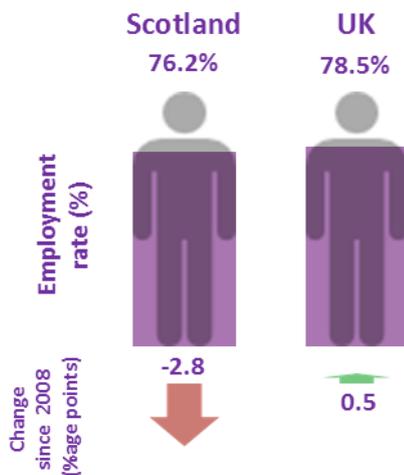
The employment rate for women in Scotland increased over the year to the highest seen on the APS (up 1.2 percentage points from 68.9% to 70.2%), driving the Scottish employment rate up 0.5 percentage points from 72.6% to 73.1%. The rate for men, however, was down 0.3 percentage points (from 76.4% to 76.2%).

The employment rate for women is now higher than at the start of the recession (when it was 68.4%), while the rate for men, by comparison, is almost 4.0 percentage points lower than its Oct'07-Sep'08 record high of 79.9%.

Due to population growth and increases in employment for older workers, the headline employment rate is still lower than it was at the start of the recession.



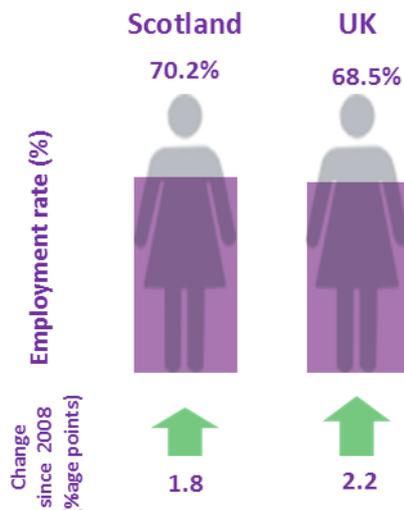
Employment rate for men in Scotland not seeing the strong growth seen for men in UK over the year.



The employment rate in Scotland for men had increased between 2013 and 2014, after being generally flat or decreasing for several years. However, over the last year it decreased by 0.3 percentage points to 76.2%, and since the UK rate for males increased by 1.3 percentage points to 78.5% over the year, the gap with the UK has increased to 2.3 percentage points. The decrease in Scotland was driven by high reductions in employment levels in City of Edinburgh, Aberdeen City, West Lothian and North Ayrshire.

Employment rates for men in Scotland have yet to recover to their pre-recession high of 79.9% in Oct'07-Sep'08.

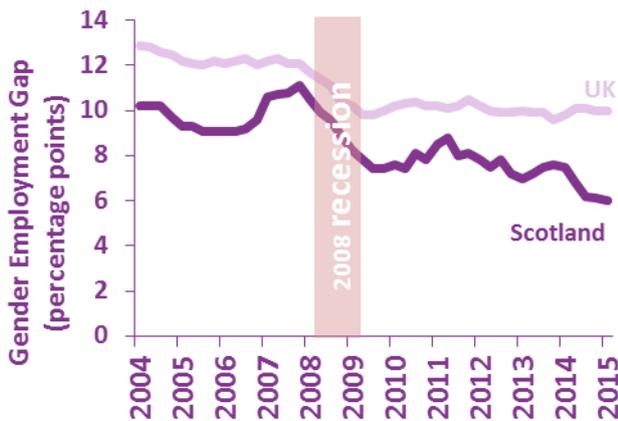
Employment rates for women increased to 70.2%, the highest since comparable records began.



The employment rate for women in Scotland has been on a general upward trajectory since 2011. Over the year their rate increased by 1.2 percentage points to 70.2%, maintaining the gap with the rate for UK women at 1.6 percentage points as the UK rate increased by 1.1 percentage points to 68.5%. The increase in Scotland was driven by strong growth in employment levels in South Lanarkshire, Glasgow City, Highland and Aberdeen City.

The employment rate for women in 2015 was the highest on record from the APS, exceeding the rates seen at the start and prior to the 2008 recession.

The gender employment gap in Scotland was 6.0 percentage points, 4.0 percentage points lower than the UK and the lowest since comparable records began.

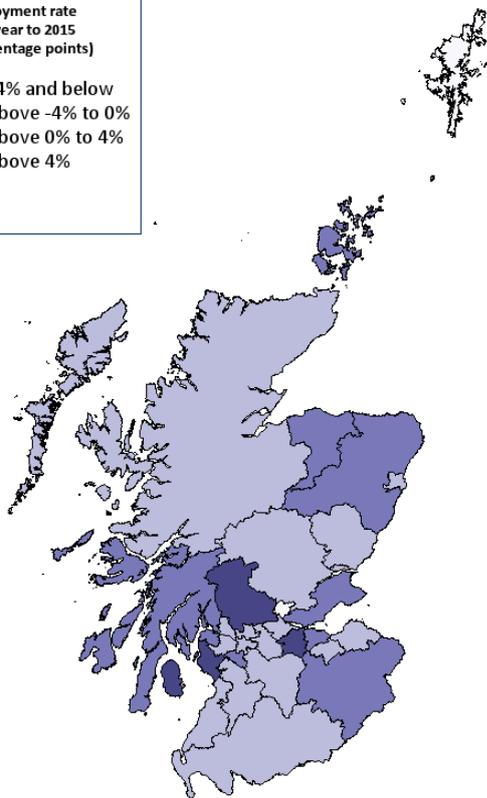
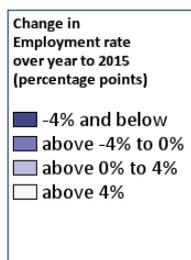


The gender employment gap in Scotland has reduced significantly from its peak of 11.1 percentage points in Oct'07-Sep'08 to 6.0 percentage points in Jan-Dec 2015.

During the 2008 recession the gap narrowed as the employment rate for men dropped faster and deeper than those for women and remained fairly static until 2013, when they started recovering.

By contrast, employment rates for women started recovering between 2011 and 2012, and have increased steadily since.

Employment rates increased in 19 local authority areas in Scotland over the year.



Employment rates vary considerably across local authority areas in Scotland. The change in employment rate over the year also varies as illustrated in the map¹ (left).

Over the year, employment rates increased in 19 local authorities, decreased in twelve and was unchanged in one, highlighting that the recovery is not being seen across all areas of Scotland. Statistically significant changes were seen in Dumfries & Galloway (up 3.7 percentage points), North Ayrshire (down 6.4 percentage points), Stirling (down 4.9 percentage points) and West Lothian (down 4.1 percentage points).

The 2015 APS data shows employment levels for men decreasing in Aberdeen, although this was offset by an increases in women's employment levels.

Fourteen local authorities have seen increases in their employment rate since 2008, but employment rates still remain lower than in 2008 in the remaining 18 local authorities.

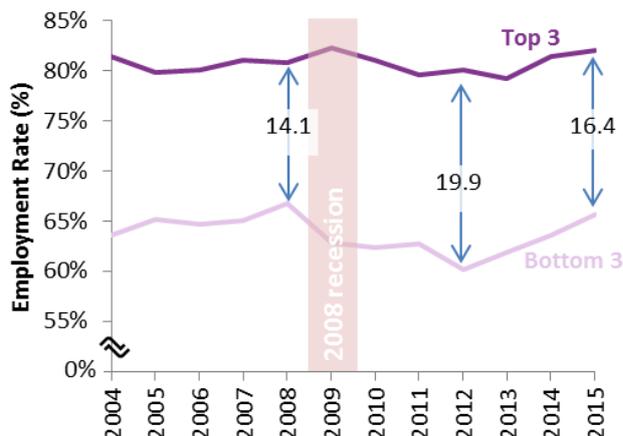
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Gap between employment rates of the top and bottom 3 performing local authorities in Scotland reduced by 1.4 percentage points over the year.

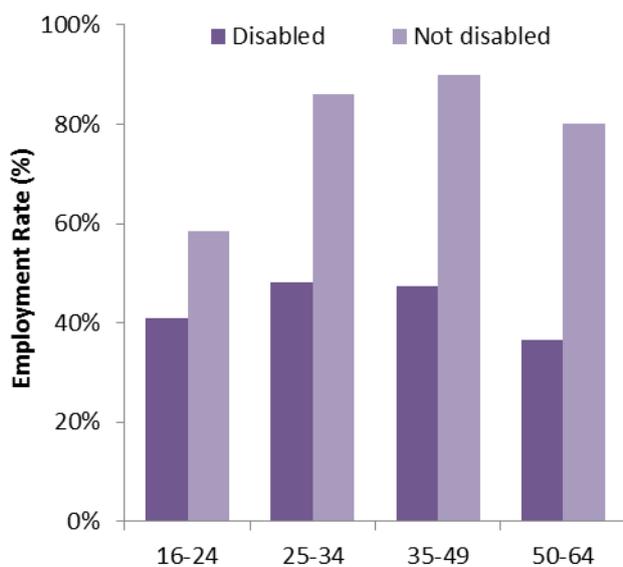
Over the year the gap between the employment rates of the the top and bottom three performing local authorities, as measured by the Cohesion Purpose Target, reduced from 17.8 to 16.4 percentage points due to employment rates in the bottom 3 performing regions increasing faster than the top 3. The gap is still wider than the 14.1 percentage points seen at the start of the recession .

Further information about the Cohesion Purpose Target is available at

<http://www.gov.scot/About/Performance/scotPerforms/purposetargets/cohesion>



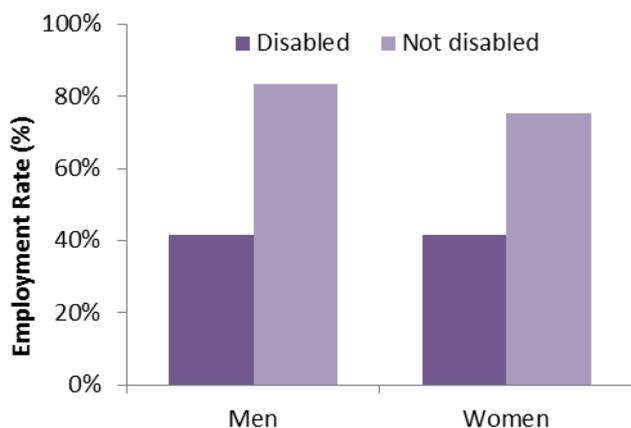
Gap between employment rates of disabled and non-disabled people was almost 40 percentage points.



Employment rates for those classified as disabled under the Equality Act 2010² were 38.3 percentage points lower than for those not classified as disabled.

Young (16-24) disabled people have the lowest employment rate gap across the age groups (17.7 percentage points), although they also have the lowest employment rate (40.8%). Older workers (50-64) have the largest gap (43.5 percentage points) reflecting greater health issues faced by those in this age group.

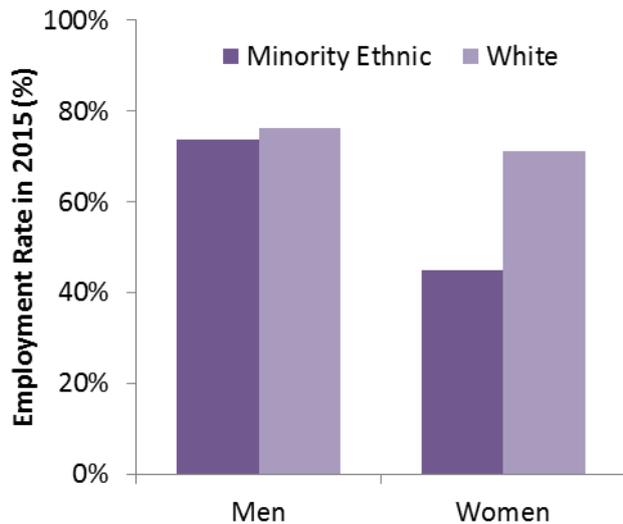
Disabled women in Scotland had a lower employment rate gap than disabled men in 2015 (34.8 and 41.9 percentage points respectively).



This will, in part be due to non-disabled women having a lower employment rate than non-disabled men, but is mainly due to disabled women having an almost identical employment rate to disabled men, although it should be noted that employment rates for different health conditions vary substantially.

² Further information about how disability is defined under the Equality Act 2010 can be found [here](#)

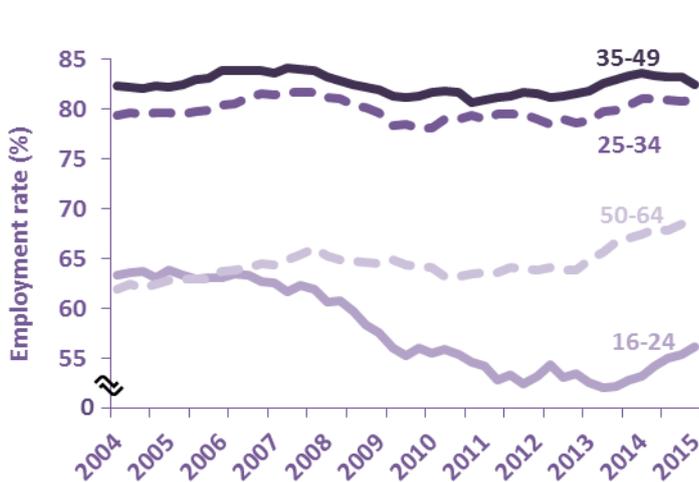
Minority ethnic women had substantially lower employment rates than ethnic white women.



Employment rates for ethnic minorities in Scotland are on average³ about 13 percentage points lower than those for the white population.

The difference is driven mainly by much lower employment rates for minority ethnic women which are typically below 50% (about 20 percentage points lower than white women). In contrast, the difference for minority ethnic men on average is around 7 percentage points (in 2015, the gap was slightly under 3 percentage points, but due to small sample sizes for the minority ethnic group in Scotland, these estimates are quite volatile).

Youth employment rates in Scotland have decreased by 4.5 percentage points since the recession but increased for those aged 50-64.

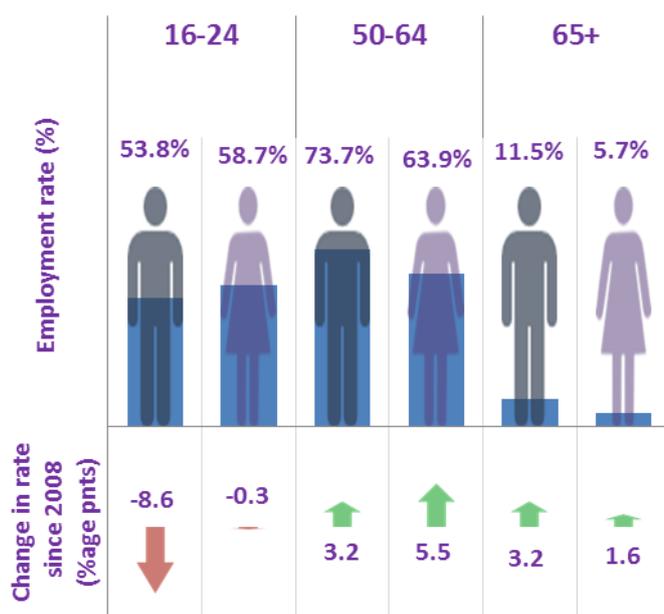


Employment rates for 25-34 and 35-49 year olds generally remained around 80% even through the recession, indicating a fairly high resilience to economic change.

Younger workers (16-24) saw the main impact of the recession, their rates reducing from 60.7% in 2008 to 53.2% in 2014 but recovering slightly to 56.2% in 2015. In contrast, employment rates for workers aged 50-64 have increased through the recovery.

³ Average of difference in employment rates between the white ethnic group and the minority ethnic group between 2004 and 2015.

Men driving decrease in employment rates for younger workers since 2008, while women drive increase for those aged 50-64.



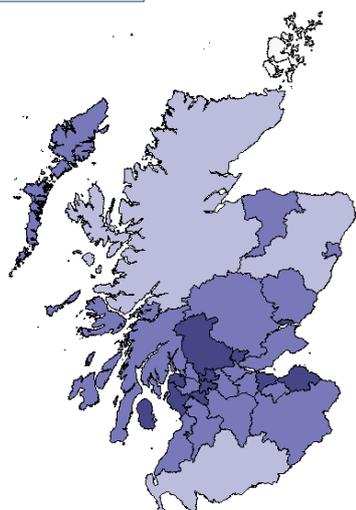
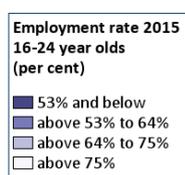
Younger men have seen a 8.6 percentage point decrease in their employment rate since 2008.

Younger workers have generally moved from employment and (to a lesser extent) unemployment into inactivity (mainly into further or higher education).

Employed women and (to a lesser extent) men aged 50-64 have seen an increase in their employment rates since 2008.

This is in part due to changes in the state retirement age for women, but there may also be other reasons including improved health of older workers and the need to supplement pension provisions.

Youth employment rates increased in 21 local authority areas over the year as overall youth employment rate in Scotland increased by 3.0 percentage points to 56.2%.



The youth employment rate in Scotland increased by 3.0 percentage points over the year to 56.2% in 2015, and increased by the same amount to 53.5% in the UK.

However, youth employment rates remain lower than in 2008 in both Scotland (4.5 percentage points lower) and the UK (2.4 percentage points lower).

Twenty-one local authorities⁴ have seen increases in their youth employment rates over the year to 2015, while eleven local authorities have seen decreases over the same period.

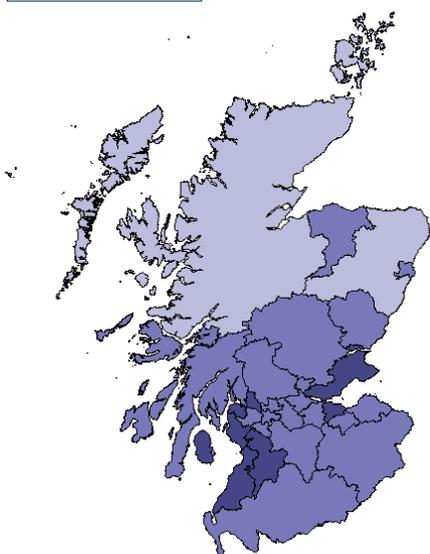
Shetland Islands, Orkney Islands and Highland had the highest youth employment rates in 2015 (85.4%, 80.7% and 71.5% respectively).

Dundee City, North Ayrshire and Stirling, had the lowest youth employment rates in 2015 (43.0%, 44.2%, 45.7% respectively). Employment rates in Dundee City and Stirling will be affected by large student populations in these authority areas.

⁴ Youth employment rates in some authorities will be affected by large student populations which can lead to higher inactivity levels and hence lower employment rates. In Scotland and the UK 44% of young people were enrolled in full-time education in 2014. Of these, 33% in Scotland were also in employment, a higher proportion than in the UK (26%)

Number of workers aged 65 and over has almost doubled since 2004, helping drive higher employment rates for older workers.

Employment rate 2015 aged 50 and over (per cent)



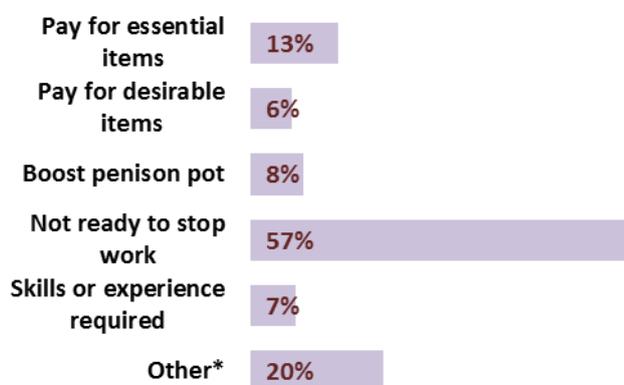
The employment rate for older workers (50+) in Scotland has been increasing steadily from 35.7% 2004 to 39.8% in 2015, driven by:

- a 27.3% rise in employment level for 50-64 year olds (from 573,200 to 729,900), with their employment rate increasing from 61.9% to 68.6%.
- a 94% rise in employment level for those aged 65 and over (from 41,200 to 80,000), with their employment rate increasing from 5.2% to 8.2%.

Women accounted for almost 60% of the increase in those aged 50-64, whilst men accounted for around 60% of the increase in those aged 65+. The shift in both cases is mainly from inactivity to employment (delaying retirement or moving back into work from either retirement or sickness).

North/South split appears more marked for older workers' employment rates. The local authorities with the highest employment rates for older workers – Shetland Islands (55.5%), Orkney Islands (49.1%), Highland (48.3%), Na h-Eileanan Siar (46.6%), Aberdeenshire (45.4%) - all lie in the north of the country.

Over half of workers over state retirement age in Scotland said they had not retired yet because they are not ready to stop working.



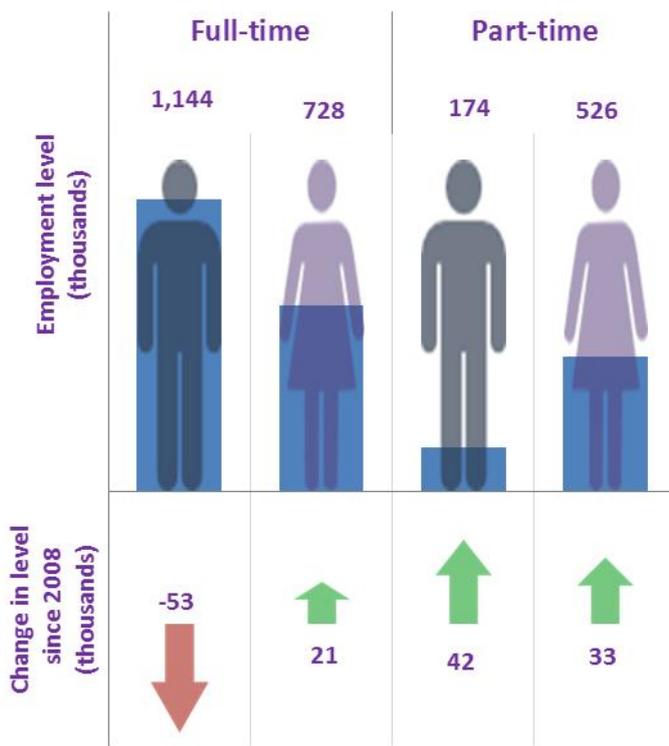
In 2015, there were 92,400 workers in Scotland who were over state pension age.

The main reason given for remaining in work was that they were not ready to stop work yet⁵ (57%).

13% had chosen to remain in work to pay for essential items (e.g. bills) while 8% had remained in work to boost their pension pot.

⁵ Other includes opportunities to work flexible hours, wanting to stay mentally/physically fit and a wide range of personal reasons

Full-time employment levels for women increased to 727,500 - the highest level since comparable records began.



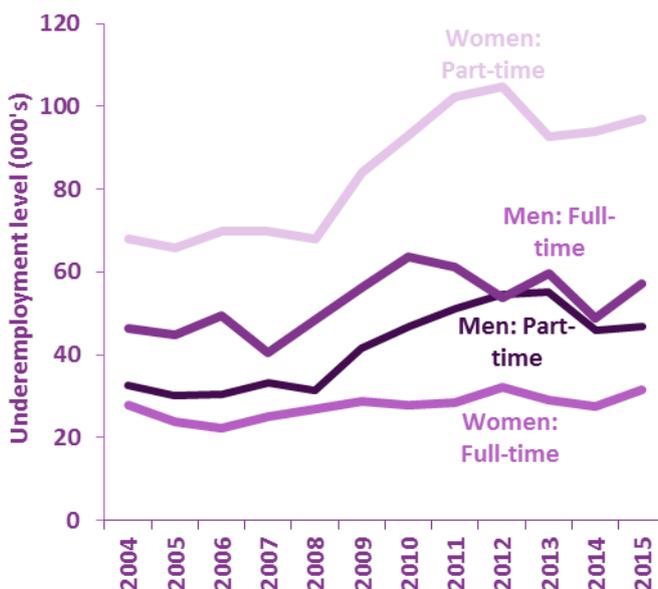
Full-time employment levels for women in Scotland rose by over 25,000 over the year to reach its highest levels seen on the APS at 727,500, while full-time employment levels for men reduced by 5,000 over the same period, partially offset by a 4,100 increase in part-time employment. Overall, full-time employment levels rose by 20,600 over the year while part-time employment levels decreased by 3,500, indicating a small shift into full-time work.

Full-time employment levels in 2015 (1,871,600) were still over 32,000 lower than in 2008 when they were 1,903,800, driven by a 53,100 decrease in full-time employment levels for men.

Both men and women have seen increases of over 30,000 in levels of part-time employment since 2008.

This indicates a shift from full to part-time employment for men, while the increase for women is mainly due to shifts from unemployment or inactivity.

Rise in underemployment driven mainly by increase for workers age 25-34 and men in full-time work.



The underemployment⁶ level in Scotland increased by 16,100 over the year to 232,700, with the rate increasing by 0.6 percentage points from 8.6% to 9.1%.

The increase in underemployment over the year was mainly driven by increases in levels for men in full-time work (up 8,400) although smaller increases were also seen for women in full-time work and both men and women in part-time work.

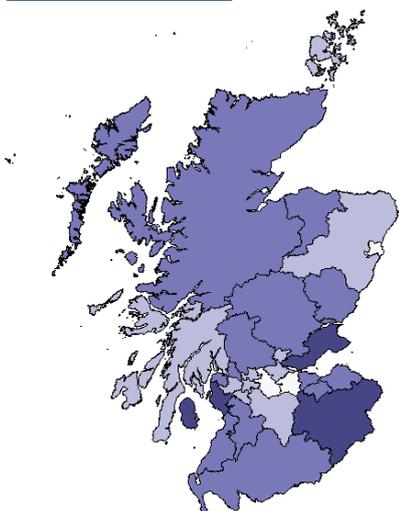
All age groups except 16-24 year olds saw increases over the year in underemployment, with 25-34 year olds seeing the largest increase (up 14,500).

⁶ Underemployment refers to those who are in work but who would prefer to work more hours for the same rate of pay and provides a measure of underutilisation of labour. It is also used to refer to underutilisation of skills, but the APS only gathers information on hours based underemployment

Underemployment is still higher in most local authorities than it was prior at the start of the 2008 recession.

Underemployment rate 2015 (aged 16 and over) (per cent)

- 6% and below
- above 6% to 9%
- above 9% to 12%
- above 12%

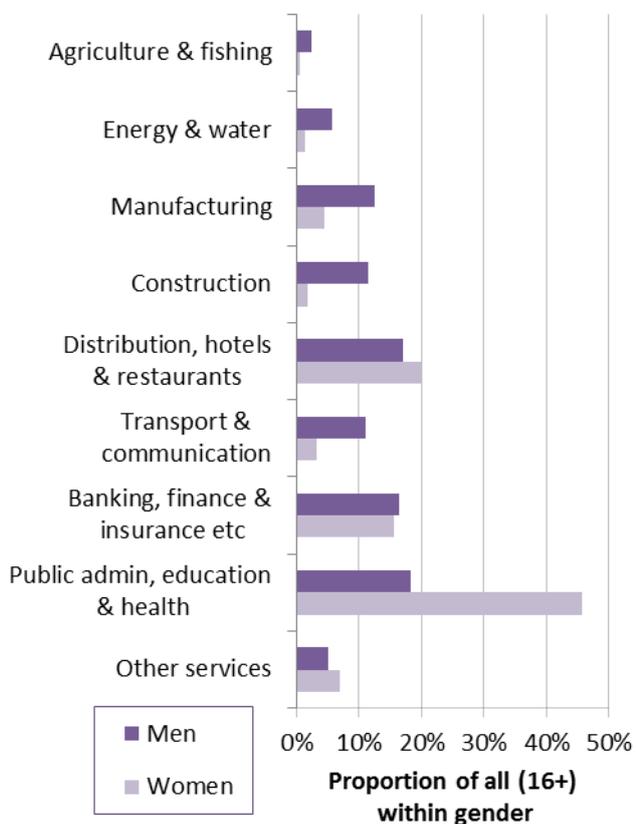


The local authority areas with the highest underemployment rates in 2015 were North Ayrshire (13.6%), Scottish Borders (13.1%), Fife (12.6%), while the lowest rates were seen in West Lothian (5.0%), Aberdeen City (5.5%) and North Lanarkshire (5.9%).

Underemployment rates reduced in 15 local authority areas over the year, while 17 saw increases. Statistically significant increases were seen over the year in City of Edinburgh (up 4.0 percentage points from 6.0% to 10.0%) and South Lanarkshire (up 3.3 percentage points from 5.6% to 8.9%).

Underemployment remains higher in most local authority areas than in 2008, with 27 local authorities having a higher rate, 4 having a lower rate and 1 remaining unchanged. The highest statistically significant increases were seen in Scottish Borders and City of Edinburgh (up 5.8 and 5.4 percentage points respectively) while the largest statistically significant decreases were seen in North Lanarkshire and West Lothian (both down 1.2 percentage points).

Gender segregation remains a persistent issue across several industry sectors and occupational groups in Scotland.



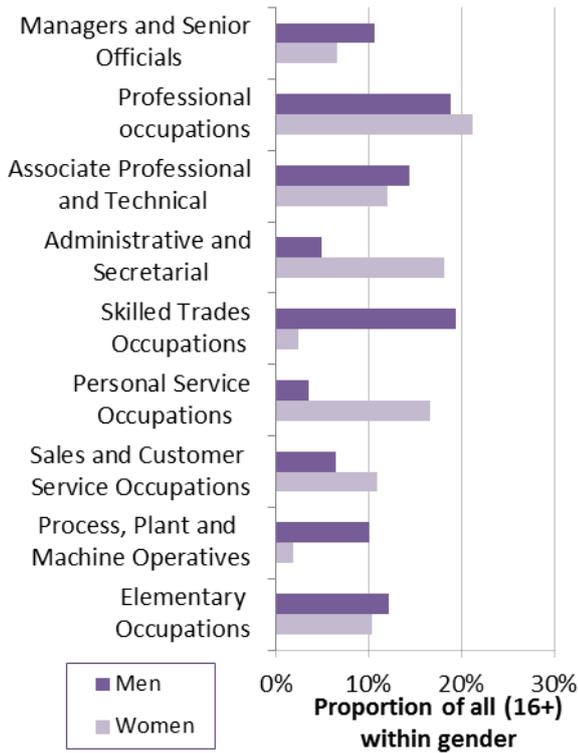
Although equality legislation has been in place for many years⁷ gender segregation is still apparent in many industry sectors in Scotland.

Almost half of women in Scotland (45.7%) work in the Public admin education and health sector. (Note this is not the same as the Public Sector).

Over two-fifths (43.2%) of men work in sectors that exhibit high levels of gender segregation: Manufacturing (12.5%), Construction (11.4%), Transport and communication (11.1%), Energy and water (5.8%) and Agriculture and fishing (2.4%).

The general level of gender segregation within the most highly segregated industry sectors has not changed substantially since the APS started in 2004.

⁷ EU directives on protected groups in 2000 and Equality Act 2010

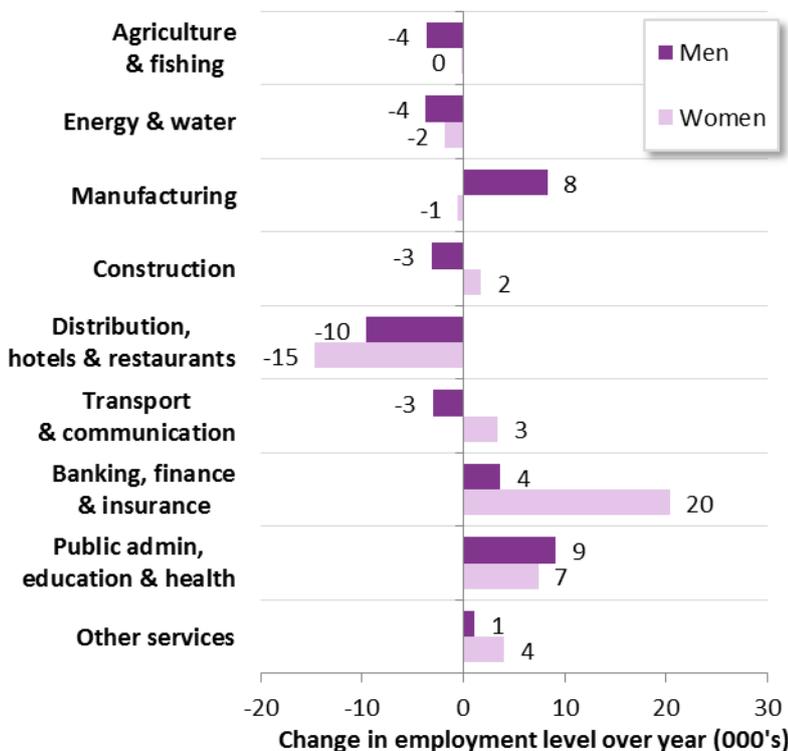


Gender segregation across the various occupational groups shows a similar picture to that seen across industry sectors. Specific occupational groups show high levels of segregation and these show little change over time.

Almost half of all women (45.7%) in Scotland were employed in occupations that are gender segregated towards women: Administrative and secretarial (18.2%), Personal service (16.6%) and Sales and customer service occupations (10.9%).

Almost a third (29.4%) of men in Scotland were employed in occupations that exhibit high levels of gender segregation: Skilled trades (19.3%) and Process, plant and machine operatives (10.1%).

Gains in employment levels seen over the year in Banking, finance and insurance and Public admin, education and health sectors.

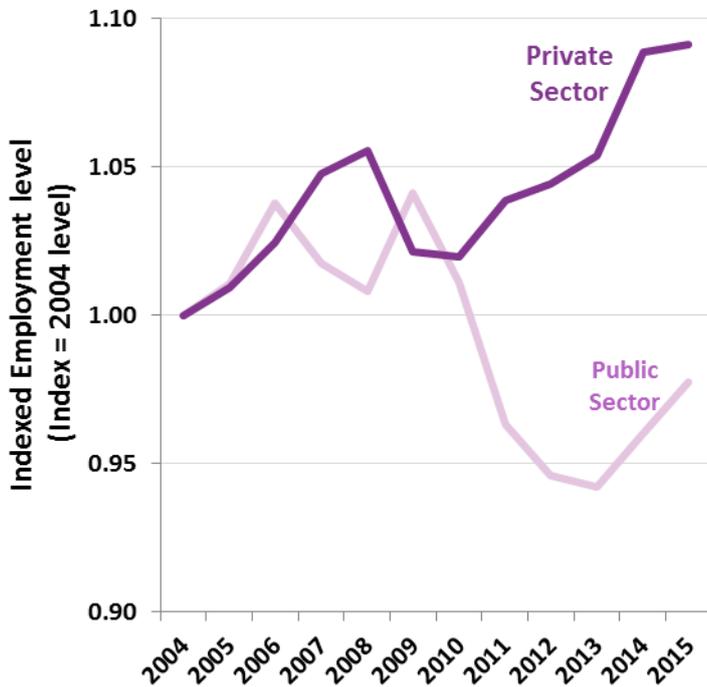


Over the year to 2015, the largest increases in employment levels were seen in the Banking, finance and insurance and the Public admin, education and health sectors (up 24,000 and 16,500 respectively).

The largest decrease in employment level was seen in the Distribution, hotels and restaurants sector (down 24,200).

The decrease seen in the Energy and water sector (down 5,600) may reflect lower oil prices. Over half the decrease in this sector was seen in Aberdeen City (down 3,300).

Private sector employment in 2015 was 1,876,500 - amongst the highest on record since the series began.



Since the series began in 2004, there have been increases in the number of those aged 25-34, 50-64 and 65+ employed in the private sector (up 75,100, 93,200 and 30,300 respectively) while the number of those aged 16-24 and 35-39 employed in the private sector has decreased (down 16,100 and 25,600 respectively).

Since 2008, the increases seen in private sector employment have been driven by increases in part-time employment (up 71,400), while full-time employment decreased by 10,500, although it has been recovering since 2013.

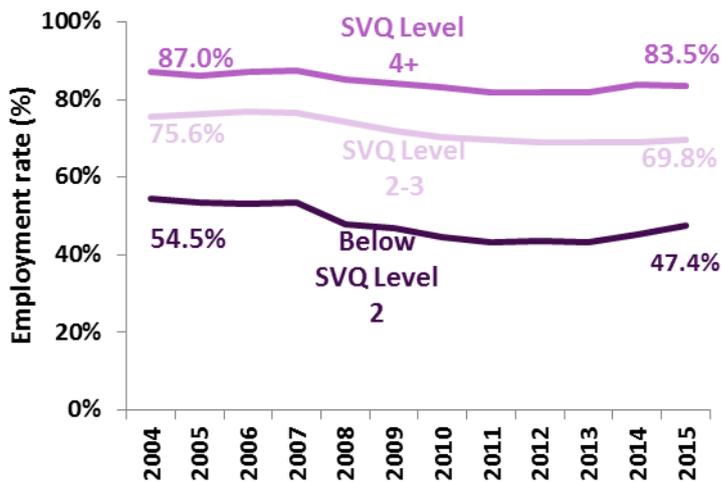
In contrast the decreases seen in the public sector⁸ since 2008 were driven by decreases in full-time employment levels (down 23,000).

⁸ The official source for public sector employment is the Quarterly Public Sector Employment Series (QPSE). The APS is the preferred source for disaggregation by gender and age at local level. However, due to self-reporting, the APS tends to over-estimate the size of the public sector

Impact of Education on employment prospects.

Skills are a key factor considered by employers. Having the right skills generally improves employment prospects for individuals although it is not the only consideration.

People with Further and Higher education qualifications have employment rates almost double that of those with qualifications Credit Standard grade and below.

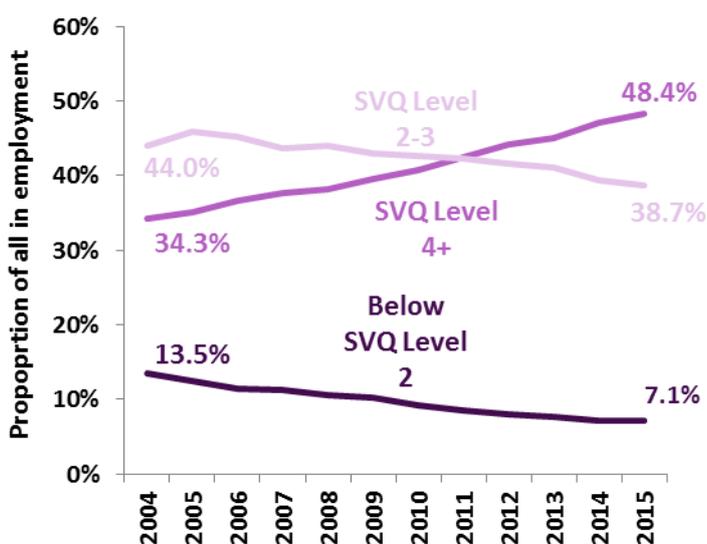


There is a strong link between educational attainment and employability.

The employment rate for those with SVQ level 4+ qualifications (83.5%) is almost double that for those with below SVQ level 2 qualifications (47.4%).

The difference between employment rates of those with SVQ level 4+ and SVQ level 2-3 qualifications is 13.7 percentage points.

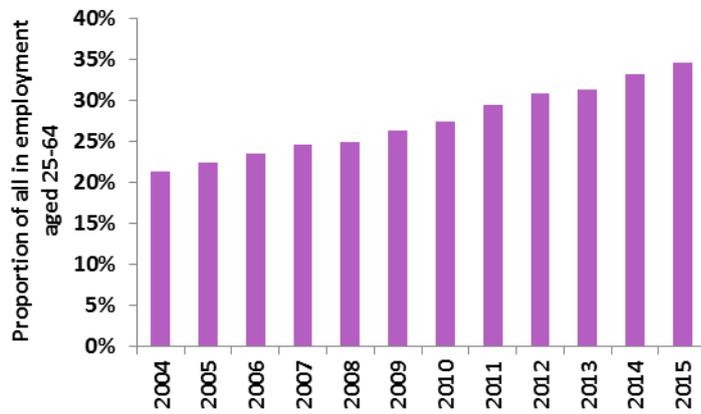
A record high 48.4% of working people (aged 16-64) have Further or Higher education qualifications (or equivalent) in Scotland.



The increase in the proportion with SVQ level 4 or higher qualifications is being driven by the highest level of workers with Degree or Professional qualifications (792,000), up 33,300 since 2014 and the highest level of workers with HNC/HND level qualifications (414,700), up 5,700 over the year.

Those with SVQ level 4 or higher qualifications are the largest group in Scotland. In the UK, those with SVQ level 2 or 3 make up the largest group at 42.7%. The general trend towards higher level qualifications is however similar to that seen in Scotland.

Over a third (34.6%) of workers aged 25-64 in Scotland were graduates in 2015 – the highest on record from the APS.

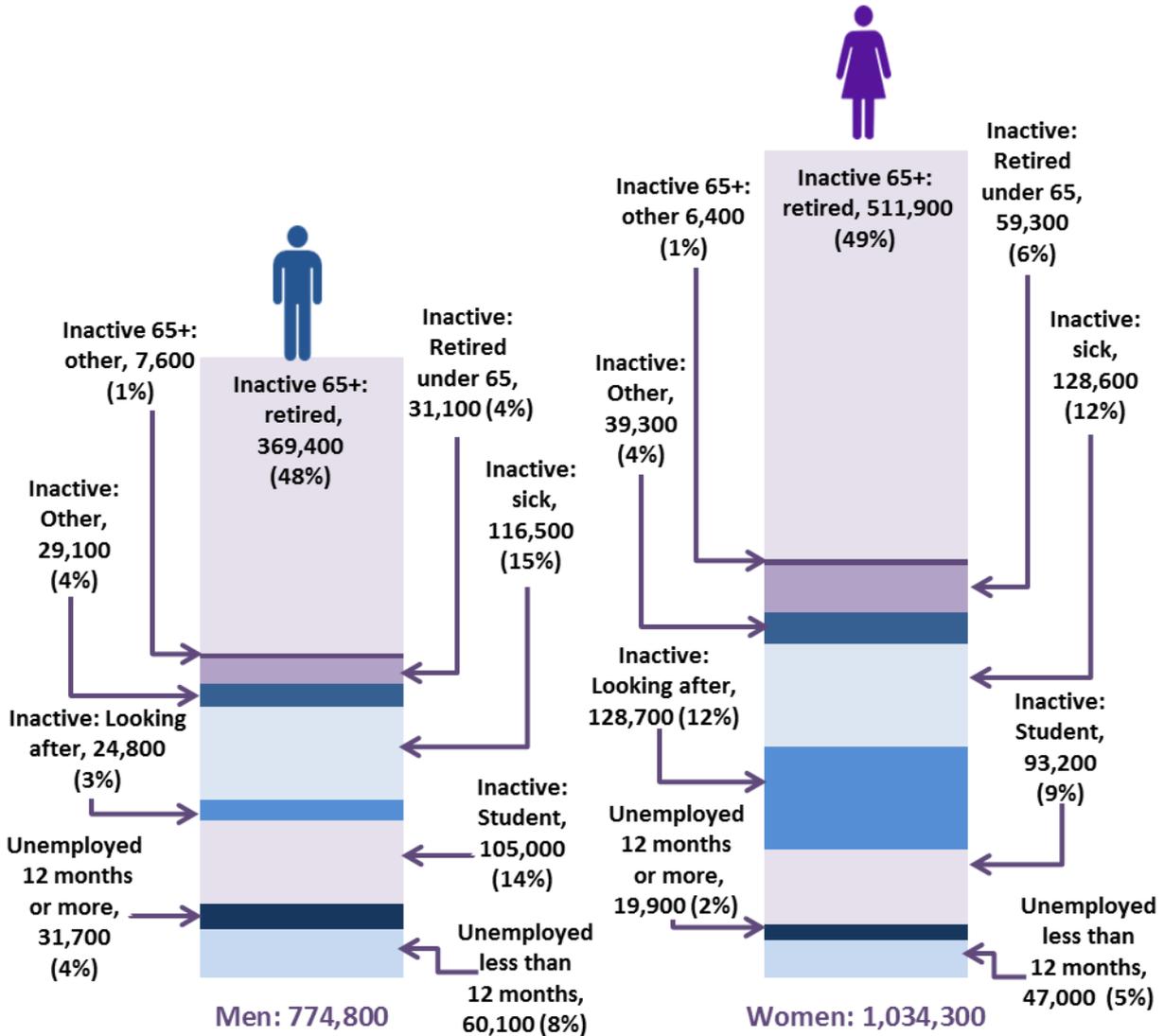


The proportion of 25-64 in Scotland who were graduates in 2015 was the highest seen since records began in 2004. This was driven by increases in 24 local authority areas over the year.

The largest increases were seen in South Ayrshire, Aberdeenshire and Argyll and Bute (all up 4.6 percentage points to 31.3%, 33.6% and 30.1%, respectively).

People not in Work

1,809,100 people over 16 in Scotland in 2015 were not in work, an increase of 130,100 since 2008.

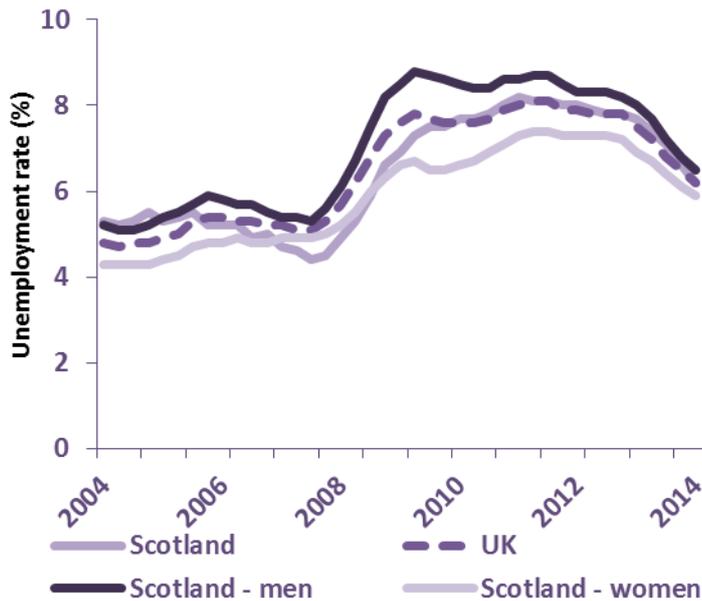


There were over 1.8 million people aged 16 and over in Scotland in 2015 who were not in work. However, the reasons for not being in work are varied, with different groups closer to being engaged in the labour market than others.

The unemployed are the closest to the labour market (as they are actively seeking employment and available to start work), however, they only constitute 8.8% of all who were not in work.

The economically inactive group accounts for remaining 91.2% of those not in work, but is itself, a diverse group. Many of this group choose not to work (e.g. those who are retired) or are currently not able to work (due to ill-health or due to caring responsibilities). Others are engaged in education (which may improve their future employment prospects).

Unemployment rate decreased by 0.4 percentage points to 5.8% over the year, but is still 0.9 percentage points higher than in 2008.



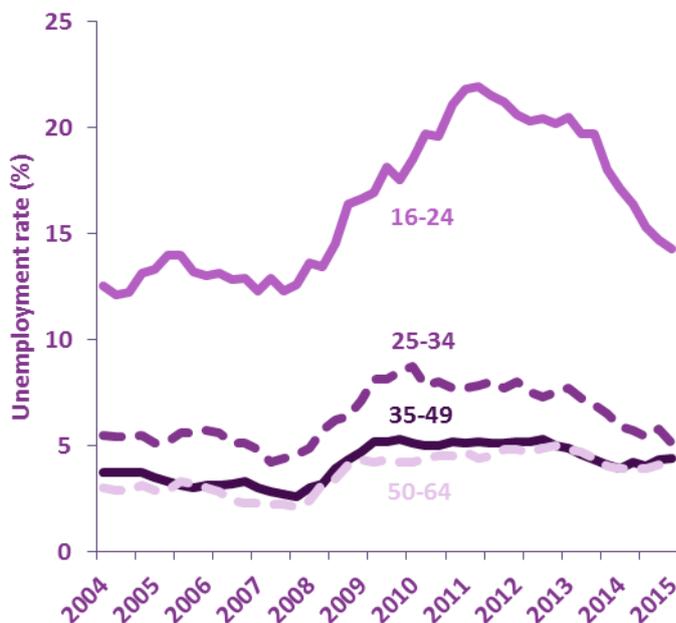
The unemployment rate in Scotland in 2015 was 5.8%, higher than the UK rate of 5.3%.

Over the year the rate has decreased in both Scotland and the UK (down 0.4 and 1.0 percentage points respectively).

Scotland's unemployment rate has increased by 0.9 percentage points since 2008 while it decreased by 0.4 percentage points in the UK.

There were 158,800 people aged 16 or over who were unemployed in Scotland, a decrease of 10,700 over the year.

The youth unemployment rate in Scotland decreased by 2.7 percentage points over the year to 14.3% in 2015.



The youth (16-24) unemployment rate in Scotland is the highest of all age groups at 14.3%, (marginally lower than the UK rate of 14.4%).

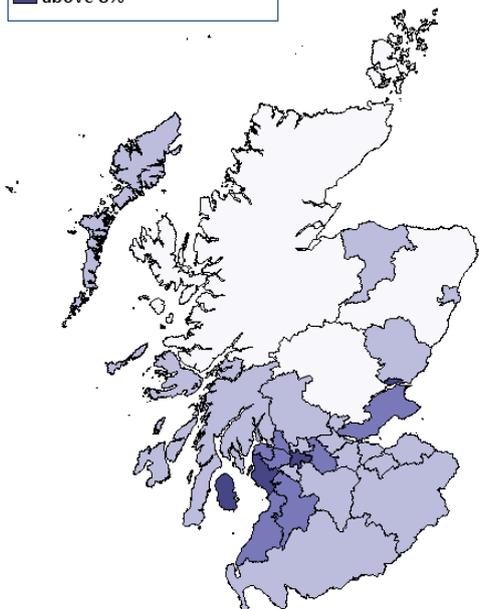
The youth unemployment rate in Scotland decreased by 2.7 percentage points over the year, but has increased by 0.8 percentage points since 2008, while the UK rate has decreased by 2.8 percentage points since 2008 and 0.7 percentage points over the year.

Unemployment rates have been generally decreasing for all age groups between 2012 and 2015 as the economy started to recover from the effects of the recession.

Unemployment rates decreased in the majority of Scotland's local authorities over the year to 2015.

Model Based Unemployment rate 2015 (aged 16 and over) (per cent)

- 4% and below
- above 4% to 6%
- above 6% to 8%
- above 8%



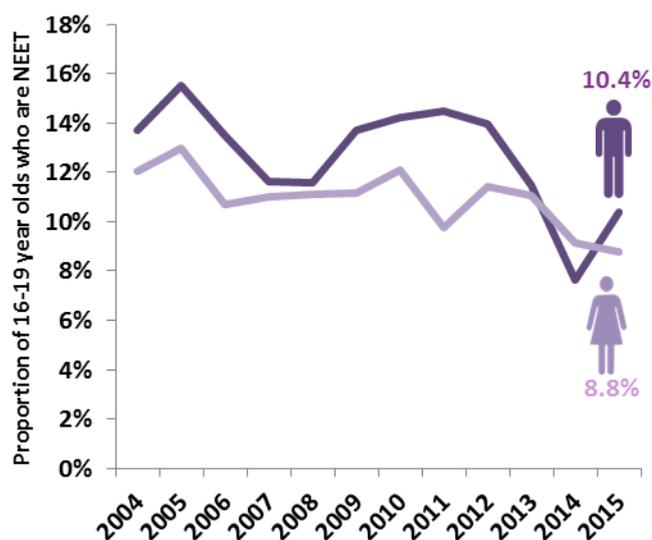
Model Based Unemployment⁹ (MBU) rates decreased in 26 of Scotland's 32 local authorities over the year.

In 2015, the highest MBU rates were seen in North Ayrshire (9.3%), Dundee City (8.9%) and Glasgow City (8.7%) and the lowest rates were seen in Shetland Islands (2.2%), Orkney Islands (2.4%) and Aberdeenshire (2.7%).

Over the year MBU rates decreased in 26 of the 32 local authority areas while 5 saw an increase and one remained unchanged. The only statistically significant change was seen in Clackmannanshire (down 2.2 percentage points).

MBU has increased in 28 of the 32 local authority areas since 2008 and decreased in 4 local authority areas. Statistically significant changes were seen in Dundee City (up 2.5 % percentage points), East Lothian (up 1.5 percentage points) and Falkirk (up 1.4 percentage points).

The number of 16-19 year olds who were NEET in 2015 increased by 3,000 over the year to 23,000.



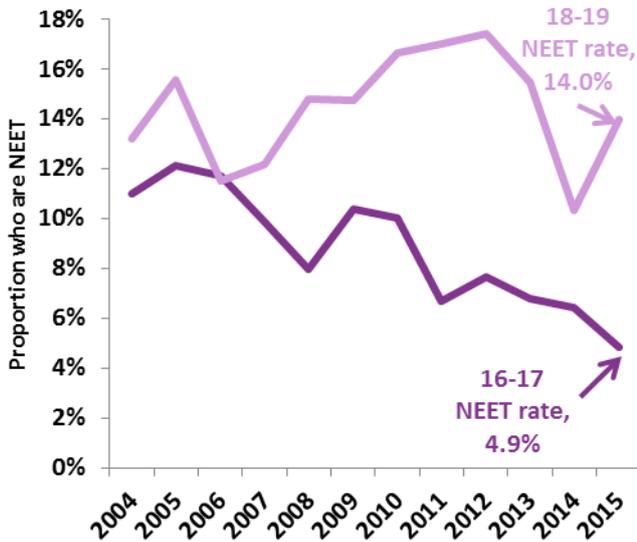
The proportion of 16-19 year olds who were NEET¹⁰ in 2015 was 9.6%. This is an increase of 1.2 percentage points over the year, although this difference is not statistically significant.

Male NEET levels saw an increase of 2.7 percentage points rising to 10.4% over the year, while female NEET levels were down 0.4 percentage points to 8.8% over the year. Neither of these changes were statistically significant.

⁹ Sample sizes for the unemployed cohort are relatively small compared to the employed or inactive cohorts. Consequently unemployment estimates at local level can have large sampling variations. To improve the quality of estimates for all local authorities, the Office for National Statistics (ONS) developed model based estimates. Further information on how these estimates are derived is given in Annex E.

¹⁰ The methodology for estimating the level of NEET has changed in line with that used by ONS. Further information on the impact and methodology is available in Annex D

The increase in the number of 16-19 year NEETs in 2015 was driven by a rise in 18-19 year olds who were NEET.



There is a clear difference between the trend for 16-17 year old and 18-19 year old NEET rates.

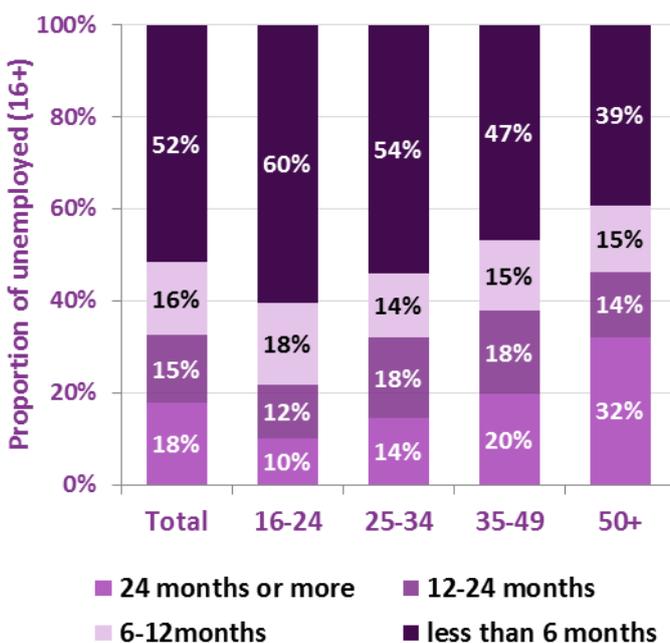
Over the year, there has been a significant increase of 5,000 in the level of 18,19 year olds who were NEET, whereas the number of 16-17 year old who were NEET is just slightly lower than in 2014.

The increase for 18-19 year olds is predominately due to an increase in the estimated number who were unemployed.

The APS is not able to provide reliable data for those who are NEET at local area level. The Scottish Government in partnership with Skills Development Scotland have developed a new participation measure to address this. Information on this measure is available at:

<https://www.skillsdevelopmentscotland.co.uk/publications-statistics/statistics/participation-measure/>

Less than half (48.4%) of all unemployed people in Scotland have been unemployed for more than 6 months.



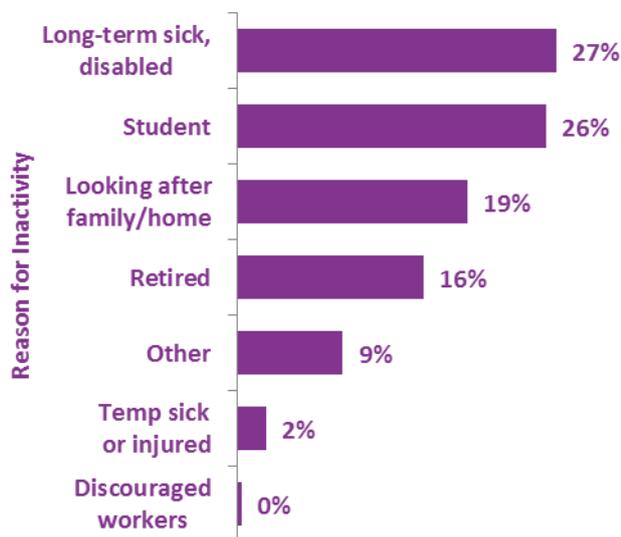
Of the 158,800 unemployed people in Scotland in 2015, over half (51.6%) were unemployed for less than six months.

The proportion that have been unemployed for less than 6 months has decreased by 16.7 percentage points since 2008, indicating a shift to lengthier durations of unemployment.

The shift to longer durations is in part due to changes to how claimants of Job Seekers Allowance/ Universal Credit are accounted for while they are on training schemes.

The 16-24 age group are least likely to be unemployed for more than 12 months (21.8%), while those aged 50+ are most likely to be unemployed for 12 months or more (46.2%).

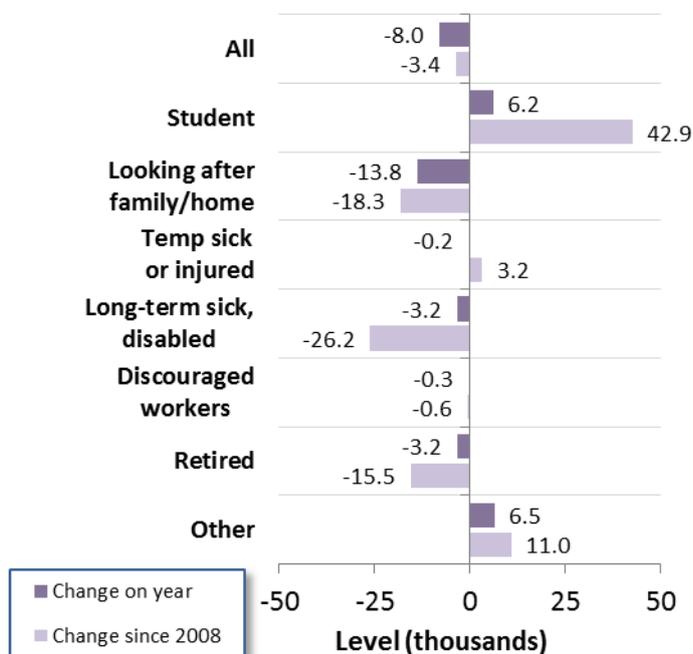
Of the 760,900 economically inactive people (aged 16-64), over 50% were inactive because they were long term sick or were students.



Economic inactivity covers individuals who are neither employed or unemployed. There are many reasons why people may be inactive: they may have a long-term illness or disability, be studying for a qualification, staying at home to look after their family, or have retired.

The economically inactive population are not part of the labour supply. However, the labour market is dynamic, with people continuously moving between different categories. Therefore it is important to consider inactivity figures as they include those who may make up the future labour supply and those who were part of the labour supply in the past.

Decrease in economic inactivity levels since 2008 driven by decreases in the number of long-term sick.

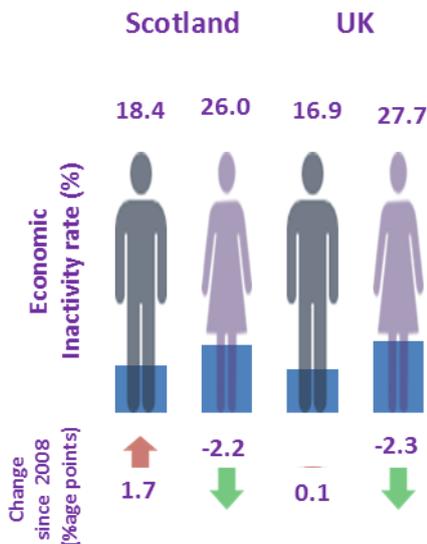


Economic inactivity levels in Scotland have decreased by 3,400 since 2008.

This has been driven mainly by a 26,200 decrease in those who are long-term sick, as well as an 18,300 decrease in those looking after family or home.

However, this decrease was somewhat offset by an increase of 42,900 in the number of students. The decreases in inactivity levels for long-term sick and looking after family/home may be related to UK benefit reforms which are intended to move people in these groups closer to the labour market.

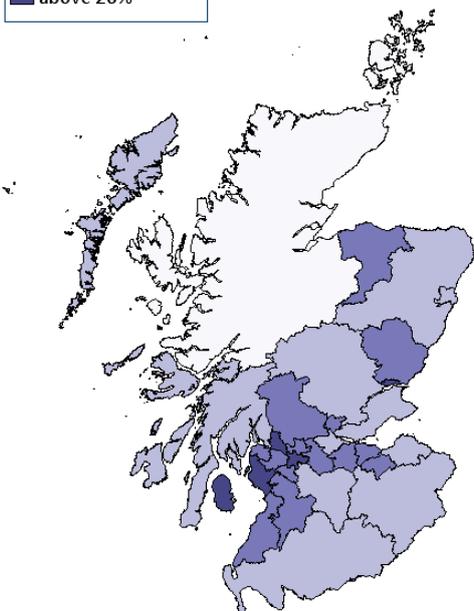
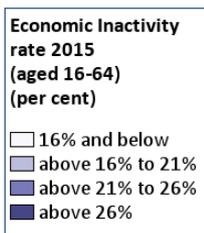
Scotland's lower inactivity rate compared to the UK is driven by lower rates for women.



Since 2008, the economically inactivity rate for people aged 16-64 in the UK has decreased by 1.1 percentage points to 22.3%, compared to the 0.3 percentage points decrease to 22.3% in Scotland.

In both the UK and Scotland the change was driven by a decrease in the rate for women (2.2 percentage points to 26.0% for Scotland, 2.3 percentage points to 27.7% for the UK). Scotland saw an increase of 1.7 percentage points to 18.4% in the rate for males, whilst inactivity rate for males in the UK increased by 0.1 percentage points to 16.9%.

Economic inactivity rates decreased in 17 local authority areas over the year



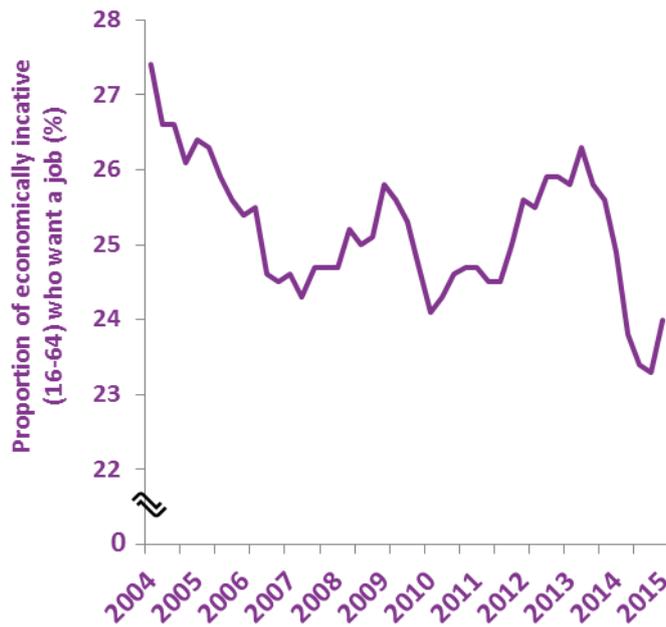
The local authority areas with the highest economic inactivity rates in 2015 in Scotland were Dundee City (30.3%), North Ayrshire (28.1%), and Glasgow City (27.3%).

The lowest inactivity rates in 2015 were seen in: Orkney Islands (11.0%), Shetland Islands (12.7%), and Highland (15.9%).

Over the year, reductions were seen in 17 local authority areas, with 14 areas seeing increases and one seeing no change.

Since 2008, reductions in economic inactivity rates have been seen in 12 local authority areas, while 17 saw increases and three saw no change.

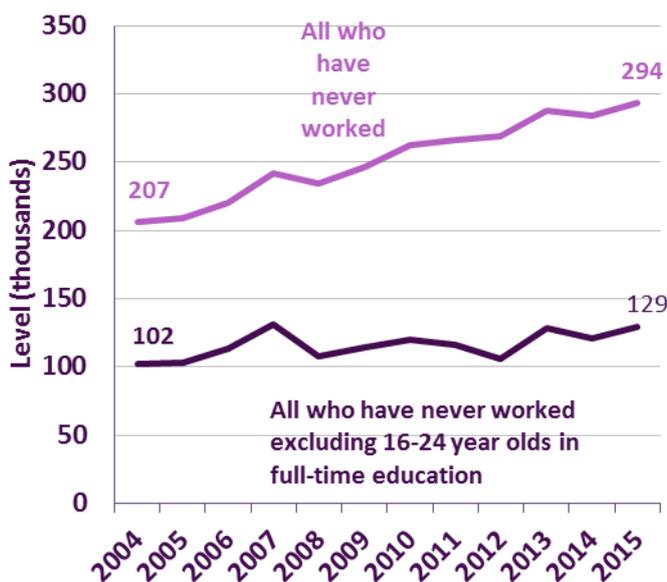
Just under a quarter (24.0%) of economically inactive people aged 16-64 in Scotland wanted to work, but were not currently able to do so.



The proportion of those who were economically inactive, but who wanted to work has decreased over the past two calendar years by just under one percentage point per year, having previously been on an upward trend since 2010. However, the latest data shows a slight increase over data for Oct'14-Sep'15 data. It is too early to tell if this a developing trend.

The general reduction over the last two years may be related to the number of people who have moved out of inactivity into employment or unemployment over the year – many of those who did want work have found a job, therefore those who remain inactive predominately are not seeking work.

Just over 129,000 people in Scotland in 2015 had never worked (excluding students aged 16-24 in full-time education).



Just under 294,000 people in Scotland in 2015 have never worked, up 9,700 over the year.

Over half (56%) of these are 16-24 year olds in full-time education.

Excluding 16-24 year olds in full-time education, there were just over 129,000 people in Scotland who have never worked. This is an increase of 8,500 over the year.

15 local authorities saw a decrease in the number of people who have never worked over the year.

Annex A: About the Annual Population Survey

◆ What is the APS and what is it used for?

The Annual Population Survey (APS) combines results from the Labour Force Survey (LFS) and the English, Welsh and Scottish Labour Force Survey boosts. The boosts increase the sample size which means the APS can provide more robust labour market estimates for local areas compared to the main LFS. Thus the APS is the primary source for information on local labour markets providing 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.

Information from the APS is used by the Scottish Government to inform government targets and policies. Some of the many external users of the APS include Local authorities, Scottish Enterprise, Highlands & Islands Enterprise, Skills Development Scotland, Higher & Further Education sector. Uses include monitoring targets, statistical analysis, policy development and briefing.

◆ Government Targets

The APS is the source of information for 2 of the Government's Purpose targets and 2 of the 50 national indicators in the Government's National Performance Framework¹¹. This report provides information on progress against these targets and national indicators: The APS is also used as a source for one of the Key Performance Indicators for Developing the Young Workforce which were developed based on recommendations from the Wood Commission.

Purpose Targets

- ◆ **Participation** - To close the gap with the top five OECD economies by 2017
- ◆ **Cohesion** - To narrow the gap in participation between Scotland's best and worst performing regions by 2017.

National Indicators

- ◆ **-Improve the skill profile of the population** - Reduce number of working age people with severe literacy and numeracy problems
- ◆ **Reduce underemployment** – To decrease the number of underemployed workers in Scotland (this indicator was added as part of an update to the National Performance Framework)

KPI's for Developing the Young Workforce

- ◆ **KPI10** - Increase the employment rate for disabled young people to the population average by 2021

¹¹ Information on the range of targets and indicators which comprise the National Performance Framework can be found on the Scotland Performs website:

<http://www.gov.scot/About/Performance/scotPerforms>

◆ What topics are available?

A wide range of topics are included in the survey:

- Economic Activity (present or past)
- Employment in main job and second jobs
- Working conditions (hours, work pattern etc.)
- Reasons why people are not in the labour force
- Geographical mobility
- Education and training
- Health
- Childcare
- Income
- Individual and household characteristics
- Veterans

◆ How and when is the survey conducted?

The Office for National Statistics (ONS) carries out the LFS and associated boosts.

The APS datasets are based on calendar quarters and are produced quarterly on a rolling annual basis (covering 12 months of data). So the four annual APS datasets produced by ONS each year cover the periods January to December, April to March, July to June and October to September.

The APS data use the existing continuous quarterly LFS in addition to annual enhancements. In the quarterly LFS, each person in a selected household is interviewed five times at 13-week intervals. In any three-month period, about a fifth of the sample are being interviewed for the first time, another fifth are receiving their second interview and so on, with 20% being interviewed for the fifth and final time. Each of these roughly equal groups is termed a wave i.e. 'wave 1' refers to those people having their first interview.

◆ Who takes part in the survey?

The LFS surveys individuals living at private households in the UK and is designed to be representative of the national population.

The Scottish Government funds the boost to the LFS sample in Scotland, taking the sample size from approximately 5,950 households each year to 22,000 households. The target sample size in each local authority is 675 economically active adults except for Clackmannanshire (250); Dumfries and Galloway (700), East Lothian (600); East Renfrewshire (600); Na h-Eileanan Siar (200); Inverclyde (600); Midlothian (600); Moray (600), Orkney Islands (200); Shetland Islands (200); Stirling (600) and West Dunbartonshire (700).

◆ Revision of estimates

The APS was reweighted based on outputs from the 2011 Census on 19 March 2015. **This has had some impact on historical estimates** for population, economic activity indicators and equality group estimates within local authorities. Further reweighting of the survey will occur annually, although not all years will be reweighted.

◆ **How reliable are the results?**

As survey results, these are subject to a degree of error and implied changes between years which may not be significant and instead be within a given error range. Confidence limits for estimates should be taken into account, especially for changes over time. Annex B provides more information and confidence limits are included in the web tables for each indicator.

◆ **Interaction of labour market statistics**

The three main labour market indicators - employment, unemployment and economic inactivity – are all inter-related. Increases in employment rates are likely to result in corresponding decreases in either or both unemployment and economic inactivity rates (as an increase in employment means there should be less unemployed or inactive people). However, more subtle interactions exist. It is possible for a shift in people between employment and inactivity to change the unemployment rate, even though there has been no change in the actual number of people unemployed. This is because the unemployment rate is based against the economically active population (those in employment plus those unemployed) as opposed to the total relevant population. The same effect does not occur for employment and inactivity rates because they are based against the total relevant population.

◆ **Residence, Households and Workplace based statistics**

The information and data presented in this publication is predominantly based on residence based statistics – that is, the statistics relate to the characteristics of residents of a geographical area. These statistics do not give information about the number of jobs or people employed within a local area as this will be different to the number of employed people living within the same area (due to people commuting in and out of the area for work). This is covered briefly in the section on Commuting patterns in the Employment chapter.

Workplace based statistics are available from the APS. These are freely available from Nomis at:

<http://www.nomisweb.co.uk/>.

Employer surveys, such as the Business Register Employment Survey (BRES) and Workforce Jobs are workplace based, relating to an employer's specific business locations. These surveys do not gather any corresponding residence based data (unlike the APS).

Household surveys differ from individual surveys in that the main unit of measure is the household. These surveys can be used to gather information about the different household characteristics within the country, especially in regards to working and workless households. This report does not publish household estimates. These are available from Nomis at:

<http://www.nomisweb.co.uk/>.

◆ Hours and Earnings statistics

The APS records self-reported hours and earnings data (including usual and actual hours worked, usual and actual pay, gross and net income, overtime and bonuses). However, the data is self-certified (there is no check with employer or HMRC to check the data is accurate), and the respondent can choose not to answer these questions.

The LFS and APS are the official sources for usual and actual hours worked. These statistics are presented in ONS's monthly first releases for the UK (sourced from the LFS) and for the regions of the UK (sourced from the APS).

The official source for data on earnings is the **Annual Survey of Hours and Earnings** (ASHE). Data for ASHE is available from:

<http://www.nomisweb.co.uk/>.

<http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/AnalyticalPapers/ASHESGAnalysis>

<http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/annual-survey-of-hours-and-earnings/index.html>

Annex B: Using APS data

◆ How data are displayed in Tables

In this publication, all levels are rounded to the nearest hundred (excluding estimates of NEET, which are rounded to the nearest thousand, due to small sample sizes). Proportions are calculated on un-rounded figures and are rounded to the first decimal place. Totals may not equal the sum of individual components due to rounding. All results are based on the area of residence unless otherwise stated.

* indicates data are suppressed as estimates are below the reliability threshold.

◆ Data Access

STATISTICS.GOV.SCOT

Selected APS data for Scotland and the geographies covered by this year's web tables will be available free of charge from the Scottish Government's Open Access website **from early June 2016**:

<http://statistics.gov.scot/>

The site also holds data from a wide range Scottish Government surveys.

Scottish Government

The Labour Market Statistics Branch at the Scottish Government publish data from the LFS and APS and other related surveys on their website –

<http://www.gov.scot/Topics/Statistics/Browse/Labour-Market>

Alternatively, tabulations are also available on request:

Labour Market Statistics Branch
Education Analytical Services
Scottish Government
6th Floor, 5 Atlantic Quay
GLASGOW G2 8LU
Tel: (0300) 244 6790
Email: lmstats@gov.scot

NOMIS

APS data (including confidence limits) for the whole of the UK and other government office regions are available free of charge from the Nomis[®] website -

<http://www.nomisweb.co.uk/>.

The Nomis website also holds data on claimants of benefits, vacancies and employees.

UK Data Archive

APS micro data are available to users through the Data Archive at Essex University. Access to these data is through a 'Special Licence' scheme, which allows access to detailed data provided that the research use is fully described and strict conditions of

access are adhered too. More detail is available on the Data Archive website - <http://www.data-archive.ac.uk>.

Office for National Statistics

ONS publish monthly regional labour market statistical which includes a range of labour market indicators for local areas across the UK. The reports can be accessed on their website at:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/guidetotablesinregionallabourmarketstatisticalbulletin>

Headline national and regional statistical bulletins are produced monthly (based on LFS data) and can be accessed from the ONS website at:

<http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Labour+Market>

Annex C: Confidence Intervals

One of the benefits of the boosted data is more reliable estimates for local authority areas. Prior to the boost the reliability threshold in all areas was 6,000. This was to prevent unreliable data being used. Thresholds are calculated so that they are approximately equivalent to suppressing if the standard error of an estimate is greater than 20% of the estimate itself. With the boost, different areas have different thresholds as some areas have larger samples and more variability in results than others (see Table D1).

Table 1: Local authority area reliability thresholds

| Local Authority | Reliability Threshold |
|---------------------|-----------------------|
| Aberdeen City | 3,000 |
| Aberdeenshire | 3,000 |
| Angus | 1,000 |
| Argyll & Bute | 1,000 |
| Clackmannanshire | 1,000 |
| Dumfries & Galloway | 2,000 |
| Dundee City | 2,000 |
| East Ayrshire | 1,000 |
| East Dunbartonshire | 1,000 |
| East Lothian | 1,000 |
| East Renfrewshire | 1,000 |
| Edinburgh, City of | 5,000 |
| Falkirk | 2,000 |
| Fife | 4,000 |
| Glasgow City | 5,000 |
| Highland | 2,000 |
| Inverclyde | 1,000 |
| Midlothian | 1,000 |
| Moray | 1,000 |
| North Ayrshire | 1,000 |
| Na h-Eileanan Siar | 1,000 |
| North Lanarkshire | 4,000 |
| Orkney Islands | 1,000 |
| Perth & Kinross | 2,000 |
| Renfrewshire | 2,000 |
| Scottish Borders | 1,000 |
| Shetland Islands | 1,000 |
| South Ayrshire | 1,000 |
| South Lanarkshire | 4,000 |
| Stirling | 1,000 |
| West Dunbartonshire | 1,000 |
| West Lothian | 3,000 |

As survey results, these are subject to a degree of error and implied changes over the years may not be significant and instead be within a given error range. Confidence limits can be used to assess the range of values that the true value lies between. The web tables include 95% confidence limits for each indicator.

What does the 95% confidence limit mean?

If, for example, we have an APS estimate and confidence limit of 63% +/- 0.27%, this means that 19 times out of 20 we would expect the true rate to lie between 62.73% and 63.27%. Only in exceptional circumstances (1 in 20 times) would we expect the true rate to be outside the confidence interval around the APS estimate. Thus the smaller the confidence limits, the more reliable the estimate.

The confidence limits use a design factor of 1, which may not be likely in some cases but given the lack of further information an average design factor of 1 is assumed to be reasonable. Further information on estimating confidence intervals can be found in the LFS manuals¹².

Using confidence intervals to assess change (statistical significance).

Confidence intervals can be used to assess whether there has been a significant change between two estimates over time. The methodology for determining if a change is statistically significant is detailed in the Methodology Glossary on the Scottish Government web-site within the Tier 2 – Confidence Intervals document, available at:

<http://www.gov.scot/Topics/Statistics/About/Methodology/Glossary>

If the difference between two estimates is said to be statistically significant, it means that only in exceptional circumstances (1 in 20 times) would we expect the true difference to be not significant. It should be noted that statistical significance is a tool used to help detect real change in estimates; it does not say anything about the importance of the change, which needs to be assessed by the user of the statistics in question.

¹² <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1537&Pos=&ColRank=2&Rank=544>

Annex D: Concepts and Definitions

Economic activity rate: The number of people who are in employment or unemployed expressed as a percentage of the relevant population.

Economic inactivity rate: The number of economically inactive people expressed as a percentage of the relevant population.

Economically active: The economically active population are those who are either in employment or unemployed.

Economically inactive: Economically inactive people are not in employment, but do not satisfy all the criteria for unemployment. This group is comprised of those who want a job but who have not been seeking work in the last 4 weeks, those who want a job and are seeking work but not available to start and those who do not want a job. For example, students not working or seeking work and those in retirement are classed as economically inactive. It can be useful for some purposes to consider only those who are both economically inactive and not of state pension age.

Employees: The division between employees and self-employed is based on survey respondents' own assessment of their employment status.

Employment: There are two main ways of looking at employment: the number of people with jobs or the number of jobs. These two concepts represent different things as one person can have more than one job. People aged 16 or over are classed as in employment (as an employee or self-employed) by the LFS, if they have done at least one hour of paid work in the week prior to their LFS interview or if they have a job that they are temporarily away from. People who do unpaid work in a family business and people on Government-supported training and employment programs are also included according to the International Labour Organisation (ILO) convention.

Employment rate: The number of people in employment expressed as a percentage of the relevant population.

Model Based Unemployment: In 2003, ONS developed a statistical model to improve small area estimates of unemployment by using supplementary information from the claimant count - a count of the number of people claiming Jobseeker's Allowance. As it is an administrative measure, accurate information is known for all areas. It is also highly correlated with unemployment. The model is said to borrow strength from the claimant count. The model also includes a socio-economic indicator and a random area effect.

More information about the modelling methodology can be found [here](#):

Rates: Rates represent the proportion of the population or subgroup of the population with a certain characteristic. They allow changes in the labour market to be interpreted in a wider context, allowing for changes in the overall population or

the number of people who are economically active. Rates can be calculated for different age groups. For employment, economic activity and economic inactivity, the most widely quoted rates are those for the working age population. For unemployment, headline rates are expressed as a percentage of the economically active population aged 16 and over. Those over retirement age who continue to be economically active will therefore be included in the base while those who are economically inactive will not.

Self-employment: The division between employees and self-employed is based on survey respondents' own assessment of their employment status.

Unemployment: The ILO definition of unemployment covers people who are: not in employment, want a job, have actively sought work in the previous 4 weeks and are available to start work within the next fortnight, or, out of work and have accepted a job which they are waiting to start in the next fortnight.

Unemployment rate: The number of unemployed people expressed as a percentage of the relevant economically active population.

Working age:

Note that due to changes in the state pension age, (specifically the current female state pension age which is changing dynamically to match the male state pension age) ONS no longer publish rates using a Working age definition in its statistical bulletins, but instead report rates for all people aged 16 to 64.

16 to 19 year olds Not in Employment, Education or Training (NEET): The proportion of 16-19 year olds who are not classed as a student, not in employment nor participating in a government training programme. Note that the methodology for calculating the levels and proportions of those who are NEET have been modified this year to align with ONS's methodology. The change is intended to account for a small number of non-respondents or persons whose economic or educational status were unknown. This group are now apportioned pro-rata across the main economic status categories whereas previously they had been excluded from the analysis. This should give more accurate estimates of the level of NEETs

Further information on Classifications and Standards is also available from the ONS website at

<https://www.ons.gov.uk/methodology/classificationsandstandards>

A National Statistics publication for Scotland

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be interpreted to mean that the statistics: meet identified user needs; are produced, managed and disseminated to high standards; and are explained well.

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e-mail: statistics.enquiries@scotland.gsi.gov.uk

How to access background or source data

The data collected for this Statistical bulletin

- are available in more detail through Scottish Neighbourhood Statistics
- are available via web-tables on Scottish Government website, Nomis and UK Data archive

Complaints and suggestions

If you are not satisfied with our service or have any comments or suggestions, please write to the Chief Statistician, 3WR, St Andrews House, Edinburgh, EH1 3DG, Telephone: (0131) 244 0302, e-mail statistics.enquiries@scotland.gsi.gov.uk.

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