

ECONOMY AND LABOUR MARKET

Scotland's Labour Market Trends September 2022

Key points

Labour Force Survey estimates are presented for May to July 2022, compared with the quarter before (February to April 2022) and pre-pandemic (December 2019 to February 2020). Please note percentage point changes are based on unrounded data.

- The latest Labour Force Survey (LFS) estimates for May to July 2022 indicate that over the quarter, the unemployment rate decreased, while the employment rate decreased and economic inactivity rate increased.
- The estimated unemployment rate (16+) in Scotland was 3.1 per cent, down 0.7 percentage points since December 2019-February 2020 (pre-pandemic) and down 0.2 percentage points over the quarter. Scotland's unemployment rate was below the UK rate of 3.6 per cent.
- The estimated employment rate (the proportion of people aged 16-64 in work) in Scotland was 75.2 per cent, down 0.1 percentage points since December 2019-February 2020 (pre-pandemic) and down 0.3 percentage points over the quarter. Scotland's employment rate was below the UK rate of 75.4 per cent.
- The estimated economic inactivity rate (the proportion of people aged 16 to 64 years who were not working and not seeking or available to work) in Scotland was 22.4 per cent, up 0.7 percentage points since December 2019-February 2020 (pre-pandemic) and up 0.5 percentage points over the quarter. Scotland's economic inactivity rate was above the UK rate of 21.7 per cent.

- Early seasonally adjusted estimates for August 2022 from HMRC Pay As You Earn Real Time Information indicate that there were 2.43 million payrolled employees in Scotland, an increase of 1.8 per cent (44,000) compared with February 2020 (pre-pandemic). This compares with the UK where the number of payrolled employees has increased by 2.5 per cent over the same period.
- Early seasonally adjusted estimates for August 2022 from HMRC Pay As You Earn Real Time Information indicate that median monthly pay for payrolled employees in Scotland was £2,116, an increase of 12.8 per cent compared with February 2020 (pre-pandemic). This is lower than the growth in median monthly pay for the UK over the same period (13.7 per cent). Changes over time are based on median monthly pay estimates rounded to the nearest pound.

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NATIONAL STATISTICS STATUS

National Statistics status means that our statistics meet the highest standards of trustworthiness, quality and public value and it is our responsibility to maintain compliance with these standards.

These statistics were reviewed, as part of a [compliance check](#), against the [Code of Practice](#) in March 2020 and therefore continue to be designated National Statistics.

1. Summary of labour market statistics

Employment, unemployment and economic inactivity estimates are presented for May to July 2022, compared with the quarter before (February to April 2022) and compared with a year before (May to July 2021).

Information are obtained from a sample survey and are therefore subject to some error.

Table 1: Labour Market Statistics, Scotland and UK, May to July 2022

	Rate (%)	CI	Percentage point				Level (000's)					
			Change on quarter	CI	Change on year	CI	Level ('000)	CI	Change on quarter	CI	Change on year	CI
Employment¹												
Scotland	75.2	(± 1.8)	-0.3	(± 2.3)	1.1	(± 2.3)	2,703	(± 60)	17	(± 77)	63	(± 78)
UK	75.4	(± 0.5)	-0.2	(± 0.4)	0.3	(± 0.6)	32,746	(± 216)	40	(± 180)	337	(± 275)
Unemployment²												
Scotland	3.1	(± 0.8)	-0.2	(± 1.1)	-1.2	(± 1.2)	85	(± 23)	-5	(± 30)	-34	(± 33)
UK	3.6	(± 0.2)	-0.2	(± 0.3)	-1.0	(± 0.3)	1,224	(± 82)	-76	(± 90)	-332	(± 116)
Economic Inactivity³												
Scotland	22.4	(± 1.7)	0.5	(± 2.2)	-0.1	(± 2.2)	770	(± 73)	18	(± 106)	0	(± 93)
UK	21.7	(± 0.5)	0.4	(± 0.4)	0.5	(± 0.6)	9,011	(± 193)	194	(± 163)	246	(± 247)

Source: Labour Force Survey, seasonally adjusted, ONS

Note: Levels: 1,2: All persons aged 16+; 3: All persons aged 16-64. Rates: denominator: 1,3: all persons 16-64 years; 2. economically active 16+.

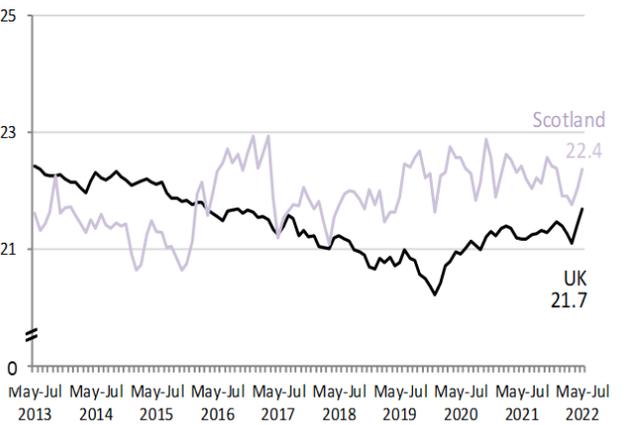
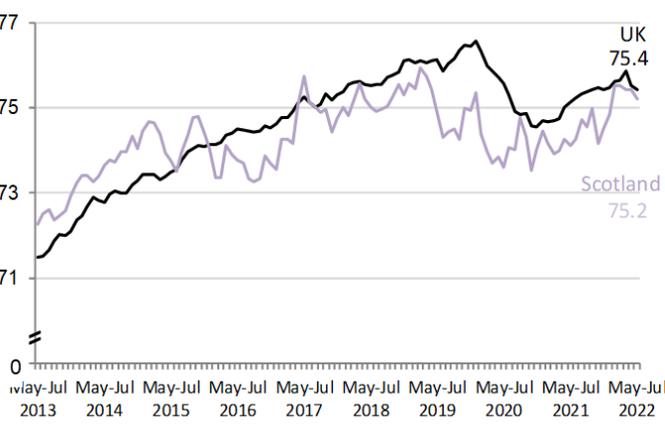
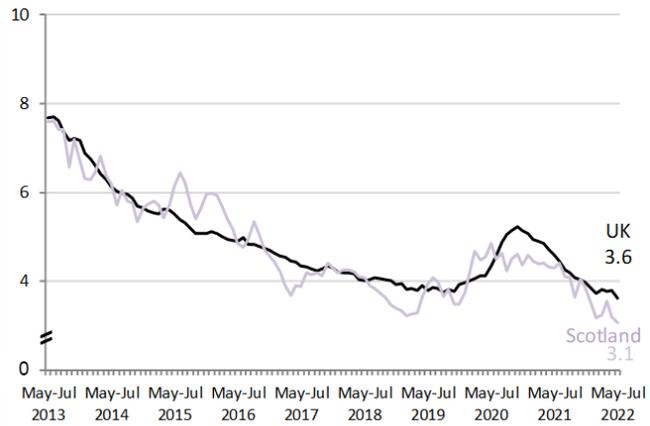
Infographic summary of Labour Force Survey Statistics

May to July 2022

Unemployment Rate 3.1%

Employment Rate 75.2%

Economic Inactivity Rate 22.4%



Change	Scotland (%pts)	UK (%pts)
Quarterly Change	-0.2 ↓	-0.2 ↓
Annual Change	-1.2 ↓	-1.0 ↓

Change	Scotland (%pts)	UK (%pts)
Quarterly Change	-0.3 ↓	-0.2 ↓
Annual Change	1.1 ↑	0.3 ↑

Change	Scotland (%pts)	UK (%pts)
Quarterly Change	0.5 ↑	0.4 ↑
Annual Change	-0.1 ↓	0.5 ↑

% pts= percentage points
 Source: Labour Force Survey, seasonally adjusted, ONS
 13 September 2022

About this publication

Source of data

The information included in this publication are from three separate sources covering the time periods shown in Figure 1.

Figure 1: Labour market data source reference periods



Comparisons over time

Comparisons with the latest data over the year have been retained in some parts of the commentary in the publication. However, comparisons with the last data reference point prior to the pandemic have also been provided i.e. employment, unemployment and inactivity rates from the Labour Force Survey are compared with December 2019 to February 2020, HMRC payrolled employee estimates and median monthly earnings are compared with February 2020 to reflect changes in the labour market following the pandemic.

Furloughed employees

Employees who were furloughed between April 2020 and the end of September 2021 will be classed as employed but temporarily away from work in the Labour Force Survey and also included in payrolled employee estimates from HMRC (see page 21 for further details).

Labour Force Survey

This publication is updated monthly and summarises employment, unemployment and economic inactivity estimates sourced from the Labour Force Survey (ONS) for Scotland and the UK. These are classed as National Statistics.

Labour Force Survey (LFS) responses for periods Jan-Mar 2020 to Jan-Mar 2022 were reweighted on 14 June 2022 using updated HM Revenue and Customs (HMRC) Real Time Information (RTI) data. The non-response bias adjustment, previously implemented for England, Wales and Scotland, was applied to Northern

Ireland data. An ONS article with further details can be found at: [Impact of reweighting on Labour Force Survey key indicators - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/articles/impact-of-reweighting-on-labour-force-survey-key-indicators)

Other sources

This publication also contains HMRC PAYE Real Time Information (RTI) on median monthly earnings and payrolled employees. These are classed as Experimental Statistics.

This release follows the ONS monthly releases of:

[Regional Labour Market Statistics in the UK](#)

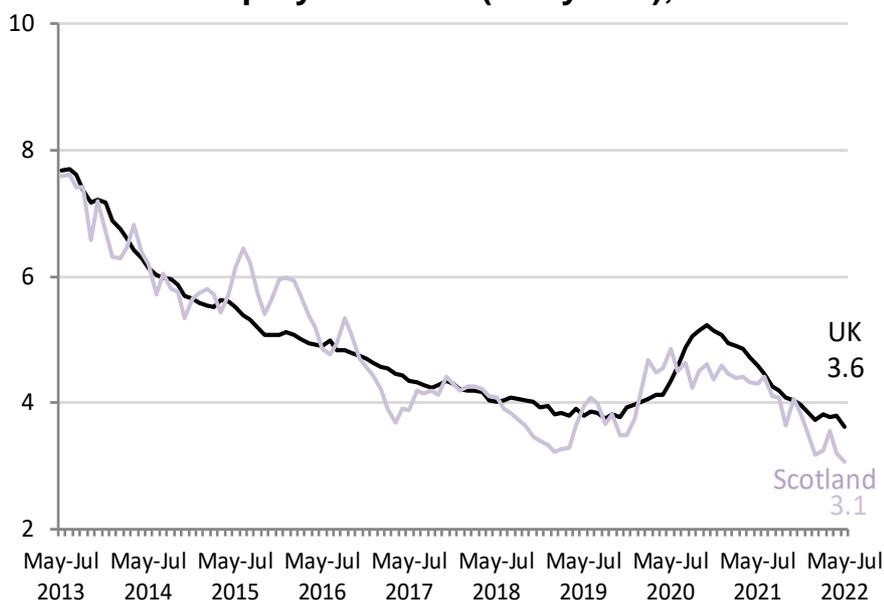
[Earnings and employment from Pay As You Earn Real Time Information, UK](#)

2. Unemployment estimates

The estimated unemployment rate for people aged 16 years and over in Scotland was 3.1 per cent in May to July 2022. This is 0.7 percentage points down on December 2019-February 2020 (pre-pandemic) and down 0.2 percentage points over the quarter.

The estimated UK unemployment rate was 3.6 per cent in May to July 2022. This is 0.4 percentage points down on December 2019-February 2020 (pre-pandemic) and 0.2 percentage points down on the quarter.

Chart 1: Unemployment rate (16+ years), Scotland and UK

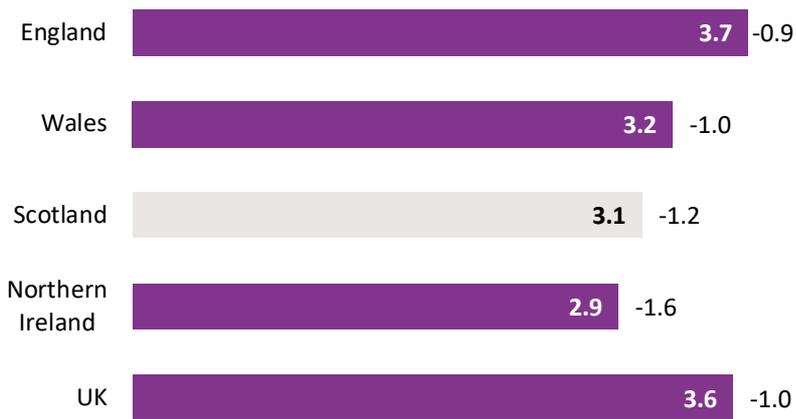


Source: Labour Force Survey, seasonally adjusted, ONS

Compared with the UK countries, Scotland's unemployment rate was the 2nd lowest.

The estimated unemployment rate for people aged 16 years and over in Scotland was 1.2 percentage points lower than the year before (May to July 2021) while the estimated UK unemployment rate was 1.0 percentage points lower than the year before.

Chart 2: Unemployment Rate (16+ years), annual change: UK countries



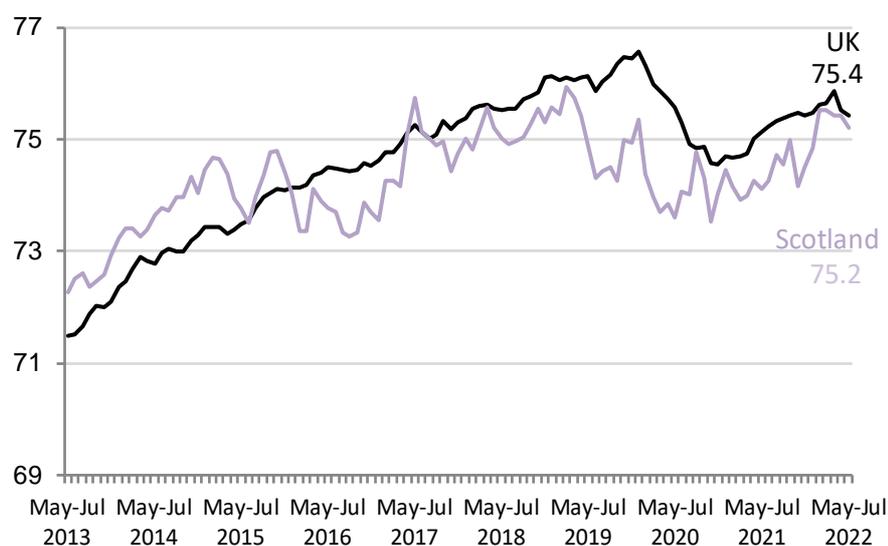
Source: Labour Force Survey, ONS
Annual change shown in percentage points

3. Employment estimates

The estimated employment rate for people aged 16-64 years in Scotland was 75.2 per cent in May to July 2022. This is 0.1 percentage points down on December 2019-February 2020 (pre-pandemic) and down 0.3 percentage points over the quarter.

The estimated UK employment rate was 75.4 per cent in May to July 2022. This is 1.1 percentage points down on December 2019-February 2020 (pre-pandemic) and 0.2 percentage points down on the quarter.

Chart 3: Employment rate (16-64 years), Scotland and UK



Source: Labour Force Survey, seasonally adjusted, ONS

Compared with the UK countries, Scotland's employment rate was the 2nd highest.

The estimated employment rate for people aged 16-64 years in Scotland was 1.1 percentage points higher than the year before (May to July 2021) while the estimated UK employment rate was 0.3 percentage points higher than the year before.

Chart 4: Employment rate (16-64 years), annual change: UK countries



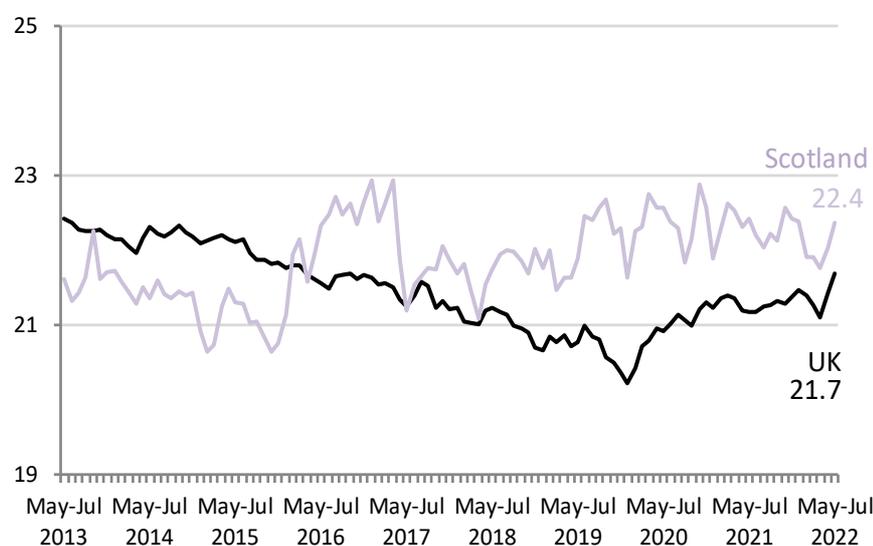
Source: Labour Force Survey, ONS
Annual change shown in percentage points

4. Economic Inactivity estimates

The estimated economic inactivity rate for people aged 16-64 years in Scotland was 22.4 per cent in May to July 2022. This is 0.7 percentage points up on December 2019-February 2020 (pre-pandemic) and up 0.5 percentage points over the quarter.

The estimated UK economic inactivity rate was 21.7 per cent in May to July 2022. This is 1.5 percentage points up on December 2019-February 2020 (pre-pandemic) and 0.4 percentage points up on the quarter.

Chart 5: Economic Inactivity rate (16-64 years), Scotland and UK

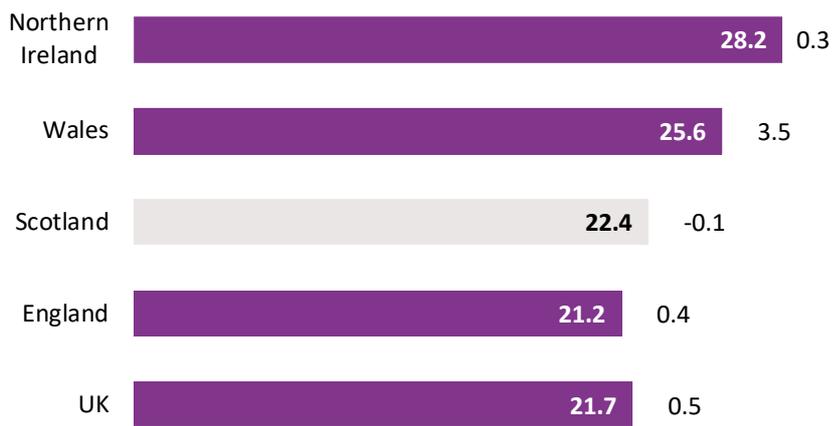


Source: Labour Force Survey, seasonally adjusted, ONS

Compared with the UK countries, Scotland's economic inactivity rate was the 2nd lowest.

The estimated economic inactivity rate for people aged 16-64 years in Scotland was 0.1 percentage points lower than the year before (May to July 2021) while the estimated UK economic inactivity rate was 0.5 percentage points higher than the year before.

Chart 6: Economic Inactivity rate (16-64 years), annual change: UK countries



Source: Labour Force Survey, ONS
Annual change shown in percentage points

5. Labour market estimates for women and men

Table 2: Labour Market Statistics for Women, Scotland and UK, May to July 2022

	Rate (%)	Percentage point Change on quarter Change on year		Level (‘000)	Level (000's) Change on quarter Change on year	
Employment¹						
Scotland	74.1	-0.1	1.8	1,361	15	55
UK	72.1	-0.2	0.1	15,606	-7	117
Unemployment²						
Scotland	2.0*	-0.2*	-2.0*	28*	-3*	-26*
UK	3.5	-0.2	-0.9	564	-38	-147
Inactivity³						
Scotland	24.3	0.2	-0.3	428	4	-4
UK	25.3	0.4	0.6	5,274	102	146

Source: Labour Force Survey, seasonally adjusted, ONS

Note: Levels: 1,2: All women aged 16+; 3.: All women aged 16-64. Rates: denominator: 1,3: All women 16-64 years; 2. economically active 16+.

* The unemployment level and rate estimates for women are based on a small sample size and should be used with caution.

Table 3: Labour Market Statistics for Men, Scotland and UK, May to July 2022

	Rate (%)	Percentage point Change on quarter Change on year		Level (‘000)	Level (000's) Change on quarter Change on year	
Employment¹						
Scotland	76.4	-0.5	0.3	1,342	1	8
UK	78.8	-0.2	0.5	17,141	46	220
Unemployment²						
Scotland	4.1	-0.1	-0.5	57	-2	-7
UK	3.7	-0.2	-1.0	660	-37	-185
Inactivity³						
Scotland	20.3	0.7	0.2	342	13	5
UK	18.1	0.4	0.4	3,737	93	100

Source: Labour Force Survey, seasonally adjusted, ONS

Note: Levels: 1,2: All men aged 16+; 3: All men aged 16-64. Rates: Denominator: 1,3: All men 16-64 years; 2. economically active 16+.

6. HMRC payrolled employees (experimental)

This information is based on experimental monthly estimates of paid employees and their pay from HM Revenue and Customs' (HMRC's) Pay As You Earn (PAYE) Real Time Information (RTI) data.

The latest early payrolled employee estimates for August 2022 indicate that there were 2.43 million payrolled employees in Scotland. Compared with the same month the year before, the number of payrolled employees had risen by 2.6 per cent (61,000). This compares with a rise of 2.8 per cent for the UK over the same period.

In December 2020, the lowest point following the start of the pandemic, there were 82,000 fewer payrolled employees in Scotland than prior to the pandemic (February 2020). However, the estimated number of payrolled employees has been increasing since December 2020 and has been above the pre-coronavirus level since November 2021.

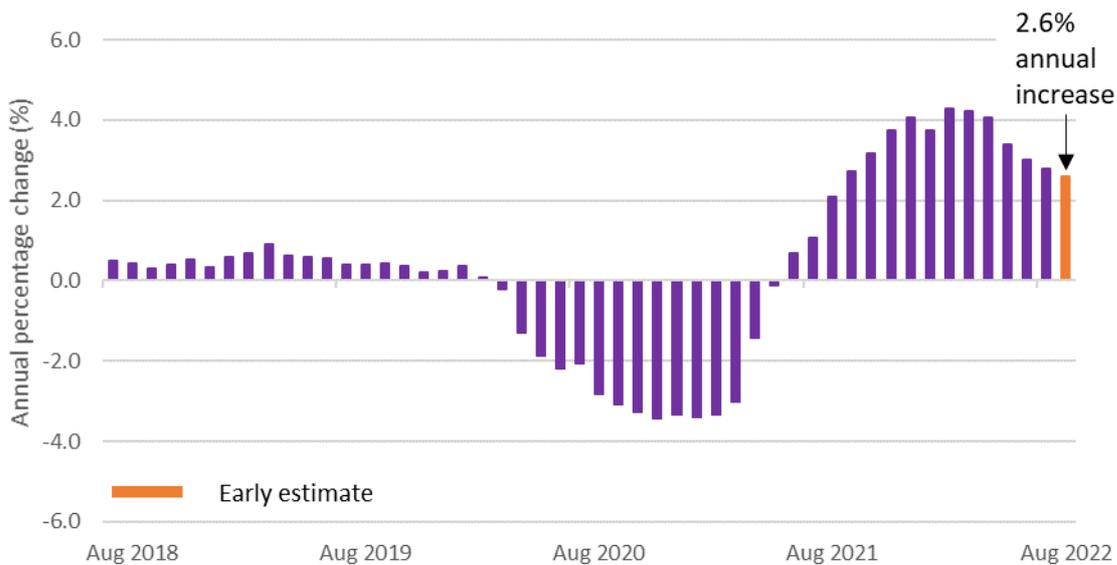
The estimated number of payrolled employees in Scotland in August 2022 rose by 1.8 per cent (44,000) compared with February 2020, the last month prior to the pandemic. This compares with a rise of 2.5 per cent for the UK over the same period.

Estimates for August 2022 are provisional as they are based on around 85% of information being available. When comparing the number of payrolled employees in July 2022 with the same period the previous year, the number of payrolled employees in Scotland increased by 2.8 per cent (66,000).

Chart 7: Payrolled Employees, Scotland, July 2017 to August 2022, seasonally adjusted



Chart 8: Annual Percentage Change in Payrolled Employees, Scotland, July 2018 to August 2022



Source: PAYE RTI, all industries, seasonally adjusted, HMRC

Notes:

1. Early estimates for August 2022 are provided to give an indication of the likely level of employees as well as median pay in the latest period. The figures are based on around 85% of information being available. They are considered of lower quality and may be subject to revision in next month's release when between 98% to 99% of data will be available.
2. Annual percentage change rates for August 2022 are compared against August 2021, and so the reduction in employees seen following the beginning of the coronavirus (COVID-19) pandemic is no longer contributing to the annual percentage change rate. Annual percentage change rates are now compared against this lower baseline.

7. HMRC earnings (experimental)

This information is based on experimental monthly estimates of paid employees and their pay from HM Revenue and Customs' (HMRC's) Pay As You Earn (PAYE) Real Time Information (RTI) data.

Changes over time are based on median monthly pay estimates which are rounded to the nearest pound.

The latest early estimates for August 2022 indicate that median monthly pay for payrolled employees in Scotland was £2,116, an increase of 4.7 per cent compared to the same period the previous year. This is lower than the annual growth in median monthly pay for the UK over the same period (6.5 per cent).

The estimated median monthly pay for payrolled employees in Scotland in August 2022 increased by 12.8 per cent compared with February 2020, the last month prior to the pandemic. This is below the UK increase of 13.7 per cent over the same period.

Chart 9: Median Monthly Pay, Scotland and UK, July 2017 to August 2022, seasonally adjusted

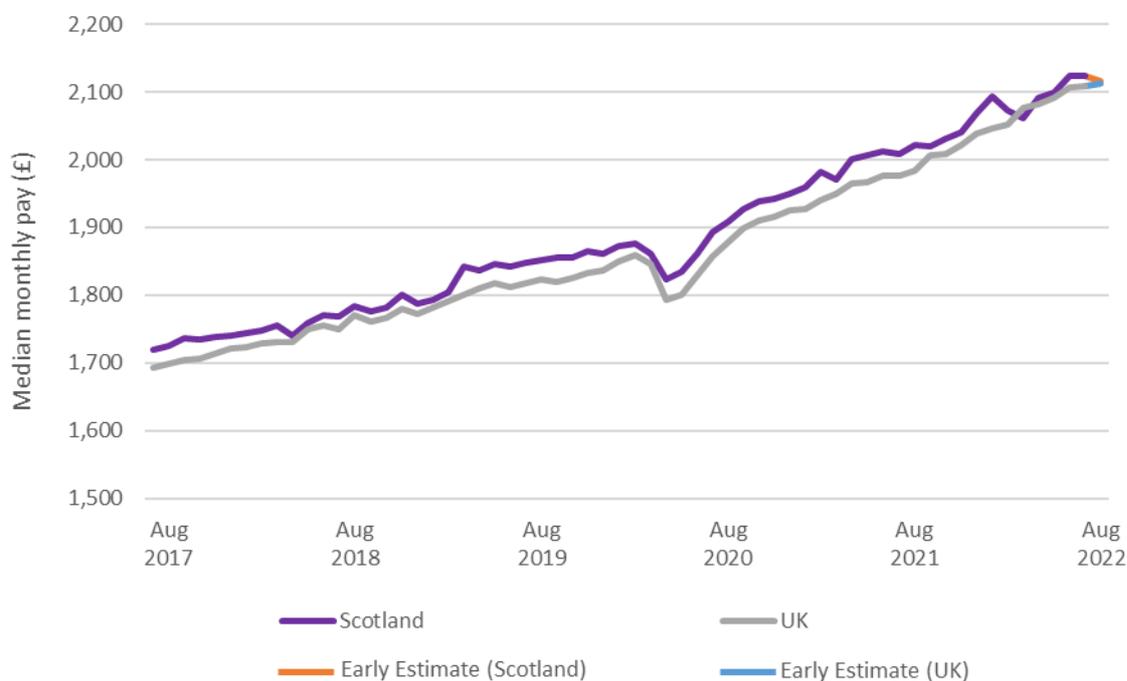
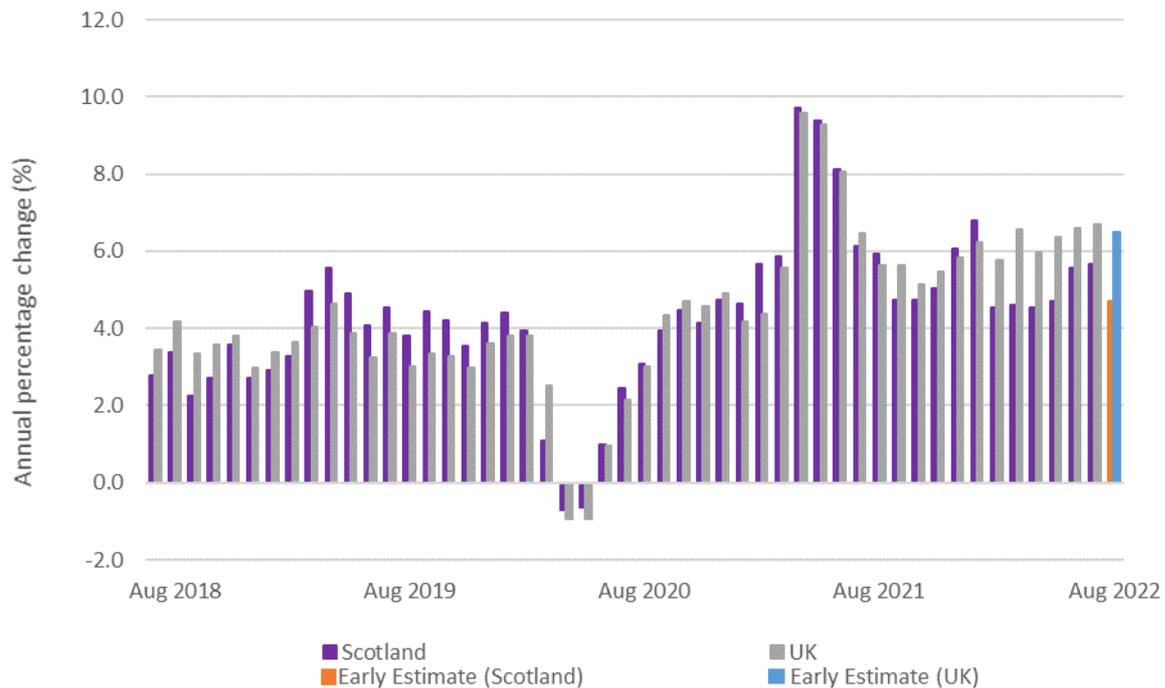


Chart 10: Annual Percentage Change in Median Monthly Pay, Scotland and UK, July 2018 to August 2022



Source: PAYE RTI, all industries, seasonally adjusted, HMRC

Notes:

1. Early estimates for August 2022 are provided to give an indication of the likely level of employees as well as median pay in the latest period. The figures for August 2022 are based on around 85% of information being available. They are considered of lower quality and may be subject to revision in next month's release when between 98% to 99% of data will be available.
2. Annual percentage change rates for August 2022 are compared against August 2021, and so the reduction in median pay seen following the beginning of the coronavirus (COVID-19) pandemic is no longer contributing to the annual percentage change rate.

HMRC have [reported](#) for the UK that the high level of pay growth in April 2021 is attributed to the record high in median pay in April 2021, combined with the suppressed level of median pay in April 2020 at the onset of the coronavirus (COVID-19) pandemic.

8. About the Labour Force Survey

All estimates are sourced from the labour force survey with exception of those in section 6 and 7.

Sources of information

Information presented are sourced from the Labour Force Survey, a survey of households collected and published by the Office for National Statistics. Information are obtained from a sample survey and are therefore subject to some error.

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.

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.

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.

Economic inactivity rate:

The number of economically inactive people expressed as a percentage of the relevant population.

Reliability of these estimates

When estimates are based on a sample of the population, confidence limits can be used to assess the range of values that the true value lies between. 95% confidence intervals are included in Table 1. ONS publish these in the following tables for [Sampling Variability for Scotland](#) and [Sampling Variability for UK](#).

What does the 95% confidence limit mean?

If, for example, we have an LFS 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 LFS estimate. The smaller the confidence limits, the more reliable the estimate.

What is statistical significance?

To determine whether a change is statistically significant, we first calculate the difference between 2 quarters or over the year. The difference between 2 quarters for a rate is measured in 'percentage point' terms. The confidence interval around this difference is published by [ONS](#). If the calculated change is greater than the sampling variability of the change, the change was determined to be statistically significant.

Further links to information on reliability

Further information on reliability can be accessed in the ONS publication at [Labour Market Overview, UK publication](#)

ONS note that regional estimates for the unemployment rate are quite volatile, which needs to be allowed for when considering the pattern of change over time. Sampling variability information is published at [Sampling variability and revisions summary](#).

Impact of the Coronavirus on the measurement of the labour market

ONS have published a [summary of the impact of Coronavirus on the measurement of labour market statistics](#).

In summary:

In response to the coronavirus pandemic, both the UK government and devolved administrations have implemented a wide range of policies. The interventions that are likely to be most significant in terms of the direct impact on the labour market are the Coronavirus Job Retention Scheme (CJRS) from 20th April 2020 and the Self-Employment Income Support Scheme (SEISS) from 15th May 2020.

Applying the guidance on measuring labour market statistics, employees who are furloughed will be classified as employed, but temporarily away from work. This will mean that, all things being equal, furloughed workers will not reduce the number of people in employment (or the employment rate). However, the scheme will lead to an increase in the number of employees working no hours and an overall reduction in the number of hours worked. There may be a compensating effect if employees on furlough take other employment, which can be detected from the number of people with second jobs.

The expected impact of the SEISS in labour market statistics is that people will remain as self-employed, but may class themselves as temporarily away from work and record no hours of employment. However, as under the terms of the scheme, they can continue to work or take on other employment, their labour market status and number of hours worked may change during the scheme's lifespan.

Further information on sources is also published by ONS at:

[Understanding the impact on jobs and pay- how the ONS is now measuring the labour market](#)

HMRC RTI

This release covers people paid through the HMRC's Pay As You Earn (PAYE) system where their pay is reported through the Real Time Information (RTI) system. Information presented in this release are experimental monthly estimates of the number of payrolled employees and their median earnings. It includes UK and geographical regions (NUTS1) early estimates of payrolled employment and median pay for the most recent month.

Statistics in this release are based on people who are employed in at least one job paid through HMRC's PAYE system and the monthly estimates reflect the average for each day of the calendar month.

The publication and background information can be accessed on the ONS website via the following link:

[Earnings and employment from Pay As You Earn Real Time Information, UK Statistical bulletins - Office for National Statistics \(ons.gov.uk\)](#)

9. Other labour market statistics for Scotland

Where can labour market data for Scotland be accessed

Labour Force information for Scotland is also published on [Nomis](#)

This release follows the ONS monthly release of [Regional Labour Market Statistics in the UK](#)

A range of Labour Market Statistics for Scotland are also published by the [Office for National Statistics](#)

Scottish Government Labour Market Statistics

Youth labour market data (16-24 years) for Scotland

Labour market information for young people (16-24 years) in Scotland, sourced from the Annual Population Survey (April 2021 to March 2022), is published in a [quarterly release](#) (last published on 20 July 2022).

Other SG labour market publications from the Annual Population Survey

[Scotland's Labour Market: People, Places and Regions 2020/21](#)

[Scotland's Labour Market: People, Places and Regions – background tables and charts](#)

Information on characteristics of the workforce by sectors were published in a tool

[Scotland's Labour Market - People Places and Regions 2020 - Industry Tables](#)

Other SG labour market publications

[Quarterly Public Sector Employment Q2 2022](#)

[Annual Survey of Hours and Earnings 2021](#)

Other topical publications can be found at:

[Labour market statistics - gov.scot \(www.gov.scot\)](#)

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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.

Correspondence and enquiries

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