

Scotland's Labour Market Trends

January 2024

This publication contains:

- experimental monthly estimates of the number of payrolled employees and their median earnings and cover the period December 2023. Data are sourced from the HMRC's Pay As You Earn (PAYE) system where people are recorded through the Real Time Information (RTI) system, first released on 16 January 2024
- experimental Claimant Count estimates which cover the period December 2023
- ONS experimental adjusted estimates of employment, unemployment and economic inactivity. Estimates cover the period September to November 2023. Data are sourced from the experimental adjusted labour market estimates, released on 16 January 2024 by the Office for National Statistics (ONS)

The statistics included in this release are official statistics in development. Official statistics in development may be new or existing statistics, and will be tested with users, in line with the standards of trustworthiness, quality, and value in the [Code of Practice for Statistics](#).

The format of this publication is the same as the last two releases to accommodate the adjusted experimental labour market data published by ONS for May to July 2023 onwards.

Key Points

- early seasonally adjusted estimates for December 2023 from HMRC Pay As You Earn Real Time Information indicate that there were 2.46 million payrolled employees in Scotland, a rise of 0.9 per cent (22,000) compared with December 2022. This compares with the UK where the number of payrolled employees had a rise of 1.0 per cent over the same period.
- early seasonally adjusted estimates for December 2023 from HMRC Pay As You Earn Real Time Information indicate that median monthly pay for payrolled employees in Scotland was £2,377, an increase of 7.8 per cent compared with December 2022. This is higher than the growth in median monthly pay for the UK over the same period (6.6 per cent). Changes over time are based on median monthly pay estimates rounded to the nearest pound.
- In December 2023, the claimant count was 107,700, a decrease of 500 (-0.5 per cent) over the month and a decrease of 5,000 (-4.4 per cent) over the year. The claimant count unemployment rate in December 2023 was 3.5 per cent, compared with 4.0 per cent for the UK as a whole.

Due to increased uncertainty around the ONS Labour Force Survey (LFS) estimates, this publication contains the ONS alternative series of employment, unemployment and economic inactivity estimates for Scotland and the UK.

These experimental estimates were derived using growth rates from Pay As You Earn Real Time Information and the Claimant Count for the periods from May to July 2023 onwards. ONS noted this series is to provide a more holistic view of the state of the labour market while the LFS estimates are uncertain.

Experimental adjusted estimates sourced from ONS, are presented for September to November 2023, compared with the quarter before (June to August 2023). Please note percentage point changes are based on unrounded data.

- the experimental adjusted estimates for September to November 2023 are little changed over the quarter. The unemployment rate decreased slightly, while the employment rate increased slightly and the inactivity rate decreased slightly.
- the adjusted experimental unemployment rate (16 and over) in Scotland was 3.8 per cent, down 0.1 percentage points over the quarter. Scotland's adjusted experimental unemployment rate was below the UK rate of 4.2 per cent.
- the adjusted experimental employment rate (the proportion of people aged 16 to 64 in work) in Scotland was 74.4 per cent, up 0.1 percentage points over the quarter. Scotland's adjusted experimental employment rate was below the UK rate of 75.8 per cent.

- the adjusted experimental 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 22.6 per cent, down 0.1 percentage points over the quarter. Scotland's adjusted experimental economic inactivity rate was above the UK rate of 20.8 per cent.

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About this publication

This publication contains the adjusted experimental estimates of employment, unemployment and economic inactivity for Scotland (first released on 14 November 2023) and the UK (first released on 24 October 2023) by the Office for National Statistics (ONS). The publication also includes the experimental HMRC Pay As You Earn (PAYE) Real Time Information (RTI) and ONS Claimant Count statistics.

An Official Statistics in Development Publication for Scotland

These statistics are official statistics in development. Official statistics in development may be new or existing statistics, and will be tested with users, in line with the standards of trustworthiness, quality, and value in the [Code of Practice for Statistics](#).

ONS have published a [note](#) which highlights the planned data collection and methodology improvements for the Labour Force Survey as well as the “[Using administrative data to create headline labour market figures](#)” article on the methodology used to create the adjusted experimental labour market series. ONS have also published a recent [note](#) updating their plans around the Labour Force Survey.

HMRC and ONS have also published a [response to the OSR RTI review](#).

Scottish Government statistics are regulated by the Office for Statistics Regulation (OSR). OSR sets the standards of trustworthiness, quality and value in the [Code of Practice for Statistics](#) that all producers of official statistics should adhere to.

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



Comparison over time

Comparisons with the latest data over the year have been included within the commentary of this publication. Adjusted experimental estimates for employment, unemployment and inactivity rates are compared over the quarter and over the year.

Labour Force Survey

Due to the increased uncertainty around the ONS Labour Force Survey (LFS) estimates, ONS published an alternative experimental series of estimates of employment, unemployment and economic inactivity on 24 October 2023 for the UK only. The experimental adjusted estimates were derived using growth rates from Pay as You Earn Real Time Information and the Claimant Count for the periods from May to July 2023 onwards. These experimental estimates have been produced by ONS to provide a more holistic view of the state of the labour market while the LFS estimates are uncertain.

On 2 November 2023, ONS published a [Labour Force Survey: planned improvements and its reintroduction](#) note which highlighted that experimental adjusted employment, unemployment and inactivity estimates by region would be published on 14 November 2023. The experimental adjusted estimates cover the period from May to July 2023 onwards.

ONS have published a [“Using administrative data to create headline labour market figures” article](#) explaining how the experimental adjusted series has been produced. This adjusted series is classed as Official Statistics in Development.

On 5 December 2023, ONS published an [updated statement](#) on their development plan in which they stated that they would continue to publish the adjusted experimental labour market series in place of the Labour Force Survey estimates.

ONS plan to reintroduce the reweighted LFS estimates in February 2024 as detailed in their recent [updated statement](#) on 12 January 2024.

Other sources

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

The ONS have also published experimental Claimant Count estimates which have also been included within this publication.

This release follows the ONS monthly releases of:

- [Adjusted employment, unemployment, and economic inactivity](#)
- [Earnings and employment from Pay As You Earn Real Time Information, UK](#)

- [Regional labour market: Claimant Count for Scotland](#)

1. 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 December 2023 indicate that there were 2.46 million payrolled employees in Scotland. Compared with the same month the year before, the number of payrolled employees had risen by 0.9 per cent (22,000). This compares with a rise of 1.0 per cent for the UK over the same period.

In November 2020, the lowest point following the start of the pandemic, there were 80,000 fewer payrolled employees in Scotland than prior to the pandemic (February 2020). However, the estimated number of payrolled employees has generally been increasing since November 2020 and has continued to be above the pre-coronavirus level (February 2020) since November 2021.

Estimates for December 2023 are provisional as they are based on around 85% of information being available. When comparing the number of payrolled employees in November 2023 with the same period the previous year, the number of payrolled employees in Scotland increased by 0.9 per cent (23,000).

Chart 1: Number of payrolled employees in Scotland declined between February and November 2020. However, it has continued to be above the pre-coronavirus level since November 2021

Payrolled Employees, seasonally adjusted, Scotland, November 2018 to December 2023

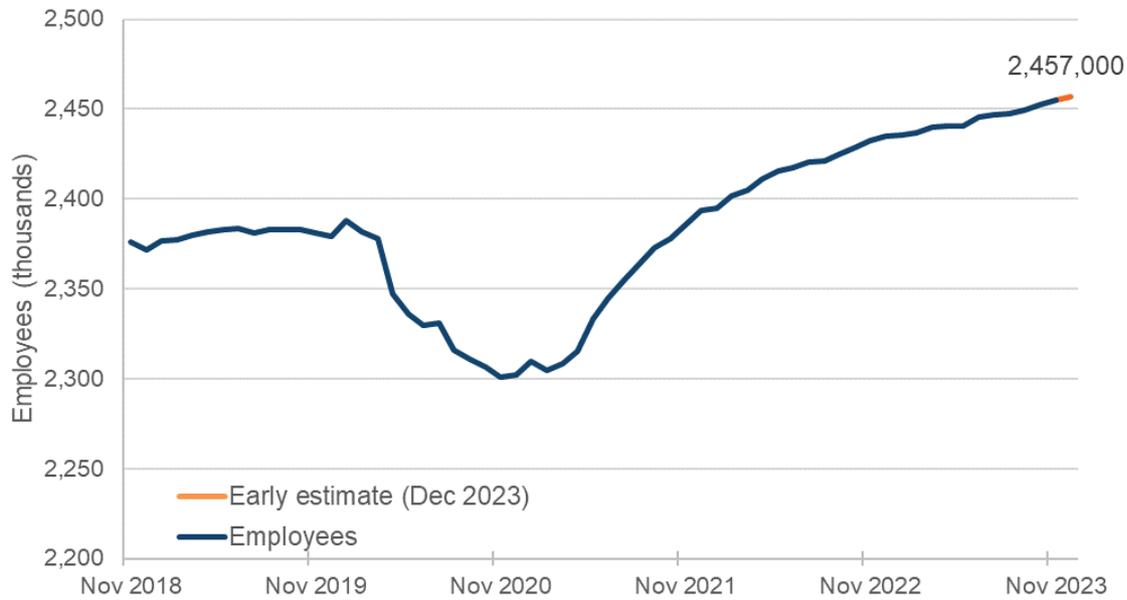
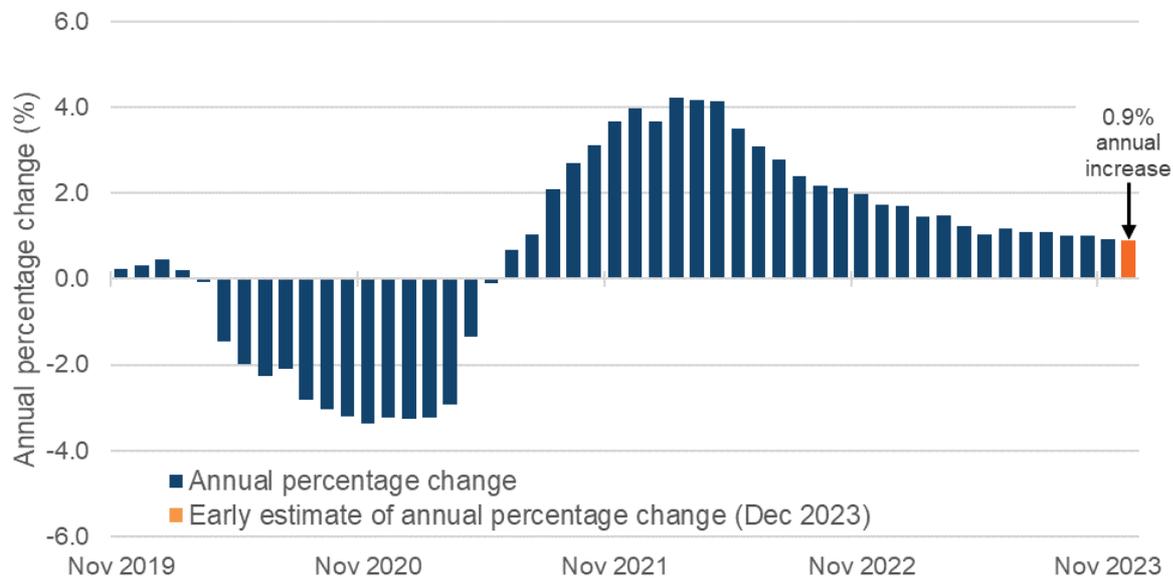


Chart 2: Annual Growth in the number of payrolled employees in Scotland has been fairly constant over the past few months

Annual Percentage Change in Payrolled Employees, Scotland, November 2019 to December 2023



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

Note: Early estimates for December 2023 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. 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 December 2023 indicate that median monthly pay for payrolled employees in Scotland was £2,377, an increase of 7.8 per cent compared to the same period the previous year. This is higher than the annual growth in median monthly pay for the UK over the same period (6.6 per cent).

Chart 3: Median pay for payrolled employees decreased sharply in April 2020 but has generally been increasing since then

Median Monthly Pay, seasonally adjusted, Scotland and UK, November 2018 to December 2023

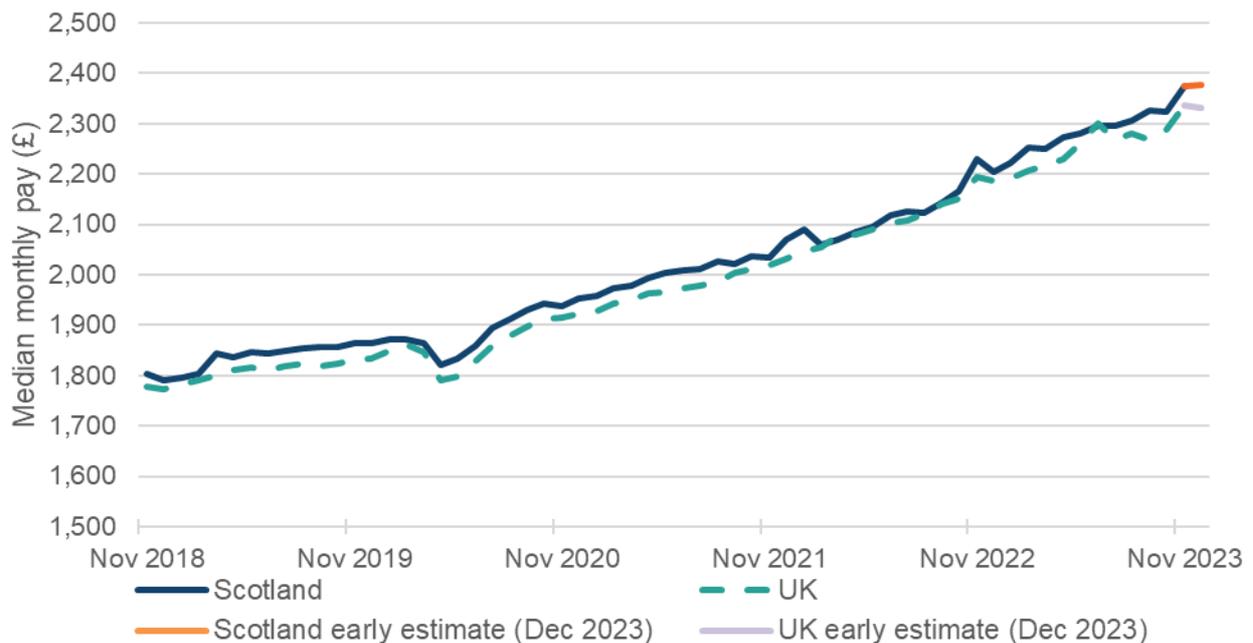
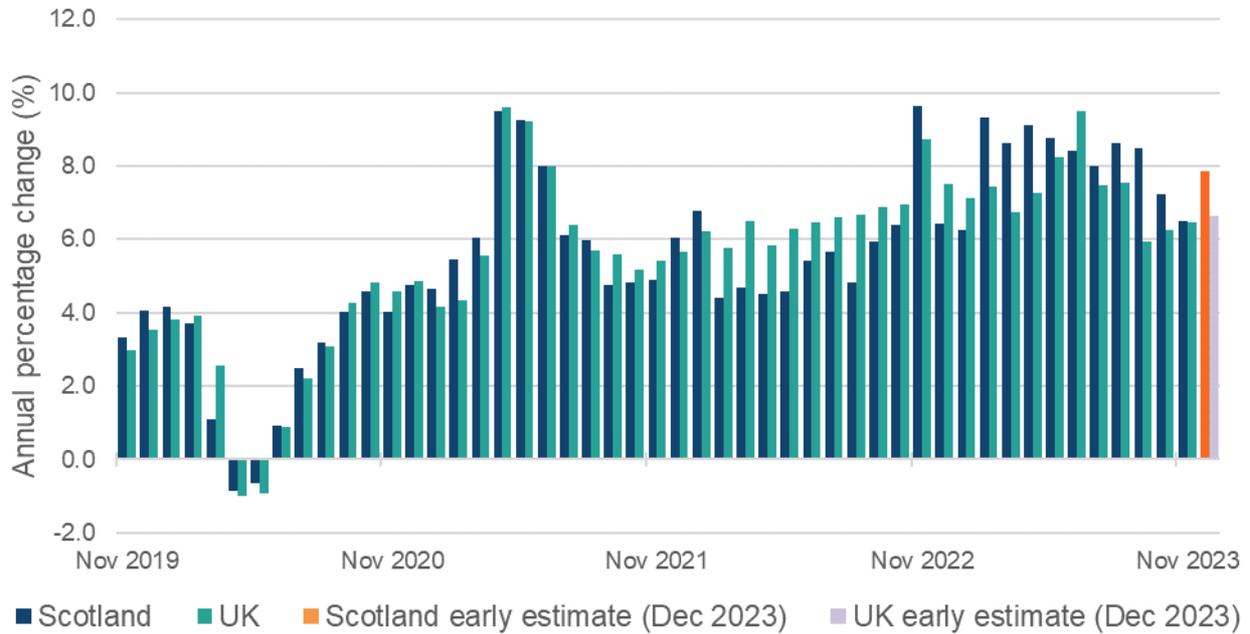


Chart 4: Annual Growth in the median monthly pay for payrolled employees in Scotland is higher than the average growth prior to the pandemic

Annual Percentage Change in Median Monthly Pay, Scotland and UK, November 2019 to December 2023



Source: PAYE RTI, all industries, seasonally adjusted, HMRC
 Notes: Early estimates for December 2023 are provided to give an indication of the likely level of employees as well as median pay in the latest period. The figures for December 2023 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.

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.

3. Claimant Count

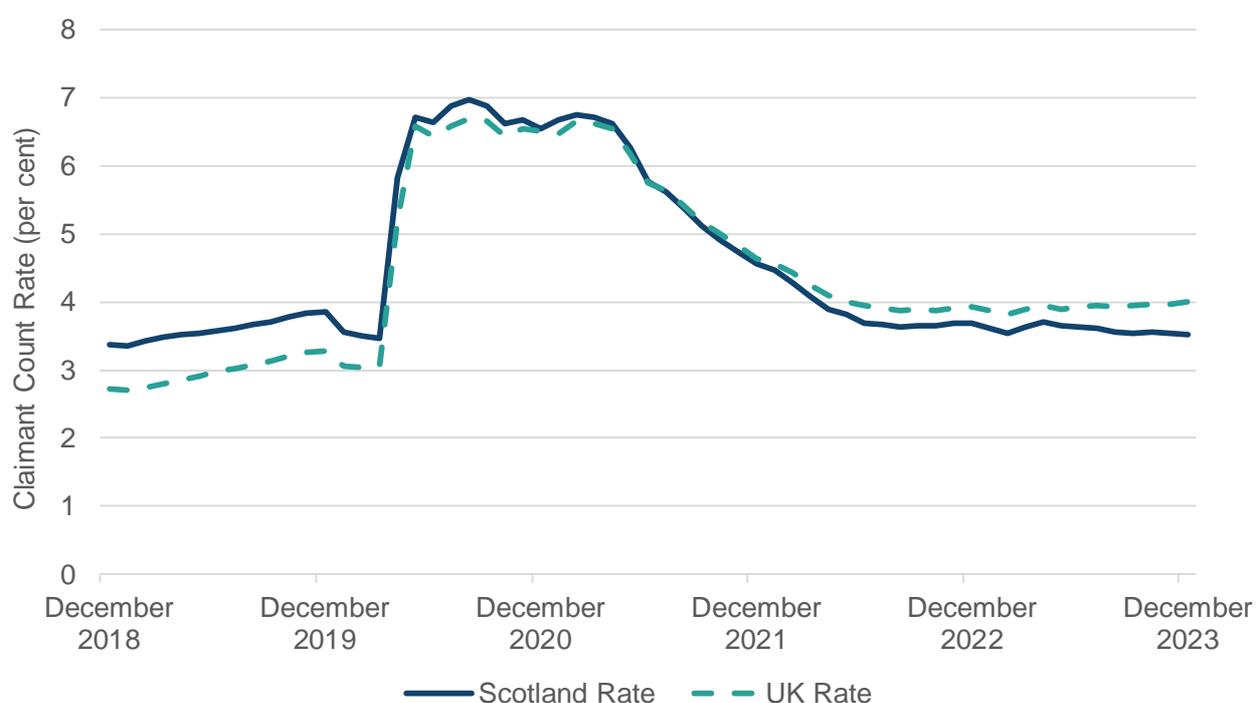
This information is based on experimental monthly estimates of the number of people claiming unemployment-related benefits.

The experimental Claimant Count includes Jobseeker’s Allowance Claimants and those claimants of Universal Credit who were claiming principally for the reason of being unemployed (those in the “searching for work” conditionality regime). Those claiming such benefits may be wholly unemployed and seeking work, or may be employed but with low income and/or low hours, that make them eligible for unemployment-related benefit support. As part of the response to the pandemic, the rules around who could claim Universal Credit had changed, meaning an increased proportion of those claiming may actually still be in some kind of work.

In December 2023, the claimant count was 107,700, a decrease of 500 (-0.5 per cent) over the month and a decrease of 5,000 (-4.4 per cent) over the year. The claimant count unemployment rate in December 2023 was 3.5 per cent, compared with 4.0 per cent for the UK as a whole.

Chart 5: Experimental claimant count rate for Scotland and the UK showed a large increase at the start of the pandemic, reaching a peak in August 2020 before starting to gradually decrease. The claimant count for Scotland and the UK has been fairly constant since mid-2022 although the gap has widened slightly

Claimant Count rate, seasonally adjusted, Scotland and UK, December 2019 to December 2023



Source: Claimant count, ONS

4. Summary of labour market statistics

Employment, unemployment and economic inactivity estimates are presented for September to November 2023, compared with the quarter before (June to August 2023) and compared with the year before (September to November 2022).

Table 1: Labour Market Statistics, Scotland and UK, September to November 2023

	Percentage point			Level (000's)		
	Rate (%)	Change on quarter Jun-Aug 2023	Change on year Sep-Nov 2022	Level (000)	Change on quarter Jun-Aug 2023	Change on year Sep-Nov 2022
Adj. Employment¹						
Scotland	74.4	0.1	-1.7	2,662	6	-62
UK	75.8	0.1	0.2	33,048	73	267
Adj. Unemployment²						
Scotland	3.8	-0.1	0.6	106	-1	14
UK	4.2	0.0	0.6	1,460	16	216
Adj. Inactivity³						
Scotland	22.6	-0.1	1.3	780	-3	46
UK	20.8	-0.1	-0.7	8,677	-45	-268

Source: Labour Force Survey from ONS, PAYE RTI from HMRC and Claimant Count from ONS, seasonally adjusted

Note 1: Levels all persons aged 16 and over; rates all persons aged 16 to 64; denominator all persons aged 16 to 64.

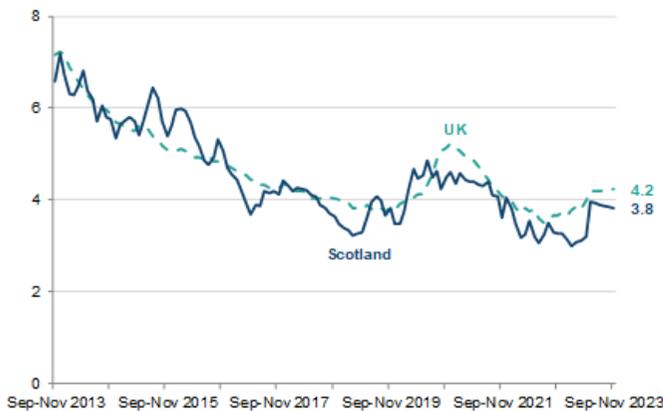
Note 2: Levels and rates all persons aged 16 and over; denominator all economically active persons aged 16 and over.

Note 3: Levels and rates all persons aged 16 to 64, denominator all persons aged 16 to 64.

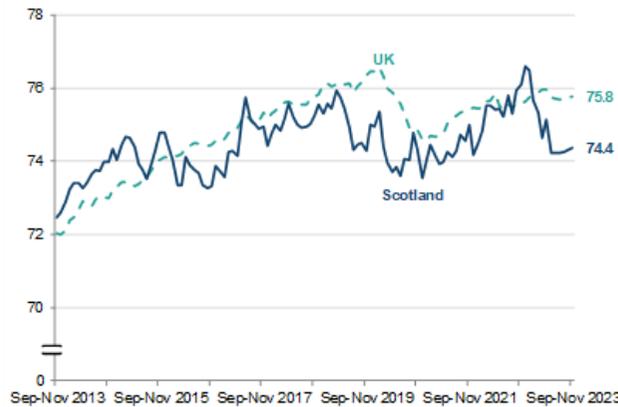
Infographic summary of Adjusted Experimental Labour Market Statistics

September to November 2023

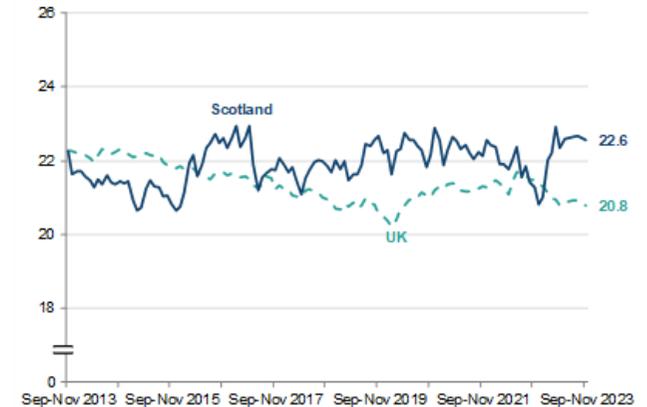
Adj. Experimental Unemployment rate 3.8%



Adj. Experimental Employment rate 74.4%



Adj. Experimental Economic Inactivity rate 22.6%



Quarterly Change

Scotland -0.1 pp ↓ UK 0.0 pp ↔

Scotland 0.1 pp ↑ UK 0.1 pp ↑

Scotland -0.1 pp ↓ UK -0.1 pp ↓

Annual Change

Scotland 0.6 pp ↑ UK 0.6 pp ↑

Scotland -1.7 pp ↓ UK 0.2 pp ↑

Scotland 1.3 pp ↑ UK -0.7 pp ↓

Source: ONS Adjusted experimental series - LFS from ONS, PAYE RTI from HMRC and Claimant Count from ONS

% pts= percentage points
16 January 2024

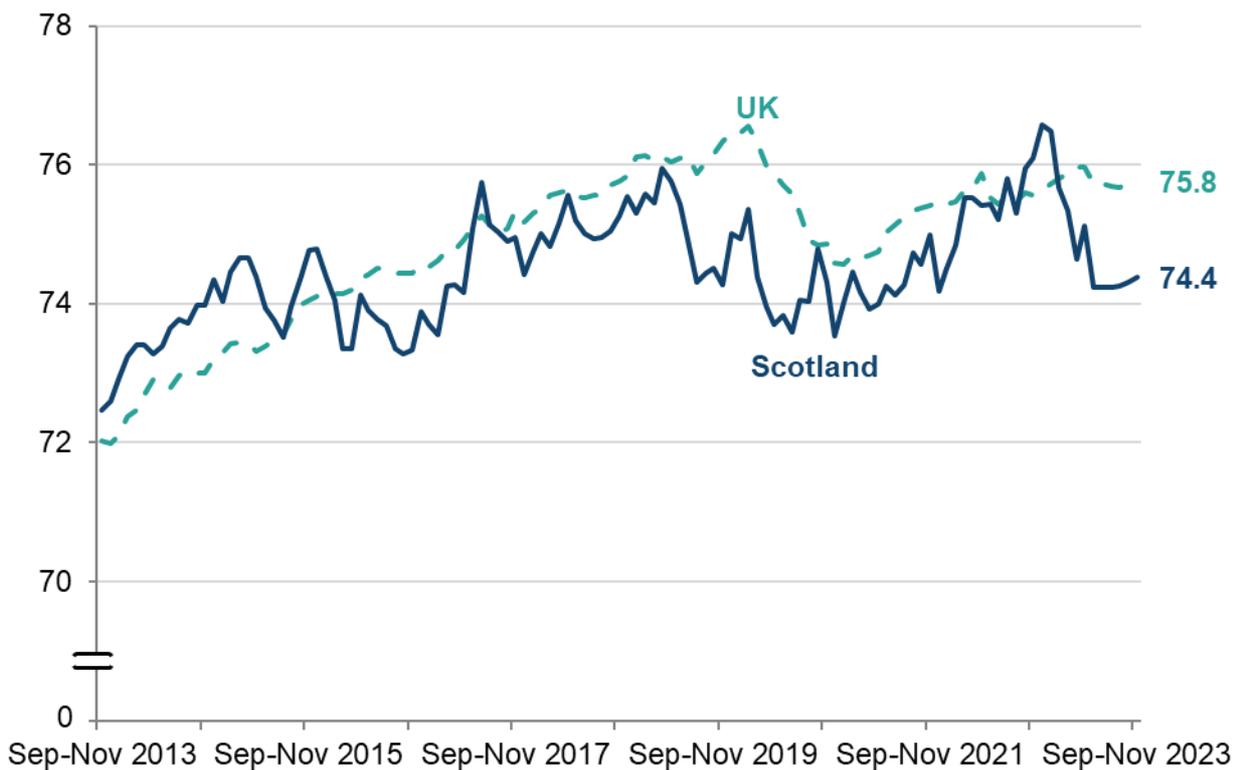
5. Adjusted Experimental Employment estimates

The adjusted experimental employment rate for people aged 16 to 64 years in Scotland was 74.4 per cent in September to November 2023. This is 0.1 percentage point up over the quarter but 1.7 percentage points down over the year.

The adjusted experimental UK employment rate was 75.8 per cent in September to November 2023. This is 0.1 percentage points up on the quarter and 0.2 percentage points up over the year.

Chart 6: Adjusted experimental employment rates for Scotland and the UK have remained broadly unchanged over the quarter

Adjusted experimental employment rates for persons aged 16 to 64, Scotland and the UK, September to November 2013 to September to November 2023



Source: Labour Force Survey from ONS, PAYE RTI from HMRC and Claimant Count from ONS, seasonally adjusted

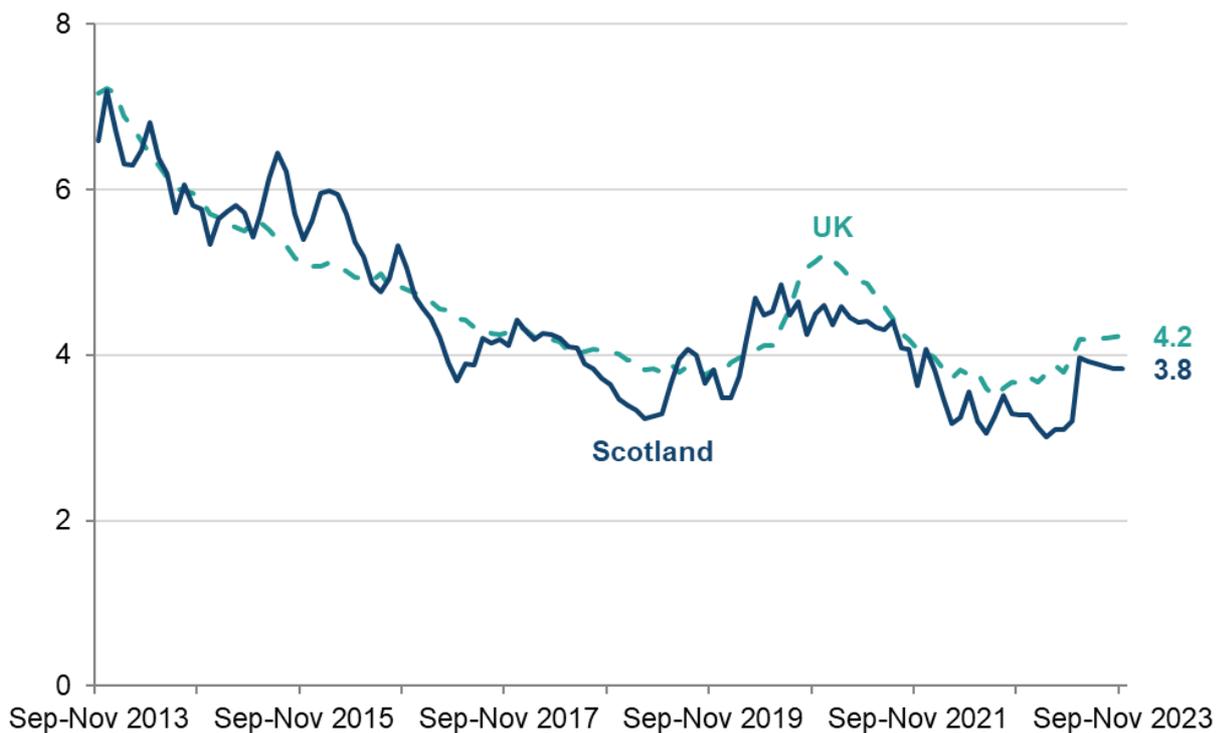
6. Adjusted Experimental Unemployment estimates

The adjusted experimental unemployment rate for people aged 16 years and over in Scotland was 3.8 per cent in September to November 2023. This is 0.1 percentage points down over the quarter but 0.6 percentage points up over the year.

The adjusted experimental UK unemployment rate was 4.2 per cent in September to November 2023. There is no change on the quarter but 0.6 percentage points up over the year.

Chart 7: Adjusted experimental unemployment rates for Scotland and the UK have remained broadly unchanged over the quarter but increased over the year

Adjusted experimental unemployment rates for persons aged 16 and over, Scotland and the UK, September to November 2013 to September to November 2023



Source: Labour Force Survey from ONS, PAYE RTI from HMRC and Claimant Count from ONS, seasonally adjusted

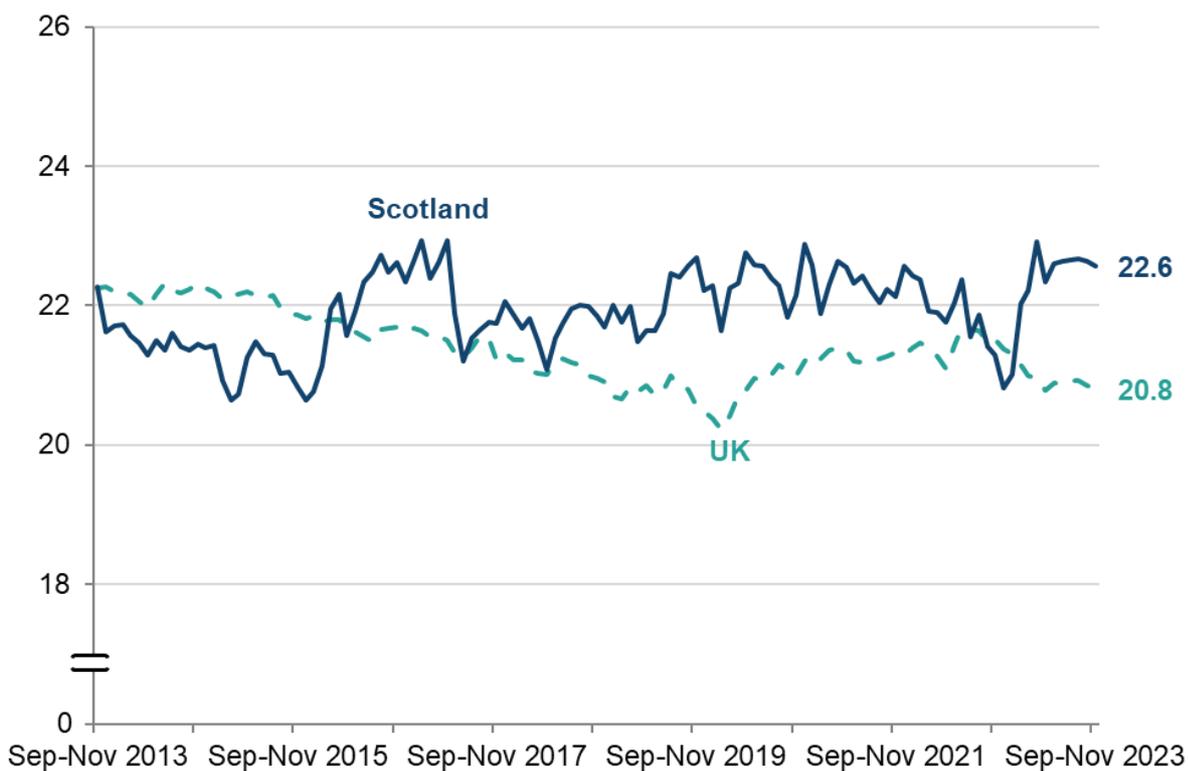
7. Adjusted Experimental Economic Inactivity estimates

The adjusted experimental economic inactivity rate for people aged 16 to 64 years in Scotland was 22.6 per cent in September to November 2023. This is 0.1 percentage points down over the quarter but 1.3 percentage points up over the year.

The adjusted experimental UK economic inactivity rate was 20.8 per cent in September to November 2023. This is 0.1 percentage points down on the quarter and 0.7 percentage points down over the year.

Chart 8: Adjusted experimental economic inactivity rates for Scotland and the UK have remained broadly unchanged over the quarter

Adjusted experimental economic inactivity rate for persons aged 16 to 64, Scotland and the UK, September to November 2013 to September to November 2023



Source: Labour Force Survey from ONS, PAYE RTI from HMRC and Claimant Count from ONS, seasonally adjusted

8. Glossary

Rates: Rates represent the proportion of the population or subgroup with a certain characteristic. They allow changes in the labour market to be interpreted in a wider context by accounting for changes in the population or the number of people who are economically active. Rates can be calculated for different age groups.

For headline employment, economic activity and economic inactivity, the reference population is those aged 16 to 64. For unemployment, the reference population is the active population aged 16 and over. Thus, people aged 65 and over who continue to be economically active are included in the base while those who are economically inactive will not.

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

Economically inactive: People not in employment and who do not meet the criteria for unemployment. This group includes:

- 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
- those who do not want a job

For example, students not working or seeking work and those in retirement.

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. The number of people in employment is measured via the Labour Force Survey and consist of those aged 16 and over. Employment measures the number of people who did at least one hour of paid work or had a job they were temporarily away from. People who do unpaid work in a family business and people on Government-supported training and employment programs are also included. This is in accordance with the International Labour Organisation (ILO) definition.

Unemployment: The ILO definition of unemployment covers people who are 16 years and over:

- without a job, have been actively seeking work in the past four weeks and are available to start work in the next fortnight

or

- out of work, have accepted a job and are waiting to start it in the next two weeks

Employment rate: The proportion of people aged between 16 and 64 years who are in employment.

Unemployment rate: The proportion of economically active people aged 16 and over who are employed.

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

9. Data and Methodology

All estimates presented are sourced from the new adjusted experimental labour market series published by the Office for National Statistics with the exception of those in sections 1, 2 and 3.

ONS alternative experimental series

Due to the increased uncertainty around the ONS Labour Force Survey (LFS) estimates, ONS have published an alternative experimental series of estimates of employment, unemployment and economic inactivity by region. Estimates for May to July 2023 onwards have been adjusted using administrative data growth rates.

These estimates are classed as official statistics in development.

On 2 November 2023, ONS published a [Labour Force Survey: planned improvements and its reintroduction](#) note which highlighted that experimental adjusted employment, unemployment and inactivity estimates by region would be published on 14 November 2023. The experimental adjusted estimates cover the period from May to July 2023 onwards.

ONS have published a [“Using administrative data to create headline labour market figures” article](#) explaining how the experimental adjusted series has been produced. This adjusted series is classed as Official Statistics in Development.

On 5 December 2023, ONS published an [updated statement](#) on their development plan in which they stated that they would continue to publish the adjusted experimental labour market series in place of the Labour Force Survey estimates.

ONS plan to reintroduce the reweighted LFS estimates in February 2024 as detailed in their recent [updated statement](#) on 12 January 2024.

Labour Market Transformation

ONS are transforming the LFS and have published a number of [Labour market transformation articles](#) providing updates on the transformation of labour market statistics.

ONS also welcome any feedback on this latest update and their plans. Please email them at labour.market.transformation@ons.gov.uk to tell them what you think.

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](#).

Claimant Count

The experimental Claimant Count consists of claimants of Jobseekers Allowance (JSA) and some Universal Credit (UC) Claimants. The UC claimants that are included are 1) those that were recorded as not in employment (May 2013-April 2015), and 2) those claimants of Universal Credit who are required to search for work, i.e. within the Searching for Work conditionality regime as defined by the Department for Work & Pensions (from April 2015 onwards). The denominator for the claimant count rate is the claimant count plus workforce jobs. Estimates included in this publication are seasonally adjusted.

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

[Scotland's Labour Market Overview](#) (published on 19 December 2023) is a quarterly publication summarising employment, unemployment and economic inactivity estimates sourced from a range of official labour market statistics for Scotland and the UK.

Labour Market data for 16 to 24 year olds

The [Labour market data for 16 to 24 year olds in Scotland](#) is sourced from the ONS Annual Population Survey (October 2022 to September 2023) and is published quarterly (last published on 13 December 2023).

Other SG labour market publications from the ONS Annual Population Survey:

- [Disabled people in the labour market in Scotland: January to December 2022](#)
- [Job-related training in Scotland: January to December 2022](#)
- [Labour Market Statistics for Scotland by Ethnicity: January to December 2021](#)

- [Scotland's Labour Market: People, Places and Regions – Protected Characteristics. Statistics from the Annual Population Survey 2021](#)
- [Supporting documents - Scotland's Labour Market: People, Places and Regions – Protected Characteristics. Statistics from the Annual Population Survey 2021](#)

Information on characteristics of the workforce by industrial sectors were published in a tool named [Scotland's Labour Market - People Places and Regions 2020 - Industry Tables](#).

Other SG labour market publications

- [Quarterly Public Sector Employment Q3 2023](#)
- [Annual Survey of Hours and Earnings 2023](#)
- [Topical publications](#)

10. Tell us what you think

We are always interested to hear from our users about how our statistics are used, and how they can be improved.

Feedback survey

We'd appreciate it if you would complete our short [feedback survey](#) on this publication.

Enquiries

For enquiries about this publication please contact:

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Next update

13 February 2024