



Skills
Development
Scotland

Economy, People and Skills

February 2024



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This **Economy, People and Skills** report provides evidence on the economy and labour market focusing on Scotland's people, businesses, sectors, and regions.



New data shows a continuation of economic slowdown, with statistics for the last two quarters of 2023 confirming the UK economy entered into recession. Taking 2023 as a whole, the economy remained flat, and predictions for future growth remain weak. The labour market also displayed continued signs of cooling, with job postings and recruitment activity showing further decline.

Labour Force Survey (LFS) data returns with new estimates

The LFS has returned this month, releasing new, reweighted labour market statistics for Scotland and the UK. This reweighting reflects UK population changes, improving the representativeness of LFS estimates. However, this does not address all ongoing data challenges, including issues with sample sizes. As a result, the ONS continue to advise that LFS data should be used with caution and in conjunction with other sources.

The new LFS data estimates that in October to December 2023 Scotland's unemployment rate was 4.5% (+0.1 pp on the previous quarter), the employment rate was 74.4% (+0.6 pp on the previous quarter), and the economic inactivity rate was 22.0% (-0.8 pp on the previous quarter).

Recruitment activity continues to cool

Reflecting seasonal trends, Scottish job postings in January were higher than in December, but were considerably lower than the same point last year (-23% or -13,000 postings). The three-month rolling average also fell by 7.2%. The RBS jobs report also observed a reduction in vacancies for the sixth month in a row, with the steepest rate of decline since 2020.

UK enters recession

New GDP data for the UK showed a contraction of -0.3% in Q4 2023, following a -0.1% contraction in Q3 2023. This signalled the start of a recession – defined as two consecutive quarterly contractions in GDP. For 2023 as a whole, it is estimated that the UK economy remained broadly flat (+0.1% growth). However, GDP per head, a better estimate of living standards, has declined (-0.7%) over 2023.

Q4 GDP data for Scotland is not yet available, but -0.1% contraction in November, following -0.6% contraction in October suggests the Scottish economy is also likely to have declined during the last quarter. However, Scotland's economy grew in Q3 (+0.4%) so a contraction in Q4 would not signal recession for Scotland.

Inflation remained unchanged, and pay growth was stronger than expected

UK inflation remained unchanged in January despite predictions that it may slightly increase. However, annual growth in UK wages continued to outpace inflation at 5.8%, and remained stronger than expected in January. The Bank of England (BoE) are closely monitoring pay growth in efforts to return inflation to within the 2% target.

Base interest rate looks to have peaked but outlook for economic growth remains weak

The base interest rate was held at 5.25% for the fourth time in a row in February, and is expected to have peaked. Looking at the latest BoE UK GDP forecast, the outlook is still expected to be subdued, although, predictions for 2024 (0.25%) and 2025 (0.75%) are slightly more positive than previous forecasts in November. New Fraser of Allander (FoA) forecasts for Scotland are slightly more optimistic than the UK overall, predicting growth of 0.6% in 2024 and 1.1% in 2025.

Scotland's Economy - Gross Domestic Product (GDP)

UK GDP

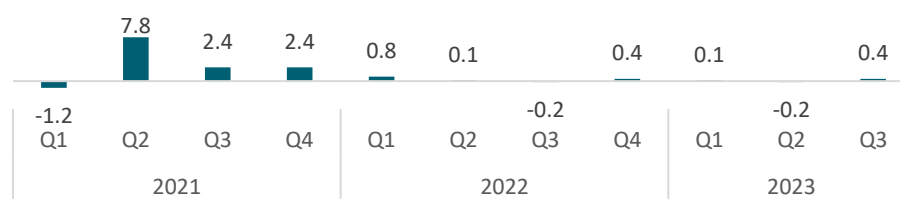
New data estimates that the UK economy fell into recession at the end of 2023 as -0.1% contraction in Q3 was followed by -0.3% contraction in Q4.¹ Over the whole of 2023, the UK economy is estimated to have remained broadly flat (+0.1% growth). GDP per head, which is a better measure of living standards, fell by -0.7% in 2023. GDP per head in the UK has now fallen for seven consecutive quarters (the longest period of decline on record), and remains 1.5% below the pre-pandemic (Q4 2019) level.²

Scotland GDP

GDP data for Q4 2023 is not yet available for Scotland, although monthly data suggests that the Scottish economy is also likely to have contracted over the quarter. There were declines of -0.1% in November and -0.6% in October.³ However, contraction in Q4 would not lead to Scotland also entering recession, as growth of

0.4% was recorded in Q3. This followed a contraction of -0.2% in Q2 2023, and growth of 0.1% in Q1 2023.⁴ The latest annual Scottish GDP data available is for 2022 which estimated growth of 5.9%. This reflects a period of continuing recovery from the economic impact of COVID-19. GDP had grown by 9.2% in 2021, following a contraction of 12.0% in 2020. Prior to the impact of the pandemic, annual GDP growth averaged at 1.5% between 2010 and 2019.⁴

Quarter on Quarter GDP Change (%) (Scotland)



Economic Outlook

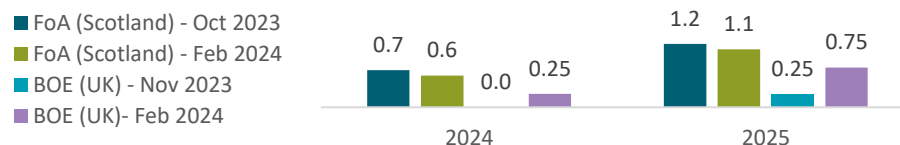
New economic forecasts for Scotland from the Fraser of Allander⁵ (FoA) Institute predict stronger growth for 2024 and 2025 compared with 2023. However, while an improvement, the economic outlook remains weak, and estimates have decreased compared with FoA's previous forecasts.

The latest FoA forecast, released in February, estimates that the Scottish economy will grow by 0.6% in 2024 and 1.1% in 2025. While these estimates are historically low, they are considerably higher than the 0.2% growth estimated for 2023. FoA expect that the economic outlook will improve as inflation and interest rates reduce. Their estimates also reflect some signs of improving business and consumer sentiment, although this is still weak compared to the pre-pandemic level. While the outlook remains

one of improvement, FoA have slightly reduced their estimates compared with their October forecast, which predicted 0.7% growth in 2024 and 1.2% in 2025.

The BoE also released forecasts⁶ for the UK economy in February. These presented a similar (though a more negative) outlook for economic growth. BoE estimate that the UK economy will grow by 0.25% in 2024 and 0.75% in 2025. While more negative than FoA, this is an improvement on their November forecast, which predicted a flat (0.0%) 2024 and growth of just 0.25% in 2025.

Forecasts for Annual GDP Growth (%)



¹ ONS. [GDP first quarterly estimate, UK: October to December 2023](#) (February 2024).

² Resolution Foundation. [Recession Watch](#) (February 2024).

³ Scottish Government. [GDP Monthly Estimate: November 2023](#) (January 2024).

⁴ Scottish Government. [GDP Quarterly National Accounts: Q3 2023](#) (January 2024).

⁵ Fraser of Allander. [Economic Commentary: 2023 Q4](#) (February 2024).

⁶ Bank of England. [Monetary Policy Report – February 2024](#) (February 2024).

Inflation and the Cost of Living



Business predictions for economic outlook are mixed

Some commentators, including the FoA, highlight **signs of improvement in business and consumer outlook**.¹ However, others, such as the Federation of Small Businesses (FSB), have found declines, with the FSB small business index **falling to -15.0 points in Q4 2023, down from -8.0 points in Q3**.²

In Scotland, **rural businesses also predict a challenging outlook** with the Highlands and Islands Enterprise (HIE) and South of Scotland Enterprise (SOSE) business panel surveys showing a reduction in business confidence in the economic outlook (falling to 50% & 42% respectively in Nov/Dec 2023).³



Cost of living pressures continue to have a disproportionate impact

ONS data suggests that in the UK **the proportion of people struggling to pay energy bills has eased**, from a high of 49% during May 2023 to 41% during Jan 2024.⁴

However, they also find that **disabled adults in the UK have found it more difficult to afford their energy bills than non-disabled adults**.⁵

Citizens Advice Scotland also report that **over 40,000 households** with a disabled household member or someone living with a long-term health condition have had to **forego a hot cooked meal so they could charge or run medical equipment**.⁶



Inflation rate remains unchanged

Inflation (CPI) remained at **4.0% in the 12 months to January 2024, unchanged from December 2023**.⁷

The UK inflation rate is slightly lower than had been anticipated as economists, such as the BoE, expected a slight rise following the increase in the energy price cap in January.

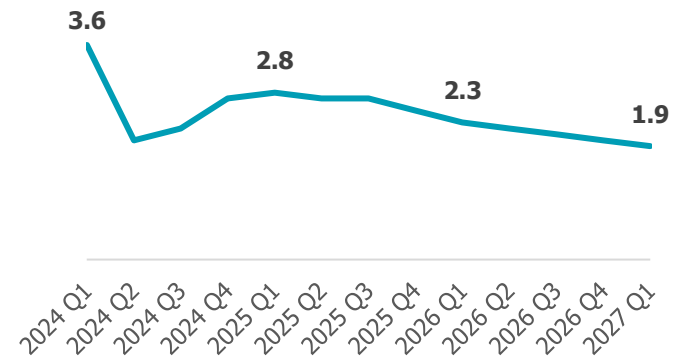
The rise in energy costs was balanced by **falls in the costs of furniture and food** – food seeing the first monthly price fall since September 2021.

Inflation forecast⁸

The Bank of England (BoE) now forecasts inflation will fall more quickly in 2024 than it had previously expected. However, the predicted decrease in inflation is not expected to be a consistent downward trajectory.

The BoE now estimate that inflation will briefly fall to the 2% target in Q2 2024 as a result of falling energy prices. However, inflation is then expected to rise, reaching around 2.75% at the end of 2024, as the impact of falling energy prices on the inflation rate reduces and domestic inflationary pressures persist. The rate then remains above 2% for almost all of the forecast, falling to 2% in Q4 2026.

Bank of England – Modal CPI Inflation Projections (%)



¹ Fraser of Allander. [Economic Commentary: 2023 Q4](#) (February 2024)

² FSB. [Final Quarter of 2023 saw small business confidence lose ground](#) (January 2024)

³ HIE. [HIE Business Panel Report \(January 2024\)](#) (January 2024); SOSE. [Business Survey Results \(January 2024\)](#) (January 2024)

⁴ ONS. [Cost of Living Insights: Energy](#) (February 2024).

⁵ ONS. [The impact of winter pressures on different population groups](#) (January 2024).

⁶ Citizens Advice Scotland. [Tens of thousands of disabled people sacrifice cooked meals to charge medical devices](#) (January 2024).

⁷ ONS. [CPI, UK: January 2024](#) (February 2024).

⁸ Bank of England. [Monetary Policy Report – February 2024](#) (February 2024).

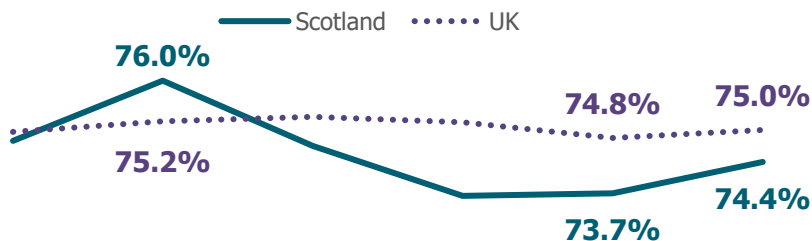
The LFS has returned this month and the ONS have published new, reweighted estimates from 2011 for the UK and from 2022 for Scotland. This reweighting incorporates UK population changes, helping to make LFS estimates more representative. Reweighted and non-reweighted data is not comparable and therefore non-reweighted figures have been used below for the longer-term trend - as reweighted figures are only available from 2022 for Scotland. The ONS continue to advise that LFS data should be used with caution and in conjunction with other sources.

Employment Rate (16-64)¹

➤ **Scotland's employment rate was estimated to be 74.4%**

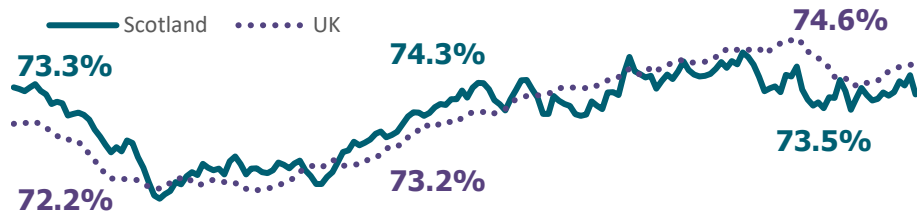
- The latest data suggests Scotland's employment rate was **74.4%** in the period covering October to December 2023. Employment is estimated to have increased by +0.6pp compared with the previous quarter.*

Employment Rate: 2022 onwards (re-weighted figures)



Jul-Sep 2022 Oct-Dec 2022 Jan-Mar 2023 Apr-Jun 2023 Jul-Sep 2023 Oct-Dec 2023

Employment Rate: Longer-term trend – 2008-2021 (non re-weighted figures)



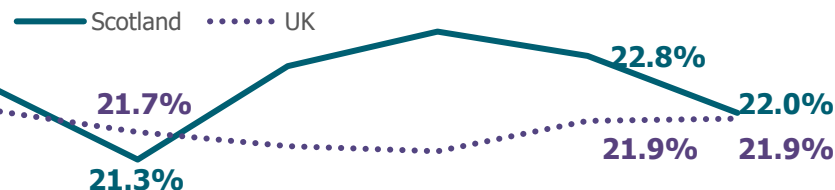
2008 2011 2014 2017 2020

Economic Inactivity (16-64)¹

➤ **The 16-64 Scottish economic inactivity rate was estimated to be 22.0%**

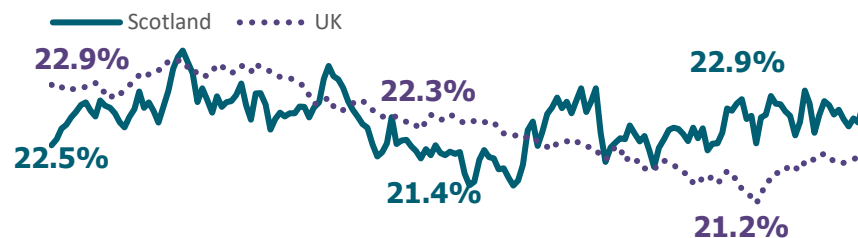
- The latest data suggests that Scotland's economic inactivity rate was **22.0%** in October to December 2023. The economic inactivity rate was lower than last quarter (-0.8pp lower).*

Economic Inactivity Rate: 2022 onwards (re-weighted figures)



Jul-Sep 2022 Oct-Dec 2022 Jan-Mar 2023 Apr-Jun 2023 Jul-Sep 2023 Oct-Dec 2023

Economic Inactivity Rate: Longer-term trend – 2008-2021 (non re-weighted figures)



2008 2011 2014 2017 2020

¹ ONS, Labour Force Survey (13th February 2024).

*Figures may not sum due to rounding. Please also see the opening statement about the most up-to-date LFS data.

Economy, People and Skills

The LFS has returned this month and the ONS have published new, reweighted estimates from 2011 for the UK and from 2022 for Scotland. This reweighting incorporates UK population changes, helping to make LFS estimates more representative. Reweighted and non-reweighted data is not comparable and therefore non-reweighted figures have been used below for the longer-term trend - as reweighted figures are only available from 2022 for Scotland. The ONS continue to advise that LFS data should be used with caution and in conjunction with other sources.

Unemployment (16+)¹

➤ **Unemployment in Scotland was estimated to be 4.5%**

- The latest data suggests Scotland's unemployment rate was **4.5%** in the period covering October to December 2023. This is estimated to be around the same as last quarter (+0.1pp increase).*

Unemployment Rate: 2022 onwards (re-weighted figures)

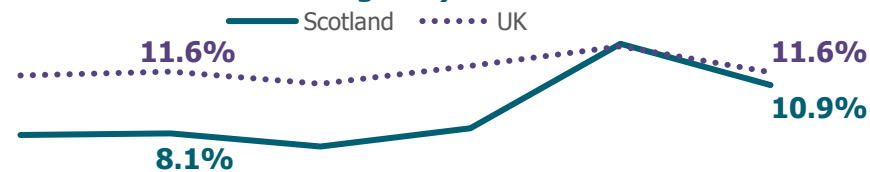


Youth Unemployment (16-24)^{1,2}

➤ **16-24 youth unemployment in Scotland was estimated to be 10.9%**

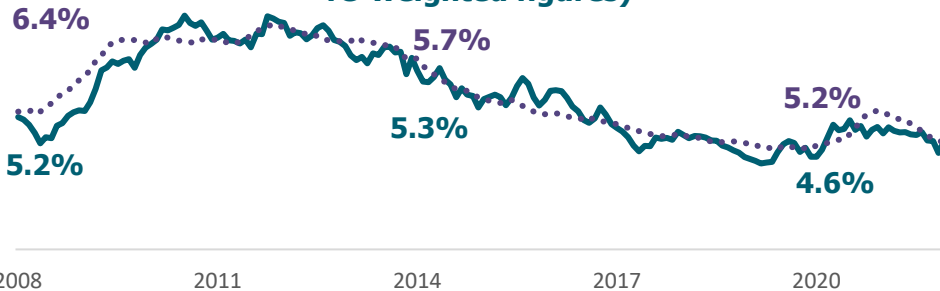
- The latest data suggests Scotland's youth unemployment rate was **10.9%** in the period covering October to December 2023. This is estimated to be higher than the same period the previous year (+2.8pp increase).**

Youth Unemployment Rate: 2022 onwards (re-weighted figures)



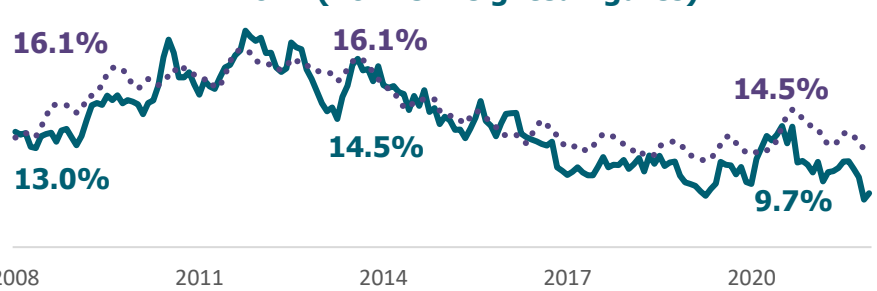
Jul-Sep 2022 Oct-Dec 2022 Jan-Mar 2023 Apr-Jun 2023 Jul-Sep 2023 Oct-Dec 2023

Unemployment Rate: Longer-term trend – 2008-2021 (non re-weighted figures)



Jul-Sep 2022 Oct-Dec 2022 Jan-Mar 2023 Apr-Jun 2023 Jul-Sep 2023 Oct-Dec 2023

Youth Unemployment Rate: Longer-term trend – 2008-2021 (non re-weighted figures)



¹ ONS. Labour Force Survey (13th February 2024). ² Please note: Youth Unemployment should only be compared to the previous year.

*Figures may not sum due to rounding. Please also see the opening statement about the most up-to-date LFS data. **Estimates are based on a small sample size. This may result in less precise estimates with a higher degree of volatility, and should be used with caution.

Universal Credit¹ and Claimant Count Rate²

517,200

people claiming Universal Credit in Scotland in January 2024

Between December 2023 and January 2024, 7,600 additional people in Scotland claimed Universal Credit, an increase of 1.5%. This continues a trend of increase from June 2022. The overall increase has been driven by an increase in claimants not in work, but there has also been a smaller increase in in-work claimants. Since January 2022 the proportion of claimants in work has ranged from 35% to 38%.

3.5%

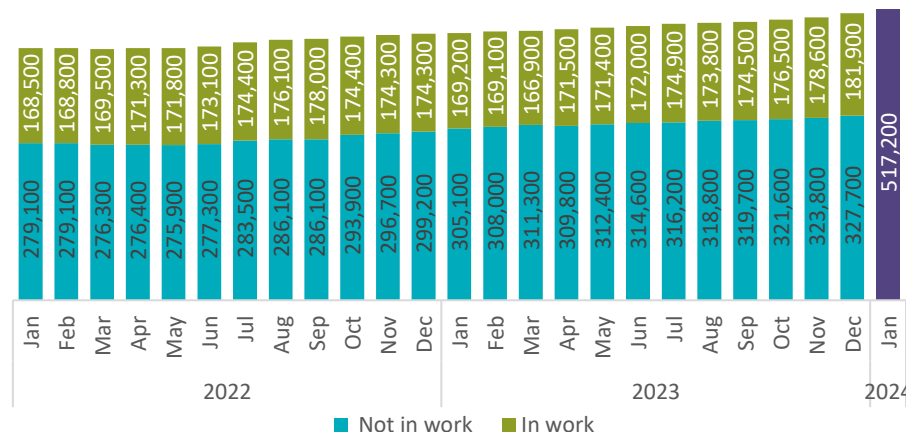
Claimant Count rate in Scotland in January 2024

Between December 2023 and January 2024, the Claimant Count rate in Scotland remained the same, at 3.5%. Since January 2022 the Claimant Count rate has fallen from 4.5%, but it has remained at a similar level since June 2022, ranging from 3.5% to 3.7%.

Universal Credit claimants in Scotland by employment status

64% 36%

Most recent proportional split of those in work and not in work¹



Redundancies³ and Company Insolvencies⁴

116,000

Redundancies in the three months to December 2023 in the UK

4.0

Redundancies per 1,000 people in the UK

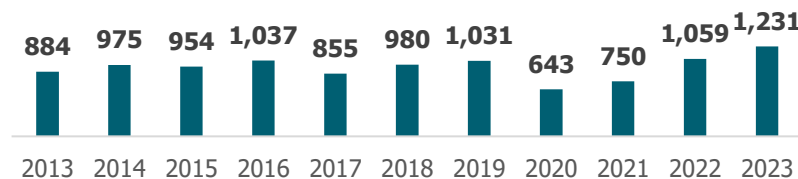
The latest data on redundancies in Scotland has been suppressed by the ONS on disclosure grounds. Data for the UK shows that redundancies have increased by 19,000 or 19% in the three months to December 2023 compared with the three months to December 2022, although over the longer-term levels of redundancies remain relatively low. Note LFS data should be treated with caution.

1,231

Company insolvencies in Scotland, 2023

Company insolvencies in Scotland in 2023 were at their highest level in the data series (beginning 2013). This in part reflects a growing number of companies. However, the number of insolvencies per 10,000 companies (51.6) in 2023 was the second highest annual level recorded and an increase on the rate in the previous year (45.7, 2022).

Company Insolvencies (Scotland), 2013-2023



¹ Department for Work and Pensions (February 2024). The breakdown of Universal credit claimants by employment status is not available for January. January data is provisional.

² ONS. Claimant Count (February 2024). *Experimental statistics*. January data is provisional.

³ ONS. Labour Force Survey (13th February 2024); IES. [Labour Market Statistics, February 2024](#) (February 2024).

⁴ The Insolvency Service. [Company Insolvency Statistics: Oct to Dec 2023](#) (January 2024).

Job Postings in Scotland^{1,2}

At 43,200, job postings increased in January but are lower than the previous year and continue to reflect a 'cooling' trend

Reflecting seasonal patterns, January 2024 saw the number of job postings increase by 26% (+9,000) compared with December 2023. However, postings fell by 23% (-13,000) compared to the previous year. The job postings three-month rolling average has also decreased (-7.2%) for November to January compared with October to December.

The highest demand in January was for occupations such as:

- Care Workers & Home Carers;
- Cleaners & Domestic;
- Sales Related Occupations;
- Programmers & Software Development Professionals; and
- Other Registered Nursing Professionals.

The occupations in highest demand remain similar to last month.

The following occupations had the largest change in job postings in January compared to December:

- Cleaners and Domestic (+500);
- Sales Related Occupations (+400); and
- Sales and Retail Assistants (+300).

The skills in highest demand in January were:

Common skills

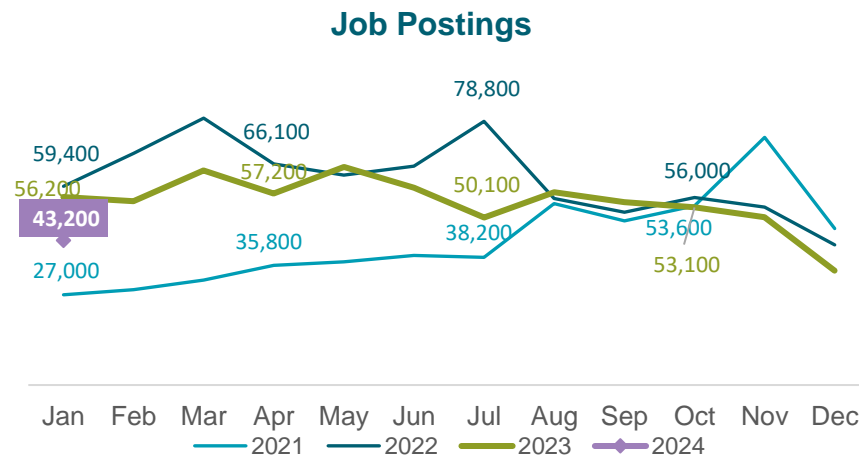
- Communications;
- Management; and
- Customer Service.

Specialised skills

- Project Management;
- Finance; and
- Auditing.

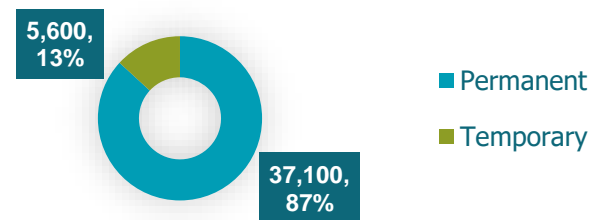
Public and private sector postings in January:

- In January, the top 10 organisations with the most job postings were equally split between public and private sector organisations.

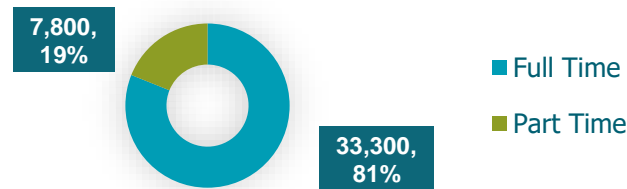


Job Postings in Scotland, January 2024

Permanent and Temporary*



Full Time and Part Time*



*Please note, the total number of temporary and permanent job postings and full time and part time may not sum to Scotland's total as some postings do not specify this information.

¹ Lightcast (February 2024). Lightcast gathers insights from online job postings. Please note January 2024 job postings are provisional.

² Numbers rounded to the nearest 100.

Spotlight: Job Postings

This month's spotlight takes a more detailed look at job postings trends in Scotland. This follows our recent [Regional \(RSA\)](#) and [Sectoral Skills Assessment \(SSA\)](#) webinars, during which there was significant interest in the analysis and insights offered from job postings data. In response, this spotlight provides additional and updated analysis of longer-term national and regional trends (using broader RSA regions)¹ and the most recent data (by local authority).

Job postings significantly decreased during the pandemic and spiked thereafter

The COVID-19 pandemic had a profound effect on the Scottish economy. Looking at the long-term trend in RSA regions¹, we can see that all areas observed the national trend of a decrease in job postings, followed by a significant increase post-pandemic (Figure 1). This is to be expected and reflects the national lockdown followed by the re-opening of the economy thereafter.

Aberdeen City and Shire experienced the steepest fall in job postings over the pandemic period

While broad trends similar to the national picture can be seen across regions, there were variations. Comparing job postings over six-month periods with the number of postings pre-pandemic (July to December 2019), Aberdeen City and Shire experienced the steepest decline (Figure 1) and postings in the region fell to around half their pre-pandemic level. This next steepest reductions were in Glasgow College Region; Tayside; and Edinburgh, East and Midlothian where postings fell to around 80% of their pre-pandemic level.

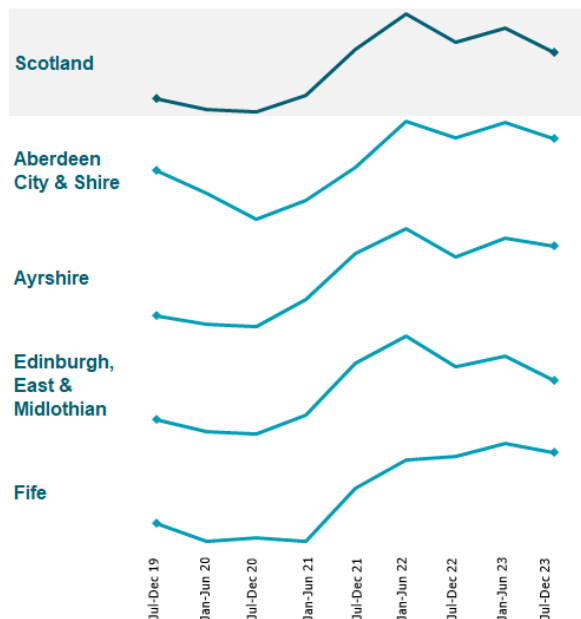
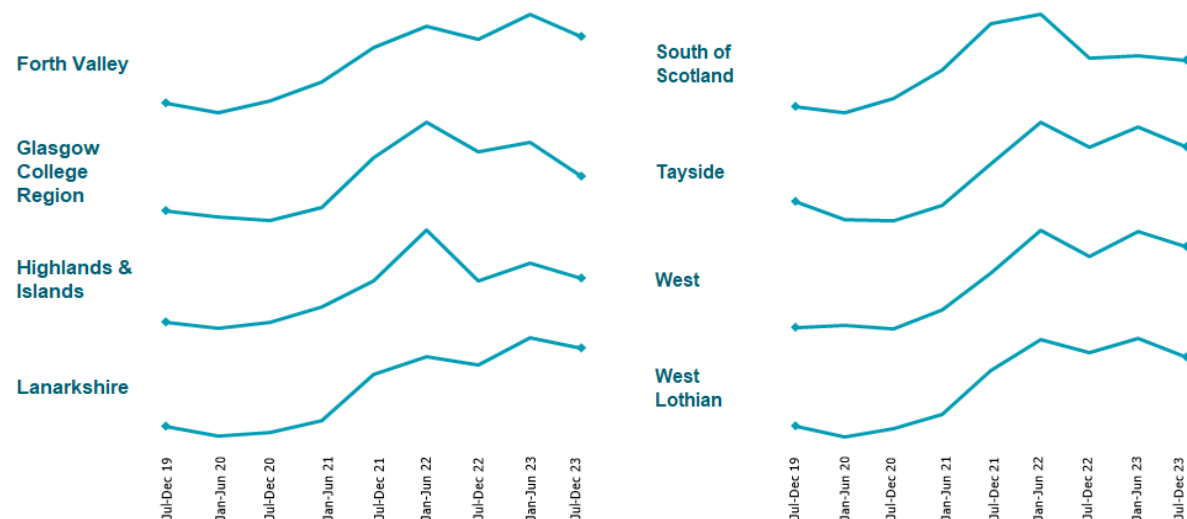


Figure 1: Regional online jobs postings (July to December 2019 to July to December 2023)²



¹ Please find further information on the geography of RSA regions in Appendix A of the [RSA Technical Note](#); ² Online job postings data provides a useful barometer for the health of the jobs market. Note that the data does not capture all activity, so it should be considered as an estimate only. Data rounded to nearest hundred.

Spotlight: Job Postings

Glasgow College Region experienced the greatest post-pandemic peak in job postings

Job postings data also shows that vacancies peaked in most Scottish regions during January to June 2022. Glasgow College Region saw the most substantial increase in postings during the post-pandemic peak, reaching nearly three times its pre-pandemic level (see Figure 1). This was followed by Highlands and Islands, where postings reached over two-and-a-half times the pre-pandemic level.

Reflecting the national trend, job postings have started to 'cool' in all regions, but remain higher than pre-pandemic levels

The sharp rise in vacancies post-pandemic has started to cool. Some regions saw a later peak, in the first half of 2023, but all regions have seen a decrease in job postings between the first and second half of 2023. This reflects the broader Scottish, and UK, trend. That said, vacancy levels continue to remain above pre-pandemic levels across all Scottish regions and were between 33% and 108% higher in July-December 2023 compared with July-December 2019.

The most recent data shows Glasgow and Edinburgh local authorities had the highest number of job postings from December 2023 to January 2024³

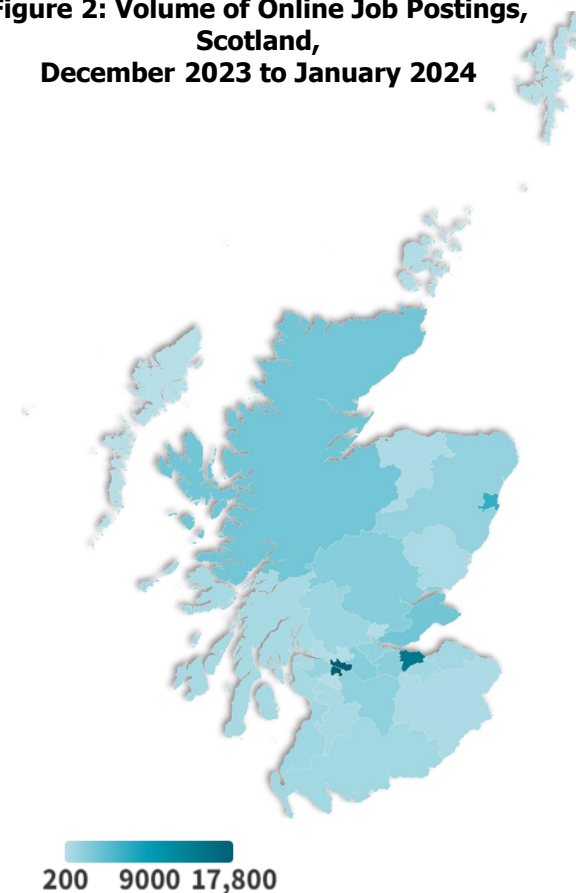
As presented in Figure 2, the most recent data shows that Glasgow and Edinburgh had the largest number of job postings of all Scottish local authorities from December 2023 to January 2024,^{2,3} at 17,800 and 14,200 respectively. Reflecting their larger populations and role as economic hubs, the two cities accounted for over three-quarters of all job postings in Scotland.

Glasgow and Edinburgh were followed by Aberdeen (6,600) and Fife (3,500). Highland local authority had the largest number of job postings of all rural areas, at 3,500, also reflecting its population size. Our [interactive map](#) provides job postings data for every local authority region in Scotland.

Further analysis is available through our Regional and Sectoral Skills Assessments and webinar recordings

If you are interested in further regional analysis this is available in our [RSAs](#), which cover a wide range of indicators relating to the economy and labour market. Sectoral focused analysis is available in our [SSAs](#). Recordings of our recent webinars, covering regions and sectors, can also be found [here](#).

Figure 2: Volume of Online Job Postings, Scotland, December 2023 to January 2024



Source: Lightcast (February 2024). [Link](#) to interactive map. Lightcast gathers insights from online job postings. Please note January 2024 job postings are provisional. Numbers are rounded to the nearest 100.

³ Note a two month period is used in Lightcast data to increase the robustness of the data. Online job postings data provides a useful barometer for the health of the jobs market. It is important to note that the data does not capture all activity, so it should be considered as an estimate only. Data rounded to nearest hundred.

LMI resources



[Regional Skills Assessments](#) and



[Sectoral Skills Assessments](#),

provide a coherent evidence base to inform future investment in skills, built up from existing datasets and supplemented with regional and industry insight.

Recordings of our recently completed programme of accompanying webinars are also available [here](#).



The [Data Matrix](#), offers data at Local Authority level, covering over 80 indicators covering Skills Supply, Skills Demand and Skills Mismatches.

The Data Matrix is updated Monthly.



[CESAP Pathfinder](#), assesses the known investment, skills demand now and in the future, and current training and learning support for green skills in Scotland.

Skills Development Scotland is the national skills agency, supporting people and businesses to apply their skills, helping them to achieve their full potential

[Apprenticeships](#)

Scottish Apprenticeships provide integrated, flexible, in-work learning from school to graduate level, helping people gain industry-recognised qualifications.

[Find Business Support](#)

Enterprise and Skills agencies aligned offer to Scottish businesses and workers.

[PACE](#)

Scottish Government's PACE service can support employers and employees facing redundancy.

[Skills for Growth](#)

A fully-funded service for businesses with fewer than 250 employees which helps them identify their skills needs.

[Career Information, Advice and Guidance](#)

Skills Development Scotland's inclusive, all-age careers service empower people from all communities to make their own career and learning decisions.

[Online Learning Portal](#)

Helping people develop their skills with free online courses from training providers.

[My World of Work Job Search](#)

Helping employers advertise opportunities through SDS's careers website.

[Green Jobs Workforce Academy](#)

The Green Jobs Workforce Academy can help people take a greener approach to their careers, from accessing training and learning new skills to finding a new job.



Contact us:

rsa@sds.co.uk