

**ANGUS COUNCIL**

**POLICY AND RESOURCES COMMITTEE – 13 MARCH 2018**

**ECONOMIC BRIEFING**

**Economic Briefing 1 – People and the Labour Market**

This is first in what is to be regular briefing notes that will accompany Economic Development's Information report. These briefing notes will focus on a topic and present some statistics and analysis around the topic. The aim is to increase understanding of the economic situation in Angus, and to provide a summary of recent economic trends.

The relationship between an area's population and the labour market can be measured in a number of ways. The labour market is a market in which workers find paying work, employers find willing workers and wage rates are determined. The next briefing will look at wages. This briefing will look at economic activity, employment and unemployment rates, and qualification levels.

**Economic Activity and Inactivity**

The economic activity rate measures the proportion of the working age population (16-64) who are active or potentially active members of the labour market. A high economic activity rate means that a high proportion of people are working or available for work or training. This is an indicator often looked for by potential inward investors.

The economic inactivity rate measures the proportion of the working age population who are neither in employment nor unemployed. This group includes, for example, those who were looking after a home or retired. The group can be divided into:

- those who would like a job - people not in employment who want a job but are not classed as unemployed because they have either not sought work in the last four weeks or are not available to start work; and
- those who are not wanting a job - people who are neither in employment nor unemployed and who do not want a job.

According to the Annual Population Survey 2017:

- Angus had a higher economic activity rate (78.7%) than Scotland (77.3%).
- The rate of economic inactivity in Angus is 21.3%. This is lower than the Scottish rate of 22.7%.
- Of those who are economically inactive the greatest proportion (of all 16-64 year olds) are long term sick (32.4%), followed by looking after the home or family (23.4%), then retirement (20%), then students (17%), and for other reasons (7.2%).
- In Angus 83.6% per cent of men were economically active compared to 73.8% of women. The reasons for economic inactivity vary between men and women. There were a greater proportion of economically inactive men who want a job (36.3%) than economically inactive women (29.5%).

**Employment Rate (Employees and the Self-Employed)**

In 2017, the employment rate (as a proportion of those aged 16-64) in Angus was 74.5%, higher than that for Scotland (73.9%). Since the recession, the proportion in part time employment has increased compared to those in full time employment. In 2008 there were 74.1% of those in employment working full time and 25.7% working part time. The equivalent rates for 2017 are 72.2% and 27.6% respectively. The 2017 rates for Scotland were 74.3% and 25.6%. It can be seen that there is a greater proportion of people in Angus working part time hours.

## Self Employment Rate

In 2017 the self employment rate (as a proportion of those aged 16-64) in Angus was 13.9%, higher than across Scotland (12.5%). In Angus that translates as 7,200 people. Except for 2014/2015 the Angus rate has been consistently above the Scottish average.

Self employment rates can indicate either a high level of entrepreneurialism in an economy, or it can indicate a lack of employee jobs available, forcing the individual to start their own business.

## Job Density

Job density refers to the level of jobs per resident aged 16-64. For example, a job density of 1.0 would mean that there is one job for every resident aged 16-64. The total number of jobs is a workplace-based measure and comprises employee jobs, self-employed, government-supported trainees and HM Forces.

Year	Angus	Angus (density)	Scotland (density)
2000	45,000	0.65	0.76
2002	45,000	0.65	0.78
2004	43,000	0.62	0.80
2006	43,000	0.61	0.79
2008	44,000	0.61	0.80
2010	42,000	0.59	0.76
2012	41,000	0.58	0.76
2014	41,000	0.57	0.79
2016	41,000	0.58	0.80

Source: Nomis, ONS, Jobs density

The table above shows not only has the job density rate for Angus decreased in the face of a growing Scottish rate, but also that the number of residents aged between 16 and 64 has declined by 4,000.

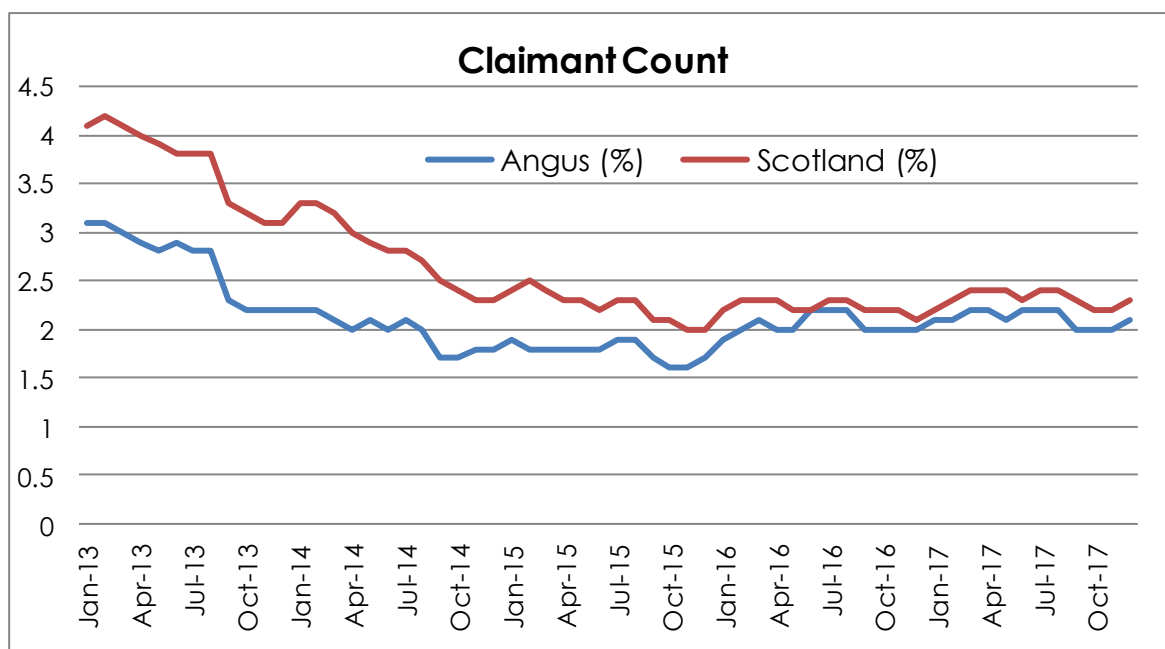
## Unemployment Rate

In 2017, the unemployment rate (for those aged 16 and over) in Angus was 4.2%, slightly lower than for Scotland at 4.3%.

This measure of unemployment is not the same as that based on the number of people claiming Jobseekers Allowance.

In December 2017 the number of individuals on the claimant count was 1,510 or 2.1%. This compares to a Scottish rate of 2.3%. Under Universal Credit a broader span of claimants are required to look for work than under Jobseeker's Allowance. As Universal Credit Full Service is rolled out in particular areas, the number of people recorded as being on the Claimant Count is likely to rise.

Of the claimants 990 were male and 520 were female giving claimant count rates of 2.8% and 1.5% respectively. The claimant rate in Angus has been consistently below that of the Scottish average since 2013.



Source: ONS, Claimant Count Rates

Unemployment is defined as someone who is out of work because they can't find a job. Other reasons for being out of work exist, such as health problems, or caring commitments, but this is not unemployment.

### Worklessness

More people claim an out-of-work benefit because they are unable to work for health reasons than because they are unemployed and actively seeking work.

The workless population is taken to be those that are unemployed and those that are economically inactive, but want a job. It is measured by looking at the 'percentage of working age population who are claiming out-of-work benefits' and includes the main out of work categories: Unemployed people on Jobseekers Allowance (JSA); Lone parents on income support (IS); Employment Support Allowance (ESA) and Incapacity Benefits (IB) customers; and others on income related benefits (Income Support claimants not included in one of the three groups above and pension credit under state pension age).

### Working-age client group - main benefit claimants, November 2016

	Angus (numbers)	Angus (%)	Scotland (%)
Total claimants	8,390	11.9	13.0
<b>By statistical group</b>			
Job seekers	1,020	1.5	1.4
ESA and incapacity benefits	4,710	6.7	7.8
Lone parents	560	0.8	0.9
Carers	1,190	1.7	1.7
Others on income related benefits	130	0.2	0.2
Disabled	620	0.9	0.9
Bereaved	160	0.2	0.2
Main out-of-work benefits	6,420	9.1	10.2

Source: Nomis, DWP Benefit Claimants - Working Age Client Group

In Angus 6,420 people were claiming a main out-of-work benefit in November 2016, equal to 9.1% of the working age population (16-64).

This was a decrease from an average of 7,490 claiming in 2006 (or 10.6%).

Claimants of ESA and IB made up 56% of all claimants, with carers accounting for 14%, job seekers 12%, lone parents and the disabled accounted for 7% each, and the bereaved and others on income related benefits accounting for 2% each.

A household is defined as a single person, or a group of people living at the same address who have the address as their main residence and either share one meal a day or share living accommodation (or both). The figures below only include those households where at least 1 person is aged 16 to 64.

In a workless household no-one aged 16 or over is in employment. These members may be unemployed or economically inactive. The table below shows the number of workless household in Angus.

#### **Workless Households (Jan-Dec 2016)**

	Angus	Scotland
Number of Workless Households	5,300	330,000
Percentage of Households that are Workless	14.5	18.3

Source: Nomis, ONS Annual Population Survey

The number of workless households in Angus has decreased by 1,000 since 2004, when the rate stood at 17.5%. The Scottish rate for 2004 was 20.1%, meaning that there has been a sharper decrease in Angus than nationally.

#### **Qualifications of Residents**

Qualification levels are defined as follows:

No qualifications	No formal qualifications held.
Other qualifications	includes foreign qualifications and some professional qualifications.
NVQ 1 equivalent	e.g. fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1, intermediate 1 national qualification (Scotland) or equivalent.
NVQ 2 equivalent	e.g. 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2, intermediate 2 national qualification (Scotland) or equivalent.
NVQ 3 equivalent	e.g. 2 or more A levels, advanced GNVQ, NVQ 3, 2 or more higher or advanced higher national qualifications (Scotland) or equivalent.
NVQ 4 equivalent and above	e.g. HND, Degree and Higher Degree level qualifications or equivalent.

The trade apprenticeships are split 50/50 between NVQ level 2 and 3. This follows ONS policy for presenting qualifications data in publications.

In Angus in 2016 more than 42% of those aged between 16 and 64 had at least a degree (level 4 or above), although nearly 8% had no formal qualifications. The rate of people with no qualifications has fallen consistently since 2004, when it was 12%.

Qualifications (Jan 2016-Dec 2016)

	Angus (level)	Angus (%)	Scotland (%)
NVQ4 and above	29,200	42.0	43.7
NVQ3 and above	43,100	62.1	60.0
NVQ2 and above	53,200	76.5	75.5
NVQ1 and above	60,300	86.7	84.1
Other qualifications	3,700	5.4	6.1
No qualifications	5,500	7.9	9.9

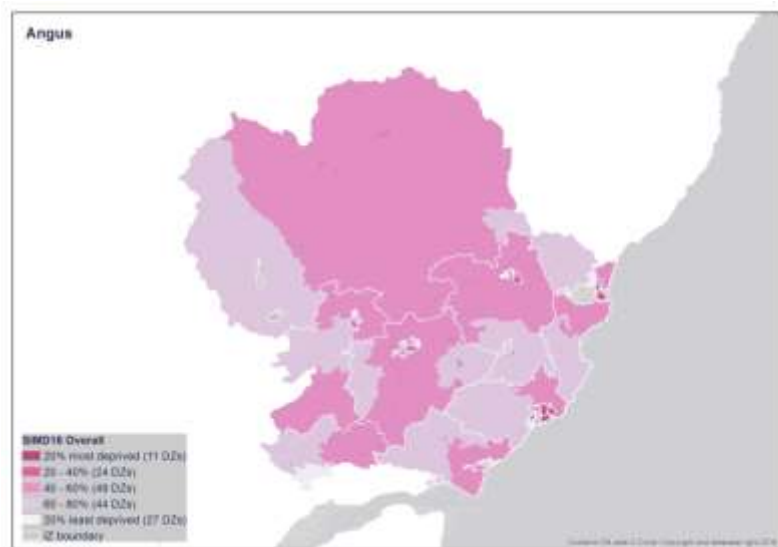
Source: Nomis, ONS Annual Population Survey

The Scottish Index of Multiple Deprivation shows that in the areas/datazones that are the most deprived in Angus overall also feature as being deprived in the education and employment. This can be seen in these maps.

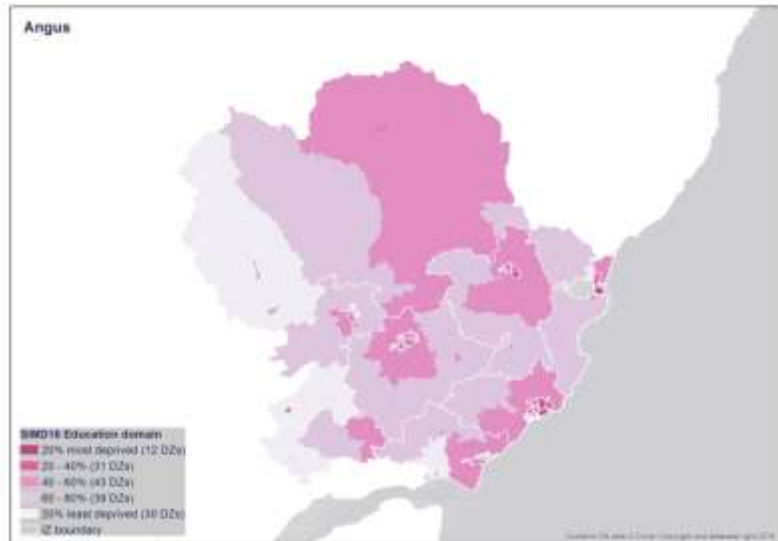
Employment deprivation is a measure of the percentage of the working age population (men aged 16-64 and women aged 16-60) who are on the claimant count, receive IB, ESA, or Severe Disablement Allowance.

Education deprivation is measured across five indicators: school pupil attendance, attainment of school leavers, working age people with no qualifications, the proportion of people aged 16-19 who are not in full time education, employment or training, and the proportion of 17-21 year olds who are entering full time education.

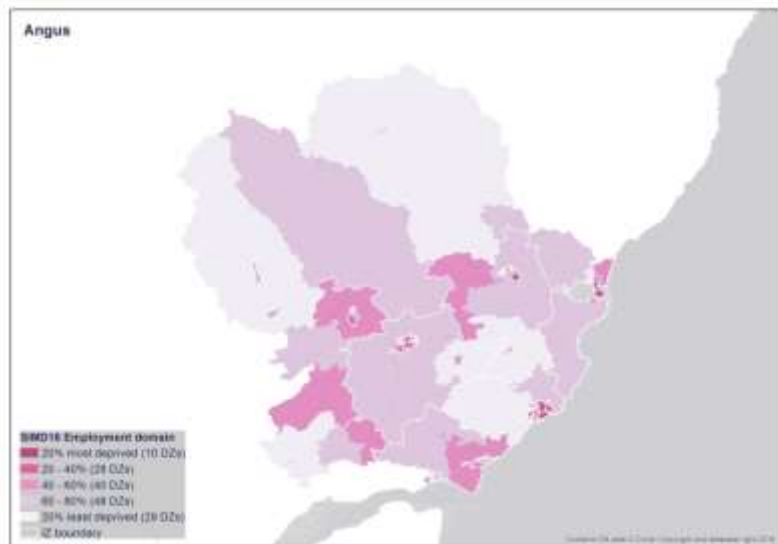
Overall  
Deprivation



Education  
Deprivation



Employment  
Deprivation



Economic participation is a key component of successful economies. Good quality employment provides access to social and economic opportunities and helps individuals to contribute constructively to society. An educated and skilled workforce supports a sustainable business community and business growth.