



Skills
Development
Scotland

Economy, People and Skills

March 2024



Contents

Introduction	3
Scotland's Economy	
Scotland's Economy - Gross Domestic Product	4
Economic Outlook	4
Inflation and the Cost of Living	5
Headline Labour Market Indicators	
Employment Rate	6
Economic Inactivity	6
Unemployment	7
Youth Unemployment	7
Unemployment Benefits - Trends	8
Redundancies and Company Insolvencies	8
Job Postings in Scotland	9
SDS Support	
LMI Resources	10
Support for Individuals and Businesses	10

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



The most recent data shows there has been a decline in inflation and a continued cooling of the labour market. However, the economic outlook remains challenging with contraction in the Scottish economy at the end of 2023 and new forecasts predicting continued subdued growth for the UK as a whole.

Labour Force Survey (LFS) data for Scotland presents a mixed picture of the labour market

There are continued issues with the Labour Force Survey (LFS) response rate and related volatility. The LFS statistics should therefore be used with caution and in conjunction with other sources. The latest data estimates that Scotland's unemployment rate was 4.1% in November 2023 to January 2024, the employment rate 74.2%, and economic inactivity 22.5%.

Compared with the previous quarter unemployment fell (-0.3 pp), employment increased (+0.4 pp), and economic inactivity decreased (-0.2 pp). However, compared with the same point last year, the opposite trend was recorded across all indicators. Most notably, employment fell by -1.7 pp, and unemployment and economic inactivity increased (by +0.8 pp and +1.1 pp respectively).

Recruitment activity in Scotland continues to slow

Analysis of Scottish online job postings data suggests that recruitment activity has continued to fall. The number of job postings in February declined by 7% compared with the previous month, and postings fell by nearly one-third (29%) compared with the same point last year (February 2023). This was also indicated by the RBS Jobs Report, which found that permanent and temporary vacancies fell in February for the seventh month in a row.

The Scottish economy contracted in the last quarter of 2023, and was broadly flat over the year

GDP data indicated that the UK entered a recession at the end of 2023 (defined as two consecutive quarters of decline). New data for Scotland confirms that the Scottish economy contracted by -0.6% in the last quarter of 2023, but did not enter recession (due to growth of +0.4% in Q3). In 2023, overall, the Scottish economy was broadly flat (+0.2% growth).

New monthly data for the UK suggests potential return to growth in January (+0.2%). Although GDP data is not yet available for Scotland, Purchasing Managers' Index (PMI) data also indicates that an uptick in Scottish activity recorded in January has continued in February.

UK inflation and wage growth easing

After holding steady last month, the UK inflation (CPI) rate fell to 3.4% in February 2024 compared with 4.0% in January. This is the lowest inflation rate since September 2021. UK wage growth remains elevated but slowed to 5.6% in the three months to January 2024. Despite this, the Bank of England (BoE) voted in March to hold interest rates at 5.25%, maintaining it is still too early to cut rates.

UK economic outlook improves slightly as a result of falling inflation

New forecasts released by the Office for Budget Responsibility (OBR) early March, to coincide with the UK Budget announcement, saw slightly improved expectations for growth in 2024 and 2025. This largely reflects their prediction that inflation will fall more quickly than previously expected. However, over the course of the total forecast period (to 2028) the outlook remains similar to original predictions, with persisting low participation rates expected to impact output.

Scotland's Economy - Gross Domestic Product (GDP)

UK GDP

Quarterly UK GDP data released in February indicated that the UK fell into recession at the end of 2023. This was due to contraction of -0.1% in Q3 and -0.3% in Q4.¹ Recession is defined as two consecutive quarters of contraction in GDP. Annual GDP figures for the UK, which cover the whole of 2023, estimate the UK economy remained broadly flat (+0.1% growth).¹

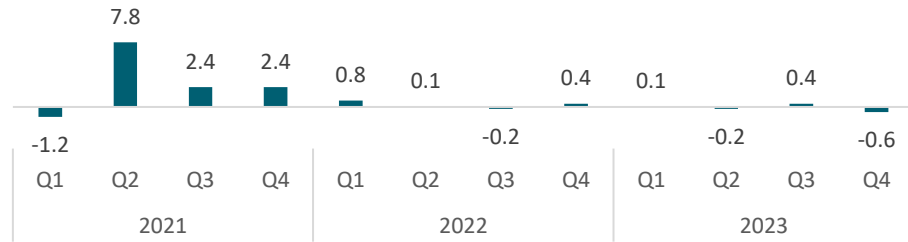
However, GDP per head, which is a better measure of living standards, fell by -0.7% in 2023, and remains 1.5% below the pre-pandemic (Q4 2019) level.² In 2024, the latest monthly data shows the UK economy grew slightly (+0.2%) in January.³

Scotland GDP

In contrast to the UK, Scotland did not enter recession at the end of 2023. The ONS estimates that GDP fell by -0.6% in Q4 2023 but

grew in Q3 2023 (+0.4%).⁴ Therefore two consecutive quarters of contraction did not occur. Like the UK as a whole, however, the data suggests that Scotland's growth for 2023 overall was also broadly flat (+0.2% compared to 2022).⁴ The latest monthly data for Scotland is for December 2023, which estimates that Scotland's economy grew by +0.4%. This followed a flat (0.0%) November and contraction of -0.8% in October.⁵

Quarter on Quarter GDP Change (%) (Scotland)



Economic Outlook⁶

The Office for Budget Responsibility (OBR) recently released new economic forecasts for the UK. The forecasts are slightly more positive, although the outlook remains challenging with lower participation levels impacting upon growth.

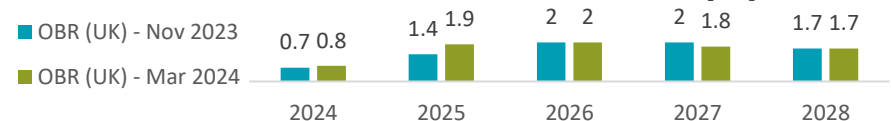
The latest OBR forecasts estimate that the UK economy will grow by 0.8% in 2024 and 1.9% in 2025. These have been revised up slightly from their November 2023 forecast when respective growth rates of 0.7% and 1.4% were expected.

These revisions reflect the OBR's prediction that inflation will fall more quickly than previously anticipated. The OBR are now forecasting that inflation (CPI) will fall to 2.2% in 2024, compared with 3.6% in their November forecast.

Reflecting near-time weak economic growth, the OBR expect UK unemployment will rise to 4.5% in Q4 2024, before falling back to the structural rate of 4.1% by 2028.

The OBR also expect the UK population to rise to a greater level than previously anticipated. However, the potential positive effect of this upon economic output is balanced out by the prediction that lower levels of participation in the post-pandemic period will be more persistent than previously thought. As a result, the OBR's longer term forecast for potential growth over the next five years is largely unchanged and is expected to fall back to the typical rate of around 1.67% by 2028.

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 ONS. [GDP monthly estimate, UK: January 2024](#) (March 2024).

⁴ Scottish Government. [GDP First Quarterly Estimate: 2023 Q4](#) (February 2024).

⁵ Scottish Government. [GDP Monthly Estimate: December 2023](#) (February 2024).

⁶ OBR. [Economic and Fiscal Outlook: March 2024](#) (March 2024).

Inflation and the Cost of Living



Inflation remains a key issue, but business concern has eased

The Scottish Chambers of Commerce reports **concern over inflation fell** to 52% in Q4 2023 (from 75% in Q3).¹ However this remains high compared to pre-inflation crisis (early 2021) levels.

Business Insight & Conditions Survey data **also suggests easing concern over inflation**, with 11% reporting inflation of goods/services as their main concern for March - down from 20.5% in March 2023 and a peak of two in five (38.5%) in Sept 2022.²

However, **cost pressures remain a key concern**. Around six in ten businesses reported pressures due to labour and energy costs.¹



Individuals continue to make cutbacks

The February 2024 Understanding Scotland tracker survey³ found that **two-thirds of Scots (67%) continue to cutback on non-essentials** in response to the increased cost of living.

While the proportion making cutbacks is high, there are **some signs this is reducing**, as the proportion of respondents reporting cutting back fell across almost all measures.

However, **inequalities continue to exist**. For example, nearly one third (30%) of people from the most deprived areas reported buying less fruit and vegetables, compared with less than a quarter (23%) of all respondents.



Inflation rate falls to lowest level in over two years

Inflation (CPI) fell to **3.4% in the 12 months to February 2024, down from 4.0% in January**.⁴

Inflation has fallen to its lowest rate since September 2021.

Falling inflation was driven by slowing food price rises as well as restaurants and hotels. This was partially offset by increasing fuel and rent prices.⁴

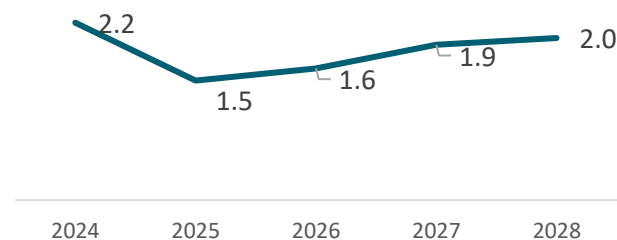
Core inflation (which excludes energy, food, alcohol and tobacco), also fell to 4.5%.

Inflation forecast

The most recent UK inflation forecasts are from the OBR.⁵ Released in March 2024, these predict that the CPI rate (inflation) will fall to 2.2% in 2024 and 1.5% in 2025, before gradually returning to the 2% target in 2028. This is shown in the graph below.

The Bank of England's (BOE) most recent forecasts (from February 2024) predict a less consistent downward trend.⁶ While also estimating that inflation will fall to the 2% target in Q2 2024, they then expect inflation to rise again, reaching around 2.75% at the end of 2024, and to generally remain above 2% until Q4 2026. These figures reflect the Bank's forecasts in February. No new forecasts were released alongside their rates announcement on 21st March 2024.

OBR – CPI Inflation Projections (%)



¹ Scottish Chambers of Commerce. [Quarterly Economic Indicator: 2023 Q4](#) (January 2024).

² Scottish Government. [BICS – Weighted Scotland Estimates: Wave 102](#) (March 2024).

³ Diffley Partnership. [Understanding Scotland – February 2024](#) (February 2024).

⁴ ONS. [CPI, UK: February 2024](#) (March 2024).

⁵ OBR. [Economic and Fiscal Outlook: March 2024](#) (March 2024).

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

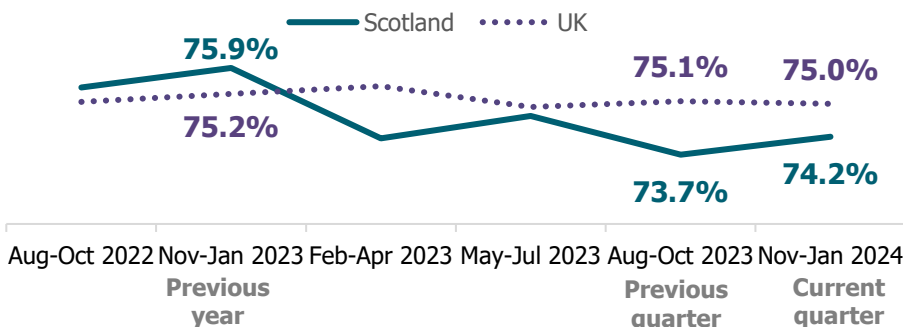
The LFS returned in February, and the ONS have published new, reweighted estimates from 2011 for the UK and from 2022 for Scotland. This reweighting incorporates UK population changes, helping to make LFS estimates more representative. Reweighted and non-reweighted data is not comparable and therefore 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

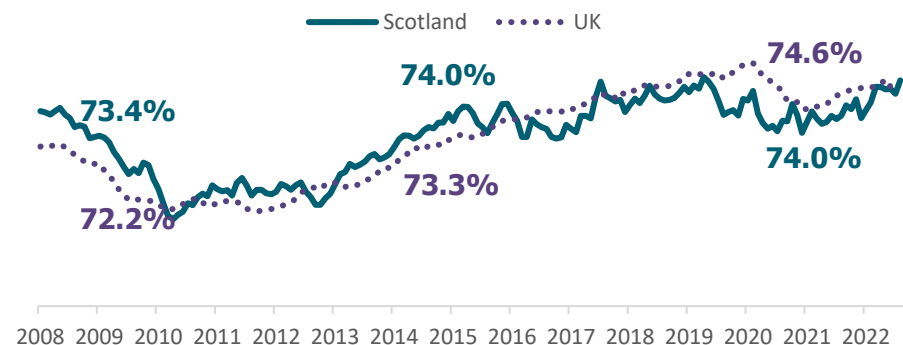
➤ **Scotland's employment rate was estimated to be 74.2%**

- The latest data suggests Scotland's employment rate was **74.2%** in the period covering November 2023 to January 2024. Employment is estimated to have increased by +0.4pp compared with the previous quarter.*

Employment Rate: 2022 onwards (re-weighted figures)



Employment Rate: Longer-term trend – 2008-2022 (non re-weighted figures)

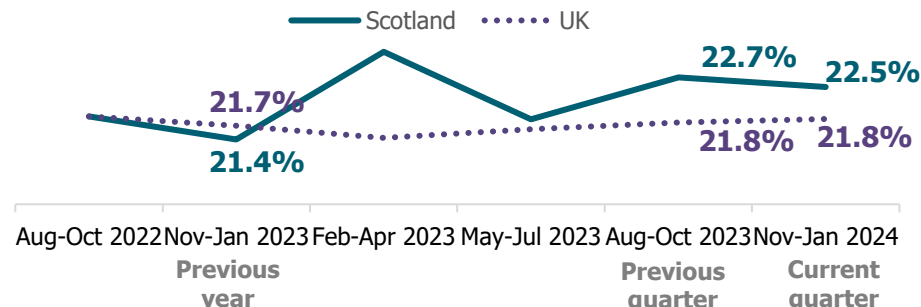


Economic Inactivity (16-64)¹

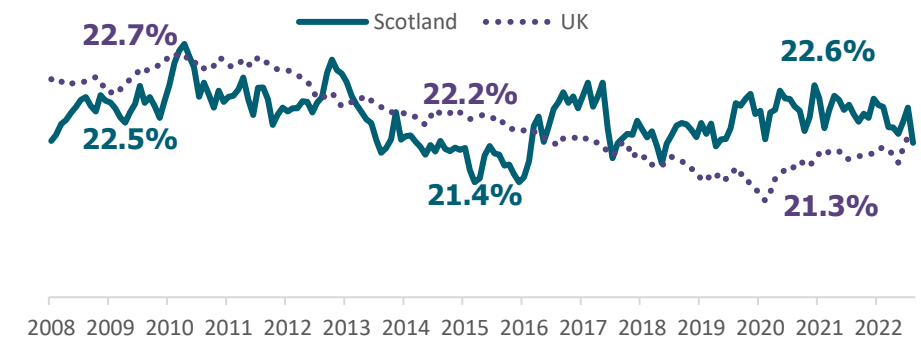
➤ **The 16-64 Scottish economic inactivity rate was estimated to be 22.5%**

- The latest data suggests that Scotland's economic inactivity rate was **22.5%** in November 2023 to January 2024. The economic inactivity rate was lower than last quarter (-0.2pp lower).*

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



Economic Inactivity Rate: Longer-term trend – 2008-2022 (non re-weighted figures)



¹ ONS. Labour Force Survey (12th March 2024).

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

Universal Credit¹ and Claimant Count Rate²

527,500

people claiming Universal Credit in Scotland in February 2024

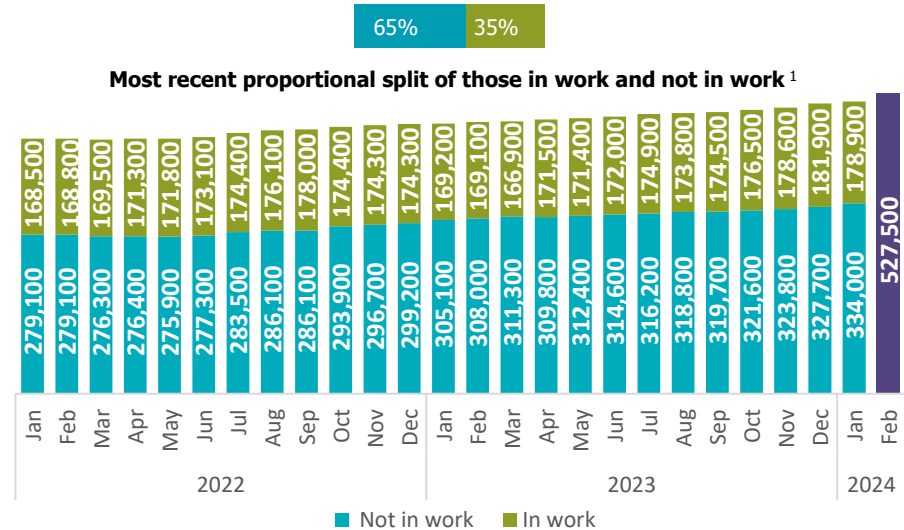
Between January and February 2024, 14,600 additional people in Scotland claimed Universal Credit, an increase of 2.8%. This continues a trend of increase from June 2022. The overall increase has been driven by an increase in claimants not in work. Since January 2022 the proportion of claimants in work has ranged from 35% to 38%.

3.5%

Claimant Count rate in Scotland in February 2024

Between January and February 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



Redundancies³ and Company Insolvencies⁴

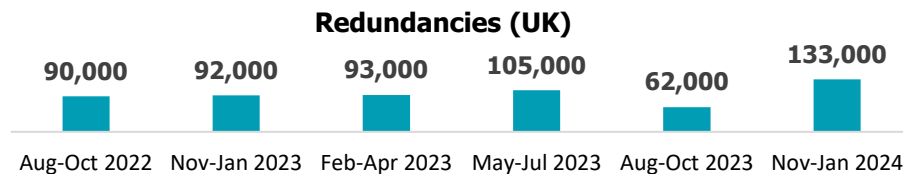
133,000

Redundancies in the three months to January 2024 in the UK

4.6

Redundancies per 1,000 people in the UK

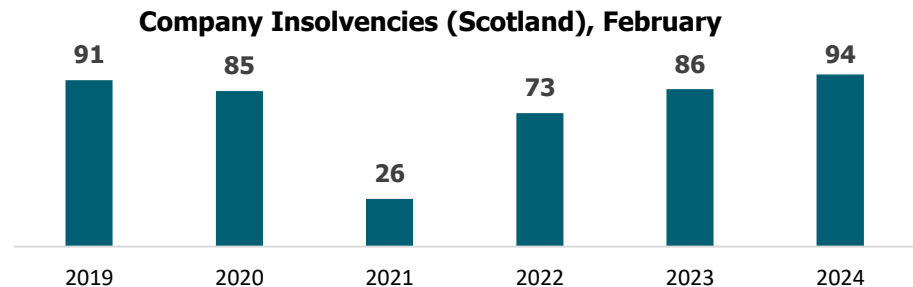
The latest data on redundancies in Scotland has not been released by the ONS. UK data shows that redundancies increased by 40,000 (44%) in November 2023 to January 2024 compared with November 2022 to January 2023.* Note LFS redundancy data should be treated with caution and can be prone to fluctuations.



94

Company insolvencies in Scotland, February 2024

Analysis of data from 2019 to 2024 indicates that compared with the same month in previous years, company insolvencies in February 2024 were at the highest level over the period.



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

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

³ ONS. Labour Force Survey (12th March 2024).

⁴ The Insolvency Service. [Monthly Insolvency Statistics, February 2024](#) (March 2024).

*Figures may not sum due to rounding.

Job Postings in Scotland^{1,2}

At 39,200, job postings in February decreased compared with the previous month and the previous year, continuing to reflect a 'cooling' trend.

Compared with January 2024, the number of postings decreased by 7% or (-2,800) in February 2024. There was a more substantial contraction (-29% or -15,700) compared with February 2023. The job postings three-month rolling average has also decreased (-9%) for December to February compared with November to January.

The highest demand in February was for occupations such as:

- Sales Related Occupations;
- Cleaners and Domestic;
- Care Workers and Home Carers;
- Programmers and Software Development Professionals; and
- Managers and Directors in Retail and Wholesale.

The occupations in highest demand remain similar to last month.

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

- Chefs (+200);
- Project Support Officers (+100); and
- Kitchen and Catering Assistants (+100).
- Care Workers and Home Carers (-300);
- Chartered and Certified Accountants (-200); and
- Other Registered Nurses (-200).

The skills in highest demand in February were:

Common skills

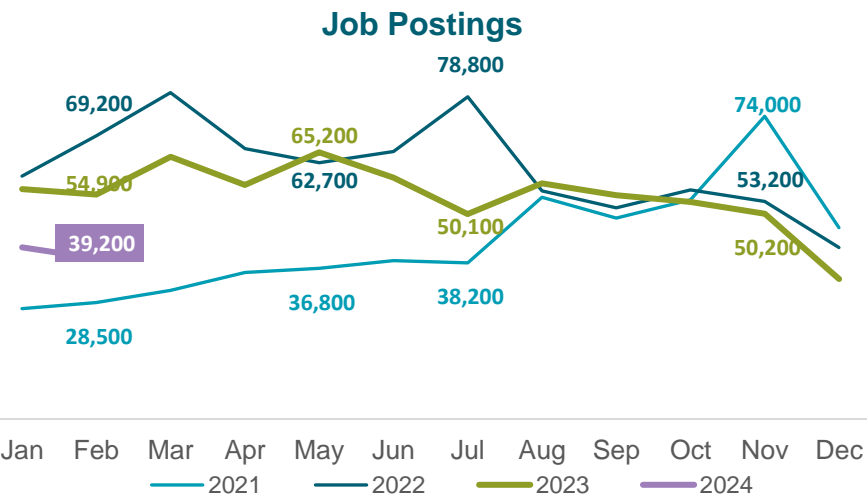
- Communications;
- Management; and
- Customer Service.

Specialised skills

- Project Management;
- Finance; and
- Auditing.

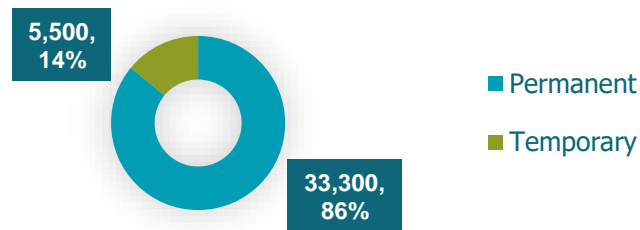
Public and private sector postings in February:

- In February, the top 10 organisations with the most job postings were predominantly private sector organisations.

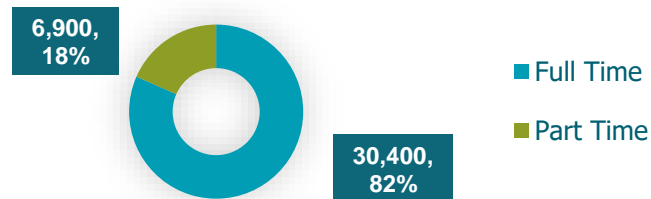


Job Postings in Scotland, February 2024

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

² Numbers rounded to the nearest 100.

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