

## Scotland's *full-time employment deficit*

The STUC has developed this estimate of 'Scotland's full-time employment deficit' in response to a political debate which focuses on headline ONS statistics which do not reflect the true state of the Scottish labour market. For instance, the growth in part-time employment, a key feature of the recent downturn, has been largely ignored by policymakers. This estimate is derived from three key categories of people who are currently suffering in the labour market:

- Those identified as unemployment (ILO measure);
- Those identified as 'underemployed'; and,
- Those identified as economically inactive but wanting to work.

Where appropriate, we have adjusted for the minor improvement in labour market conditions through 2011 (some figures relate to December 2010) and for the current proportion of full-time work in the economy. This has resulted in a figure we believe is robust and conservative.

### Calculation

1 **Unemployment:** the latest unemployment figure for Scotland from the August 2011 ONS Regional release<sup>1</sup> is 209,000.

In calculating Scotland's *full-time employment deficit*, the STUC has adjusted this figure to reflect the proportion of full-time jobs in the economy. The latest breakdown of full-time, part-time and temporary employment in Scotland confirms that 73% (1,793,000) of all those in jobs (2,469,000) were working full-time and 27% (671,000) part-time<sup>2</sup>.

Therefore, in estimating the number of people currently recorded as unemployed who would wish to work in full-time employment, the STUC has used a figure for unemployment that is only 73% of the total:

**152,570**

We believe the above number is a very conservative estimate given that we know many people currently working part-time wish to work full-time.

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<sup>1</sup> Regional Labour Market Statistics, August 2011 – Scotland (ONS). See table 1 – 'summary of LFS headline indicators'. <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-226564>

<sup>2</sup> Ibid – see table 3 'Full-time, part-time and temporary workers'

2 **Economically Inactive – want a job**: Latest ONS release<sup>3</sup> for Scotland estimates that of the 781,000 people recorded as economically inactive in Scotland in December 2010, 188,000 wanted a job. ***These people do not currently show up in measures of ILO or claimant count unemployment.*** People are identified as inactive if they want work but have not been seeking work in the last 4 weeks or want a job and are seeking work but not able to start in the next 2 weeks<sup>4</sup>.

However, this figure represents an average over the year to December 2010. Therefore in making this calculation, the STUC has reduced the 188,000 figure by 4.1% (7,708) in line with the overall fall in economic inactivity over the period to June 2011 (latest figure for overall economic inactivity is 750,000; a fall of 31,000 or 4.1% since December 2010) to give a figure of 180,292.

Recognising that not all those moving into work will desire full-time work, we have only used 73% of this figure since – as above - 73% of all workers are in full-time work. This gives us a figure of:

**131,613**

It is of course important to acknowledge that many people currently identified as 'economically inactive' will require support and assistance to return to employment.

3 **Underemployment** – the latest reliable estimate for 'underemployment' was published by the Scottish Government on 10 August<sup>5</sup>. Underemployment is defined as those people in work but a) wanting another job in addition to their current job(s); b) wanting another job with more hours instead of their current job(s); c) wanting to increase the total number of hours worked in their current job(s). ***It does not include those currently working in temporary jobs who desire a full-time, permanent position.***

The Scottish Government estimates that there were 190,500 people underemployed in Scotland in 2010. Reflecting the minor improvement in the Scottish labour market since the end of 2010, the STUC has reduced this figure in line with the general fall in unemployment of 3.35% (unemployment was 216,000 in December 2010, falling to 209,000 in June 2011) which gives us a figure of:

**184,118**

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<sup>3</sup> Ibid – see table 11 Economic Inactivity: reasons

<sup>4</sup> Local Area Labour markets in Scotland: statistics from the Annual Population Survey 2010 – see chapter 3 economic inactivity <http://www.scotland.gov.uk/Publications/2011/08/09172458/0>

<sup>5</sup> Local Area Labour markets in Scotland: statistics from the Annual Population Survey 2010 – see table 2.7 Underemployment <http://www.scotland.gov.uk/Publications/2011/08/09172458/0>

Therefore, the STUC's estimate of Scotland's full-time employment deficit is as follows:

People currently unemployed	152,570
People currently inactive but who want a job	131,613
People currently underemployed	184,118
<b><u>Total</u></b>	<b><u>468,301</u></b>

This represents a rate of **17.25%** (denominator, as with unemployment, is all those currently economically active: 2,715,000<sup>6</sup>) compared to the current unemployment rate of 7.7%.

**STUC**  
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<sup>6</sup> Regional Labour Market Statistics, August 2011 – Scotland (ONS). See table 1 – ‘summary of LFS headline indicators’. <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-226564>